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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Ad Hoc Group on the Berlin Mandate
Fourth session
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IMPLEMENTATION OF THE BERLIN MANDATE

Proposals from Parties

Note by the secretariat

The AGBM, at its third session, requested the secretariat to prepare, for consideration at the fourth session, a compilation of proposals made to date or received by the secretariat no later than 15 April 1996 pertaining to the treatment of quantified emission limitation and reduction objectives and policies and measures in a protocol or another legal instrument; continuing to advance the implementation of Article 4.1; and possible features of a protocol or another legal instrument (FCCC/AGBM/1996/5, para. 10).

In accordance with the procedure for miscellaneous documents these submissions are attached and are reproduced in the language(s) in which they were received and without formal editing.

FCCC/AGBM/1996/MISC.2
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**DRAFT PROTOCOL TO THE UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE ON GREENHOUSE GAS EMISSIONS REDUCTION**

PREAMBLE

The Parties to this Protocol,

Being Parties to the 1992 United Nations Framework Convention on Climate Change (the Convention),

Acknowledging that the ultimate objective of the Convention and of this protocol is to achieve stabilisation of atmospheric greenhouse gas concentrations at a level which would prevent dangerous anthropogenic interference with the climate system within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner,

Noting that Article 3 of the Convention requires developed country Parties to take the lead in combating climate change and the adverse effects thereof,

Conscious of the need for developed country Parties to adopt specific targets and time frames for reducing emission of greenhouse gases to achieve the Objective of the Convention,

Reaffirming that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

Aware of the advantages of coordinating relevant measures and strategies, including specific administrative and economic instruments to achieve the Objective of the Convention,

Acknowledging that in accordance with the principle of common but differentiated responsibility Parties to the Convention and this Protocol should in future re-examine the impact of global efforts to combat climate change and the adverse effects thereof,

HAVE AGREED AS FOLLOWS:

ARTICLE 1 - DEFINITIONS

For the purposes of this protocol:

1. "Annex I Parties" means the developed country Parties and other developed Parties included in Annex I of the Convention, that are also Parties to this Protocol.
2. "Conference of the Parties" means the Conference of the Parties to the Convention established pursuant to Article 7 of the Convention.
3. "Convention" means the United Nations Framework Convention on Climate Change adopted on 9 May 1992, and unless the text otherwise indicates, the terms defined in Article 1 of the Convention shall have the same meaning in this Protocol.
4. "Meeting of the Parties" means the Conference of the Parties established pursuant to Article 8 of this Protocol.
5. "Montreal Protocol" means the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, as subsequently adjusted and amended.
6. "Objective" means the ultimate objective stated in Article 2 of the Convention.
7. "Parties" means the Parties to the present Protocol.
8. "Parties to the Convention" means Parties for whom the Convention has legally entered into force in accordance with the Convention's provisions.
9. "Principles" means, unless the context otherwise requires, the Principles stated in Article 3 of the Convention.
10. "Secretariat" means the Secretariat established under Article 8 of the Convention.

ARTICLE 2 - BASIC COMMITMENT

In accordance with the Objective and Principles of the Convention, all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances shall implement national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol.

ARTICLE 3 - TARGETS FOR GREENHOUSE GAS REDUCTIONS

1. Each of the Annex I Parties shall:
 - A. Reduce its 1990 level of anthropogenic emissions of carbon dioxide by at least 20 percent by the year 2005; and
 - B. Adopt specific targets and timetables to limit or reduce other greenhouse gases not controlled by the Montreal Protocol, including, targets and timetables for methane, nitrous oxide and fluorocarbons, in accordance with a programme of additional commitments to be negotiated and adopted by the first Meeting of the Parties.
2. The Meeting of the Parties shall review and revise the commitments of the Annex I Parties contained in subparagraph (a), and the commitments adopted pursuant to subparagraph (b) above, in accordance with the precautionary principle and the best available scientific information and assessment of climate change, not later than five years after the entry into force of this Protocol and thereafter at regular intervals to be determined by the Meeting of the Parties.
3. Any Party not included in Annex I of the Convention that has expressed its intention to be bound by Article 4.2(a) and (b) of the Convention in accordance with Article 4.2(g) of the Convention, may in its instrument of ratification, acceptance, approval or accession to this Protocol, or at any time thereafter, notify the Depository that it intends to be bound by Articles 3 to 5 of this Protocol. The Depository shall inform the other signatories and Parties of any such notification.

ARTICLE 4 - COORDINATION MECHANISM

1. A mechanism to facilitate Annex I Parties' coordination of measures developed to achieve the Objective of the Convention is hereby established to provide the Meeting of the Parties, and as appropriate, the institutions established by the Convention and other relevant international organizations, with timely advice on the coordination of such measures.
2. The mechanism shall provide advice on the full range of measures the coordination of which could assist Annex I Parties implement their commitments to combat climate change and the adverse effects thereof. These measures shall include, inter alia, the coordination of economic instruments such as taxes or subsidies, administrative instruments such as least cost or integrated resource planning, energy efficiency standards and recycling, and specific measures covering the industrial, energy, transportation, land use, agriculture, waste management and forestry sectors.

3. The mechanism shall be open to participation by all Parties to this Protocol and shall be multidisciplinary. It shall comprise governmental representatives competent in the relevant field of expertise. It shall report regularly to the Meeting of the Parties on all aspects of its work.
4. The functions, terms of reference, organization and operation of this mechanism shall be elaborated further at the first Meeting of the Parties.

ARTICLE 5 - REPORTING REQUIREMENTS

1. Each of the Annex I Parties shall communicate to the Meeting of the Parties, through the Secretariat, the following information:
 - (a) A detailed description of the policies, programmes and measures it has undertaken to implement its commitments under Articles 2 to 4 above; and
 - (b) A specific estimate of the effects that these policies, programmes and measures will have on anthropogenic emissions by its sources and removals by its sinks of greenhouses gases.
2. Each of the Annex I Parties shall also provide information on the full costs and benefits of the policies and measures described in subparagraphs (a) and (b), and indicate how such policies and measures form part of a least cost implementation strategy. At their first Meeting, Parties shall consider and agree on methodologies for Annex I Parties to undertake calculations of the full costs and benefits referred to above.
3. Each of the Annex I Parties shall make its initial communication within one year of the entry into force of the Protocol for that Party. The frequency of subsequent communications shall be determined by the first Meeting of the Parties.

ARTICLE 6 - INSTITUTIONAL ARRANGEMENTS

1. Decisions under this Protocol shall be taken only by Parties to this Protocol. Parties shall bear in mind that the Conference of the Parties, as the supreme body of the Convention, must also keep under regular review the implementation of any related legal instruments, such as this Protocol.
2. The Secretariat, financial mechanism and subsidiary bodies established by the Convention or by the Conference of the Parties shall be available for use by the Parties subject to the prior approval of such arrangements by the Conference of the Parties.

3. To avoid duplication, overlap and conflicts between the institutional structures and reporting requirements established by the Convention and those established by the Protocol, the first Meeting of the Parties shall seek guidance on these matters from the Conference of the Parties.
4. The first Meeting of the Parties shall adopt by consensus financial rules, in accordance with guidance received from the Conference of the Parties, to ensure that any additional funds for the operation of this Protocol are provided by the Parties to this Protocol.

ARTICLE 7 - TRANSFER OF TECHNOLOGY

Annex 1 Parties shall ensure:

- (a) That the best available technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the industrial, energy, transport, industry, agriculture, forestry and waste management sectors, are expeditiously transferred to developing country Parties to this Protocol;
- (b) That every practicable step is taken to support the development and enhancement of the endogenous capacities and technologies of developing country Parties;
- (c) That the transfers referred to in subparagraph (a) occur under fair and most favourable conditions.

ARTICLE 8 - MEETING OF THE PARTIES

1. A Meeting of the Parties is hereby established. The Meeting of the Parties shall keep under regular review the implementation of the Protocol and shall make, within its mandate, the decisions necessary to achieve its effective implementation. To this end, it shall:
 - (a) Periodically review the commitments of the Parties and the institutional arrangements under the Protocol, in the light of Objective and Principles of the Convention, the experience gained in the Protocol's implementation and the evolution of scientific and technological knowledge;
 - (b) Adopt targets and timetables referred to in Article 3.1;
 - (c) Review and revise the commitments of Annex I Parties referred to in Article 3.2;
 - (d) Receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5;

- (e) Regularly assess the overall aggregated effect of the steps taken by Annex I Parties in the light of the latest scientific assessments concerning climate change, and of the Protocol's objective, and ensure the publication of such assessments;
 - (f) At its first Meeting, agree upon and adopt by consensus, rules of procedure and financial rules for itself and for any subsidiary body;
 - (g) Receive reports from, and if necessary give guidance to the financial mechanism and to subsidiary bodies on matters relating to the implementation of this Protocol;
 - (h) Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies;
 - (i) Establish further subsidiary bodies as may be deemed necessary for the implementation of the Protocol;
 - (j) Make recommendations on any matters necessary for the implementation of this Protocol;
 - (k) Consider and if approved, adopt proposals for any amendment of or addition to this Protocol or any annex thereto; and
 - (l) Exercise such other functions as are required for the implementation of this Protocol, including any functions assigned to it by the Conference of the Parties.
2. The Secretariat shall convene the first Meeting of the Parties not later than one year after the date of the entry into force of this Protocol and if feasible, in conjunction with a meeting of the Conference of the Parties. Thereafter ordinary sessions of the Meeting of the Parties shall be held every year in conjunction with sessions of the Conference of the Parties, unless otherwise decided by the Meeting of the Parties.
 3. Extraordinary sessions of the Meeting of the Parties shall be held at such other times as may be deemed necessary by the Meeting of the Parties, or at the written request of any Party, provided that, within six months of such a request being communicated to the Parties by the Secretariat, it is supported by at least one third of the Parties.
 4. The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State not Party to this Protocol, may be represented at any Meeting of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Protocol and which has informed the Secretariat of its wish to be represented at a session of the Meeting of the Parties as an observer, may be so

admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Parties at their first Meeting.

ARTICLE 9 - SETTLEMENT OF DISPUTES

In the event of a dispute arising between any two or more Parties concerning the interpretation or application of the Protocol, the Parties shall seek a settlement in accordance with Article 14 of the Convention.

ARTICLE 10 - AMENDMENTS TO THE PROTOCOL

1. Any Party may propose amendments to the Protocol.
2. Amendments to the Protocol shall be adopted at a Meeting of the Parties. The text of any proposed amendment to the Protocol shall be communicated to the Secretariat who shall inform the Parties of the proposed amendment at least 6 months before the meeting at which it is proposed for adoption.
3. The Parties shall make every effort to reach agreement on any proposed amendments to the Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a two-thirds majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the Secretariat to the Depository, who shall circulate it to all Parties for their acceptance.
4. Instruments of acceptance in respect of an amendment shall be deposited with the Depository. An amendment adopted in accordance with paragraph 3 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depository of an instrument of acceptance by at least two-thirds of the Parties to the Protocol.
5. The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depository its instrument of acceptance of the said amendment.
6. For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.

ARTICLE 11 - ADOPTION AND AMENDMENT OF ANNEXES TO THE PROTOCOL

1. The Meeting of the Parties may adopt annexes to this Protocol. Such annexes shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Protocol shall constitute at the same time a reference to any annexes thereto.

2. Annexes to the Protocol shall be proposed and adopted in accordance with the procedure set out in Article 10, paragraphs 2 and 3 above.
3. An annex that has been adopted in accordance with paragraph 2 above shall enter into force for all Parties to the Protocol six months after the date of the communication by the Depositary to such Parties of the adoption of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex. The annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.
4. The proposal, adoption and entry into force of amendments to annexes to the Protocol shall be subject to the same procedure as that for the proposal and adoption of annexes to the Protocol in accordance with paragraphs 2 and 3 above.
5. If the adoption of an annex or an amendment to an annex involves an amendment to the Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to the Protocol enters into force.

ARTICLE 12 - RELATIONSHIP BETWEEN THIS PROTOCOL AND THE CONVENTION

Except as otherwise provided in this Protocol, the provisions of the Convention relating to its protocols shall apply to this Protocol.

ARTICLE 13 - RIGHT TO VOTE

1. Each Party to the Protocol shall have one vote, except as provided for in paragraph 2 below.
2. Regional economic integration organisations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States which are Parties to the Protocol. Such an organisation shall not exercise its right to vote if any of its member States exercised its right, and vice versa.

ARTICLE 14 - DEPOSITARY

As provided under Article 19 of the Convention, the Secretary-General of the United Nations shall be the Depositary of the Protocol.

ARTICLE 15 - SIGNATURE

The Protocol shall be open for signature by States Members of the United Nations or any of its specialised agencies or that are Parties to the Statute of the International Court of Justice and by regional economic integration organisations at Berlin during the first session of the Conference of the Parties, and thereafter at the United Nations Headquarters in New York from 8 April 1995 to 7 April 1996.

ARTICLE 16 - RATIFICATION, ACCEPTANCE, APPROVAL AND ACCESSION

1. The Protocol shall be subject to ratification, acceptance, approval or accession by States and regional economic integration organisations. It shall be open for accession from the day after the date on which the Protocol is closed for signature.

Instruments of ratification, acceptance, approval or accession shall be deposited with the Depository.

2. Any regional economic integration organisation which becomes a Party to the Protocol without any of its member States being a Party shall be bound by all the obligations under the Protocol. In the case of such organisations, one or more of whose member States is a Party to the Protocol, the organisation and its member States shall decide on their respective responsibilities for the performance of their obligations under the Protocol. In such cases, the organisation and the member States shall not be entitled to exercise rights under the Protocol concurrently.
3. In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by the Protocol. These organisations shall also inform the Depository, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

ARTICLE 17 - ENTRY INTO FORCE

1. The Protocol shall enter into force on the ninetieth day after the date of deposit of the thirtieth instrument of ratification, acceptance, approval or accession.
2. For each State or regional economic integration organisation which ratifies, accepts or approves the Protocol or accedes thereto after the deposit of the instrument of ratification, acceptance, approval or accession, the Protocol shall enter into force on the ninetieth day after the date of deposit by such State or regional economic integration organisation of its instrument of ratification, acceptance, approval or accession.
3. For the purposes of paragraphs 1 and 2 above, any instrument deposited by a regional economic integration organisation shall not be counted as additional to those deposited by State members of the organisation.

ARTICLE 18 - RESERVATIONS

No reservations may be made to this Protocol.

ARTICLE 19 - WITHDRAWAL

1. At any time after three years from the date on which the Protocol has entered into force for a Party, that Party may withdraw from the Protocol by giving notice in writing to the Depositary.
2. Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal or on such later date as may be specified in the notice of withdrawal.
3. Any Party which withdraws from the Convention shall, pursuant to Article 25 of the Convention, be considered to have withdrawn from this Protocol also.

ARTICLE 20 - AUTHENTIC TEXTS

The original of this Protocol, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the undersigned, being duly authorised to that effect, have signed this Protocol.

DONE at Berlin this ____ day of _____ one thousand nine hundred and ninety five.

ELEMENTS FOR A COMPREHENSIVE PROTOCOL TO THE UNFCCC*

Reviewing the adequacy of commitments under the Framework Convention on Climate Change (UNFCCC) will be a central policy issue at the first Conference of Parties (COP). Assuming that COP 1 will conclude that the commitments of Annex I Parties under Article 4.2(a) and (b) of the UNFCCC are inadequate, it is essential that the commitments are further elaborated as soon as possible.

It is noted with interest that Trinidad and Tobago on behalf of the AOSIS have tabled a Draft protocol to the UNFCCC on 21 September 1994.

In this paper, Germany presents proposals for further elements of such a protocol, in particular in the field of policies and measures. The proposals are, in general, based on the German position paper presented at INC 10.

General Considerations

In order to reach the ultimate objective of the UNFCCC, it is necessary not only to regulate CO₂ but also to limit or reduce other relevant greenhouse gases. Therefore a comprehensive protocol for greenhouse gases and their sources and sinks, as well as for all sectors, should be negotiated without delay, flexible enough to allow the gradual incorporation of relevant substances in line with the progress of scientific knowledge, and combining targets and timetables for the limitation and/or reduction commitments with coordinated policies and measures to be implemented.

The commitments relating to greenhouse gases laid down in the protocol should be reviewed at regular intervals to be determined and, if need be, further developed in the light of the ultimate objective enshrined in Article 2 of the UNFCCC, taking into account the best available scientific information and assessments on climate change and its impacts, as well as relevant technical, social and economic information.

In setting new, farther reaching commitments, attention must be paid to ensuring the principles in Art. 3 UNFCCC guiding the Parties in their endeavour to protect the climate system, including the principle of a balanced burden sharing in line with the common but differentiated responsibilities of Parties as well as their capabilities and possibilities.

We should continue to work towards balanced commitments on the part of industrialized and developing countries, for example by means of further reporting commitments for non-Annex I Parties and commitments to limit the rise in emissions in the case of certain more advanced developing countries.

* This proposal, originally submitted on 22 September 1994, should be considered in the light of the statement by Germany on 23 August 1995 (see FCCC/AGBM/1995/MISC.1/Add.1, p. 30) on the consistency of the proposal with decision 1/CP.1 on the Berlin Mandate.

Carbon dioxide

I. Basic commitments

1. The Annex I Parties shall commit themselves to stabilising their CO₂ emissions - individually or jointly - by the year 2000 at 1990 levels, i.e., to return their emissions to 1990 levels until 2000 and maintain them thereafter.
2.
 - a) Moreover it is necessary to undertake ambitious CO₂ reduction in the period after 2000. Therefore, specific targets and timetables for the reduction of CO₂ emissions of Annex I Parties will have to be agreed upon in the protocol. *
 - b) The protocol should stipulate the launching of negotiations on additional reduction steps in the light of the ultimate objective laid down in Art. 2 of the UNFCCC.
3. Emission reduction should basically be carried out within each Party's own territory. With regard to the reduction commitments listed in No. 2a above a certain portion yet to be determined may be met by joint implementation¹, whereby a significant part of the commitments must be met through measures within each Party's own territory.

II. Further policies and measures

1. Energy (energy supply, building-related issues, industry)
 - 1.1 Annex I Parties shall adopt national² policies and take corresponding measures to improve the efficiency of large scale combustion plants taking account of Annex (...).
 - 1.2 The Annex I Parties shall adopt national² policies and take corresponding measures to improve the efficiency of facilities providing low-temperature heat (e.g. heating boilers etc.) and other small scale combustion plants, taking account of Annex (...), as well as for the regular control of these installations, in principle.
 - 1.3 The Annex I Parties shall adopt national² policies and take corresponding measures to improve the efficiency of certain products and/or to provide energy efficiency standards and labelling giving information on energy consumption; this applies particularly to:
 - household appliances,
 - appliances in entertainment and communication technology,
 - air conditioning systems and refrigeration facilities,
 - the insulation properties of certain materials.

* In this context it is noted that the Draft Protocol tabled by Trinidad and Tobago proposes in its Art. 3 (1) that each of the Annex I Parties shall reduce its 1990 level of anthropogenic emissions of CO₂ by at least 20% by the year 2005.

1.4 The Annex I Parties shall adopt national² policies and take corresponding measures

- to reduce energy loss during distribution,
- to use waste heat from large industrial plants,
- to improve heating and insulation in buildings,
- to ensure consumption based accounting of costs for heating, air conditioning and hot water,
- to implement energy diagnostic assessments of areas of industry which consume in large quantities and in the field of building,
- to step up the replacement of fuels with high CO₂ emissions with those which are low in CO₂ or CO₂-free,
- to utilize least-cost planning,
- to increase the use of contracting (planning, implementation, financing and operation of energy supply by third parties).

2. Renewable energies

The Annex I Parties shall adopt national² policies and take corresponding measures for the development, generation and increased use of renewable energies.

3. Traffic and transport

3.1 The Annex I Parties shall adopt national² policies and take corresponding measures to avoid and reduce unnecessary traffic and transport.

3.2 The Annex I Parties shall adopt national² policies and take corresponding measures to shift to more environmentally sound means of transport.

3.3 The Annex I Parties shall adopt national² policies and take corresponding measures to reduce gradually the average fuel consumption of newly licensed cars to 5 l/100 km, as far as possible, and increase the efficiency of other means of transport.

3.4 The Annex I Parties shall commit themselves within the framework of international negotiations to work towards dismantling tax reliefs for air traffic, in particular

- the petrol tax exemption for aircraft fuel,
- the value added tax exemption for cross-border traffic.

4. Forests

4.1 The Annex I Parties shall adopt national policies and take corresponding measures with regard to management, conservation and sustainable development of forests in order to conserve and enhance, as appropriate, sinks and reservoirs.

4.2 The Annex I Parties shall work towards ensuring that internationally agreed criteria are determined and applied for the management, conservation and sustainable development of forests.

Methane

In order to limit CH₄ emissions, the Annex I Parties shall adopt national policies and take corresponding measures to

1. reduce CH₄ emissions in the extraction, transport and use of crude oil and natural gas,
2. reduce emissions of pit gas from hard-coal mining (use of pit gas as energy),
3. avoid and/or utilize landfill gas,
4. reduce and utilize sewage gas,
5. utilize biogas.

Nitrous oxide

The Annex I Parties shall adopt national² policies and take corresponding measures to reduce N₂O emissions

1. from industrial installations,
2. from agriculture, in particular by means of fertilization adapted to plant needs and site-related, and by improving fertilization dosage,
3. in the field of animal husbandry and the storage of animal waste products.

Fluorocarbons

1. The Annex I Parties shall commit themselves to reporting on the production and consumption of FCs and HFCs.
2. The Annex I Parties shall adopt national² policies and take corresponding measures
 - 2.1 to deal with commercial and industrial refrigeration equipment and air conditioning equipment in such a way that such used substances may be recovered or disposed of in an environmentally sound way, as possible,
 - 2.2 to limit by precautionary measures the leakage of these substances
 - * during manufacture, installation, operation and servicing of commercial and industrial refrigeration and air conditioning equipment,
 - * when such substances are used as feedstocks in the manufacture of other chemicals and
 - * when such substances are inadvertently produced by the manufacture of other chemicals.

General policies and measures

1. The Annex I Parties shall in the aforementioned areas promote the increased use of economic instruments, for example charges such as taxes, fees, contributions and special levies, including a CO₂/energy tax, promotional measures, tradeable permits, bubble of offset policies including joint implementation, advantages to those who act in an environmentally sound way, and voluntary agreements, product markings and the environmental label.
2. The Annex I Parties shall in principle dismantle fiscal and other benefits which promote conduct contrary to the objective of the protocol.
3. The Annex I Parties shall develop and implement education and training programmes in the aforementioned areas.
4. The Annex I Parties shall intensify research, if possible in the framework of international and intergovernmental programmes, extend scientific co-operation and ensure the processing, evaluation and transmission of scientific knowledge.
5. The Annex I Parties shall develop and implement information and advice programmes in the aforementioned areas.
6. The protocol should provide for further development of the commitments under the Convention entered into by Annex II Parties (Art. 4, para. 5) as to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know how to other Parties, in particular non Annex I Parties.

Notes

- ¹ This in principle also applies to possible commitments regarding other greenhouse gases.
- ² This also includes the policies and measures adopted by regional economic integration organizations.

EU PROPOSAL

OUTLINE OF POSSIBLE PROTOCOL STRUCTURE

ARTICLE 1

Commitments by developed country and other Annex I Parties:

(a) General commitment regarding policies and measures

- Commitment to adopt policies and take measures within national¹ programmes referred to in UNFCCC Article 4.1 (b) to limit and reduce greenhouse gas emissions from all relevant sectors, and to protect and enhance sinks and reservoirs.

(b) Further commitments regarding policies and measures

- Policies and measures in Annex A shall be common to all national programmes of Annex I Parties and applied as set out in the annex
- Policies and measures in Annex B shall be given high priority consideration for inclusion in national programmes; requirement to work towards early coordination of such policies and measures
- Policies and measures in Annex C shall be given priority consideration for inclusion in national programmes as appropriate to national circumstances.

(c) Commitment regarding limitation and reduction objectives

- Quantified limitation and reduction objectives to be set within specified timeframes, such as 2005, 2010 and 2020 for anthropogenic emissions by sources and removals by sinks

¹ This includes policies and measures adopted by regional economic integration organizations.

(d) *Commitments regarding communication of information related to implementation*

- Annex I Parties to include in communications under Article 12 of UNFCCC detailed description of the policies and measures adopted and considered to implement commitments under (a) to (c), specific estimates of their effects, and resulting projected anthropogenic emissions
- Date of next communication and periodicity thereafter
- Communications to include results of reviews of national policies and practices referred to in Article 4.2 (e) (ii) and any significant changes identified.

(e) *Voluntary application by non-Annex I Parties*

- Based on Article 4.2 (g) of UNFCCC.

(f) *Possible annexes on methodological questions*

- e.g. list of GWPs, effects of measures, projection of emissions.

ARTICLE 2

Commitments by all Parties

Provisions on continuing to advance the implementation of existing commitments by all Parties.

ARTICLE 3

Conference of the Parties to review the adequacy of these commitments in the light of UNFCCC Article 2, of the implementation of commitments contained in UNFCCC Article 4, of best available scientific information and assessment of climate change and its impacts, as well as relevant technical, social and economic information.

Date of first review and periodicity thereafter.

Conference of the Parties to take appropriate action within specified deadline.

Annexes to be reviewed on entry into force and up-dated regularly (and more frequently) in the light of progress on the coordination of policies and measures between Parties, new scientific or technological advice, and other relevant developments.

ARTICLE 4

Provisions cross-applying relevant articles of UNFCCC, e.g. on definitions, secretariat, finance, settlement of disputes, etc.

ARTICLE 5

Provisions on amendments, including simplified procedures for amending the annexes.

ARTICLE 6

Final clauses (entry into force, etc.)

ANNEX A

POLICIES AND MEASURES TO BE COMMON TO NATIONAL PROGRAMMES OF ALL ANNEX I PARTIES

List of policies and measures to be adopted and implemented by all Annex I Parties.

ANNEX B

POLICIES AND MEASURES TO BE GIVEN HIGH PRIORITY FOR CONSIDERATION

List of policies and measures which would benefit from common or coordinated application (together with guidance on manner of application, if appropriate) and which must be given high priority consideration by Annex I Parties for inclusion in their national programmes and for early coordination.

ANNEX C

NATIONAL POLICIES AND MEASURES LIKELY TO BE EFFECTIVE IN REDUCING EMISSIONS TO BE CONSIDERED AS APPROPRIATE

List of policies and measures of proven or potential effectiveness which should be given priority consideration, as appropriate, by Annex I Parties for inclusion in their national programmes (with possible indications of potential).

Position of the European Union on the structure of a protocol
or another legal instrument

La Unión Europea cree que, con el fin de avanzar en estas discusiones del AGSM, es importante tener clara la idea sobre el posible producto final. A tal fin presentamos un posible esquema para estructura de un protocolo u otro instrumento legal que nos gustaría proponer al resto de las Partes y que se está repartiendo en estos momentos.

Lo que presentamos es únicamente un esquema. No contiene propuestas específicas sobre políticas y medidas particulares, o sobre objetivos y calendarios. Eso queda para una discusión posterior. Sin embargo, esperamos que definiendo la posible estructura del producto que emane de estas discusiones, podríamos ayudar a centrar y clarificar la reflexión, y nos permitiría avanzar más rápidamente en el tiempo limitado del que disponemos para nuestra tarea derivada del Mandato de Berlín. Asimismo, puede proporcionar un marco útil para el posterior trabajo de análisis y evaluación.

A la hora de redactar la propuesta nos han guiado tres principios fundamentales:

- primero, la coherencia con el Mandato de Berlín;
- segundo, la importancia de establecer un instrumento dinámico dotado de flexibilidad para desarrollarse y evolucionar en el tiempo, reconociendo que existen límites prácticos a lo que se puede lograr antes de la Tercera Conferencia de las Partes; y
- tercero, enlazar lo más estrechamente posible el instrumento a los principios, procedimientos y mecanismos del actual Convenio de forma que no se pierda tiempo renegociando lo que ya está acordado, así como evitando el posible solapamiento y confusión entre los dos instrumentos legales.

El tercer principio nos permite concebir un instrumento bastante corto. Allí donde sea posible y apropiado se aplicarían las disposiciones del Convenio existente. Dando un ejemplo, la información acerca de la ejecución de cualquier nuevo compromiso derivado de un protocolo estaría mejor incluida en las comunicaciones que hay que suministrar de acuerdo al artículo 12 del Convenio, no en una comunicación separada y paralela.

Un elemento clave de la propuesta son los anexos que contienen listas de políticas y medidas. El modelo que concebimos tendría por el momento tres anexos. El primero incluiría políticas y medidas cuya adopción e inclusión en sus programas nacionales acuerden todas las Partes del Anexo I. El segundo contendría una lista de políticas y medidas respecto de las cuales haya acuerdo en que una temprana coordinación internacional sería beneficiosa; y a las que se daría una

consideración prioritaria para su inclusión en los programas nacionales. El tercero incluiría políticas y medidas que hayan sido identificadas como de probada efectividad y potencialidad, y cuya inclusión en los programas nacionales se debería considerar de forma apropiada a las circunstancias nacionales.

Es precisamente este elemento de la propuesta, los anexos sobre políticas y medidas, lo que pretende en particular dotarle de una estructura dinámica. Prevemos que los anexos serán revisados y actualizados con frecuencia, si no continuamente, a la luz de análisis y evaluaciones posteriores, el progreso tecnológico, y los acuerdos alcanzados sobre la coordinación de instrumentos en este o en otros foros internacionales. Asimismo, prevemos que se podrían añadir a los anexos a lo largo del tiempo políticas y medidas adicionales, así como enmiendas y especificaciones adicionales a las ya existentes.

Otro elemento importante de la estructura propuesta: los objetivos cuantitativos de limitación y reducción en plazos específicos. La Unión Europea siempre ha estado comprometida con un enfoque combinado, entendiendo que el protocolo u otro instrumento legal debería contener compromisos tanto referentes a políticas y medidas como a objetivos cuantitativos de limitación y reducción en plazos específicos. Este enfoque se haya recogido en los apartados (a), (b) y (c) del artículo 1 de nuestra propuesta.

Otras características de la estructura propuesta, a nuestro parecer, se explican por sí mismas y son coherentes en gran medida con los conceptos y enfoques recogidos en el Convenio. También se pretende que sean completamente coherentes tanto con el espíritu como con la letra del Mandato de Berlín.

(UNOFFICIAL TRANSLATION)

EU POSITION ON THE STRUCTURE OF A PROTOCOL
OR ANOTHER LEGAL INSTRUMENT

The EU believes that in order to make progress in these AGBM discussions it is important to have a clear idea of the possible end product. To that end we have tabled a possible outline for the structure of a protocol or other legal instrument, which we would like to commend to other Parties.

What we have proposed is an outline only. It does not make specific proposals on particular policies and measures, or on objectives and timeframes. These are for separate discussion. But we hope that by defining a possible structure for the outcome of those discussions, this may help to focus and clarify thinking, and to enable us to make more rapid progress in the limited time we have available for completing our task under the Berlin Mandate. It may also provide a useful framework for further analysis and assessment work.

In drawing up the proposal we have been guided by three main principles:

First, consistency with Berlin Mandate;

Second, the importance of setting in place a dynamic instrument, which has the flexibility to develop and evolve over time - recognizing that there are practical limits to what can be achieved ahead of our COP 3 deadline; and

Third, linking the instrument as closely as possible to the principles, procedures and mechanisms of the existing Convention - so that we do not have to waste time renegotiating what is already agreed, and so as to avoid the potential for overlap and confusion between the two legal instruments.

The third principle allows us to envisage a rather short instrument. Wherever possible and appropriate the existing provisions of the Convention would be cross-applied. To give just one example, information about the implementation of any new commitment in a protocol would best be included in the communications already to be supplied under Article 12 of the Convention, not in separate, parallel communications.

A key element of the proposal are the annexes containing lists of policies and measures. The model we envisage would for the time being have three such annexes. The first would include policies and measures which all Annex I Parties agreed to adopt and include in their national programmes. The second would contain a list of policies and measures which it was agreed would benefit from early international coordination, and which should be given high priority consideration for inclusion in national programmes. The third would include policies and measures which are identified as having proven effectiveness or potential, and which should be considered for inclusion in national programmes as appropriate to national circumstances.

It is this element of the proposal, the annexes on policies and measures, which is intended in particular to give it a dynamic structure. We envisage that the annexes would be frequently, if not continually, reviewed and up-dated in the light of further analysis and assessment, technological progress, and agreements reached on the coordination of instruments in this or other international fora. We envisage further policies and measures could be added to the annexes over time, and existing ones further specified or amended.

Another important element of our proposed structure is the quantified limitation and reduction objectives within specified timeframes. The EU has always been committed to a combined approach meaning that the protocol or other legal instrument should contain both commitments regarding policies and measures as well as quantified limitation and reduction objectives within specified timeframes. This approach is reflected in our proposed elements (a) to (c).

Other features of the proposed structure are self-explanatory and are largely consistent with concepts and approaches already found in the Convention. They are also intended to be fully consistent with both the spirit and the letter of the Berlin Mandate.

Copies of our proposal are being circulated. We would be interested to have the comments of other Parties on it.

**Возможные элементы Протокола
к рамочной Конвенции ООН об изменении климата
группы стран с переходной экономикой**

Выражая озабоченность продолжением роста концентрации в атмосфере парниковых газов, не регулируемых Монреальским протоколом;

Напоминая о решении Конференции Сторон 1/CP.1 о неадекватности обязательств по статье 4.2 (a) и (b);

Подчеркивая, что страны Приложения 1, находящиеся в состоянии перехода к рыночной экономике, являются единственной группой стран, уже в настоящее время реально и значительно сократившей выбросы в атмосферу парниковых газов, не регулируемых Монреальским протоколом;

Отмечая, что в последующем, за вызванным экономическими причинами процессом снижения выбросов парниковых газов в этих странах объективно последует период наращивания выбросов в связи с экономическим ростом;

Ссылаясь на принцип общей, но дифференцированной ответственности;

Ссылаясь далее на Статью 4.6 Конвенции о предоставлении определенной степени гибкости Сторонам, включенным в Приложение 1 и осуществляющим процесс перехода к рыночной экономике;

А также с целью укрепить способность стран Приложения 1 с переходной экономикой заниматься проблемами, связанными с изменением климата;

Страны с переходной экономикой, Российская Федерация и другие поименно, включенные в Приложение 1, при поддержке других Сторон Конвенции, договорились о нижеследующем:

1. До стабилизации экономики (в соответствии с количественными критериями, объективно отражающими социально-экономические условия в стране) и последующего экономического роста осуществлять необходимые оценки и разработку практических политики и мер в областях деятельности, позволяющих ограничить и сокращать выбросы в атмосферу парниковых газов, не регулируемых Монреальским протоколом, по следующим основным направлениям:

1.1. Научные:

- фундаментальные и прикладные исследования по проблемам изменения климата;
- разработка и уточнение оценок, сценариев и прогноза изменений климата и их последствий;

- создание системы мониторинга содержания парниковых газов в атмосфере;

1.2. Технологические:

- энерго – и ресурсосбережение в области производства электроэнергии, ее распределения и потребления, на транспорте, в промышленности, в жилищно – коммунальном хозяйстве и других отраслях хозяйственной деятельности;
- альтернативные источники энергии;
- рациональное землепользование и сельское хозяйство;
- сокращение выбросов и утечки метана;
- ведение целенаправленных мероприятий по защите и повышению качества поглотителей и накопителей парниковых газов;

1.3. Экономические:

- использование рыночных механизмов, в том числе в таких областях, как ценообразование, стандарты, налоговая политика;
- введение и использование регулирующих функций таких мер, как штрафы за превышение предельно допустимых выбросов в атмосферу парниковых газов, не регулируемых Монреальским протоколом;

1.4. Сотрудничество со Сторонами Приложения 2:

- освоение технологий;
- привлечение финансовых и материальных ресурсов;
- развитие процесса совместного осуществления обязательств Сторонами Конвенции.

2. По мере достижения стабилизации и устойчивого экономического роста странами Приложения 1, находившимися в состоянии перехода к рыночной экономике, рассматривается вопрос о присоединении конкретной страны или группы стран к процессу принятия и реализации политики и мер развитых стран Приложения 1.

3. Предоставлять Конференции Сторон регулярные сообщения о достигаемых результатах и планируемых дальнейших политике и мерах по настоящему Протоколу.

Possible elements of protocol to the Framework Convention on Climate Change
proposed by a group of Parties with economies in transition

Being concerned by the continuous growth of atmospheric concentrations of greenhouse gases not controlled by the Montreal Protocol;

Recalling decision 1/CP.1 of the Conference of the Parties on inadequacies of commitments under Articles 4 (a) and (b);

Stressing that the Parties included in Annex I undergoing the process of transition to a market economy are the only group of countries which at present actually and significantly reduced emissions of greenhouse gases not controlled by the Montreal Protocol;

Noting that in future the period of reduction in emissions of greenhouse gases which is due to economic circumstances in these countries will be objectively followed by a period of increase in emissions due to economic growth;

Recalling the principle of common but differentiated responsibilities;

Recalling further Article 4.6 of the Convention allowing a certain degree of flexibility to the Parties included in Annex I undergoing the process of transition to a market economy, and aiming to enhance the capabilities of Annex I Parties with economies in transition to resolve problems related to climate change;

Parties with economies in transition included in Annex I, the Russian Federation and others, namely, ----- supported by other Parties to the Convention have agreed as follows:

1. Prior to stabilization of the economy (according to quantitative criteria objectively reflecting social and economic conditions in a country) and future economic growth, to undertake the necessary evaluation and to develop practical policies and measures in those fields of activities which would allow to limit and reduce atmospheric emissions of greenhouse gases not controlled by the Montreal Protocol, along the following main lines:

1.1 Scientific

- Fundamental and applied research on climate change problems;
- Development and refinement of estimates, scenarios and projections of climate change and its effects;
- Creation of the system of monitoring of greenhouse gas concentrations in the atmosphere;

1.2 Technological

- Energy and resource saving measures in the field of electricity generation, its distribution and consumption, in transport, industry, residential, commercial and other sectors;
- Alternative energy sources;
- Rational land use and agriculture;
- Reduction of emissions and leakages of methane;
- Implementation of specific measures to raise quality of sinks and reservoirs of green house gases.

1.3 Economic

- Implementation of market mechanisms in such fields as pricing, standards, taxation, policy;
- Introduction and implementation of regulatory functions such as penalties for exceeding maximum admissible atmospheric emissions of greenhouse gases not controlled by the Montreal Protocol.

1.4 Cooperation with Parties included in Annex II

- Introduction of technologies;
- Attracting financial and material resources;
- Developing activities implemented jointly by the Parties to the Convention.

2. To review the issue of involvement of a specific Party or a group of Parties into the process of implementation of policies and measures envisaged for developed countries listed in Annex I, while Annex I Parties undergoing the process of transition to a market economy work towards economic stabilization and sustainable economic growth.

3. To submit to the Conference of the Parties on a regular basis communications on results achieved and future planned policies and measures to be implemented under the present Protocol.

...

1. AGBM decided at its last session that it wanted to review the aspects of the IPCC Second Assessment Report (SAR) relevant to quantified emission limitation and reduction objectives within specified timeframes (QLRO).

It is Germany's firm conviction that the findings of the IPCC Second Assessment Report clearly underline the need for urgent action to mitigate climate change if we are to prevent dangerous anthropogenic interference with the climate system - which is the ultimate objective of our work under the Convention. Setting new quantified emission objectives for the years beyond 2000 is an essential and urgent task in this process.

We found that a number of IPCC assessments exist that clearly facilitate our task of assessing and narrowing down the range of options regarding QLRO. In light of the comprehensive EU statement regarding our review of the SAR findings I will only highlight a few assessments again in this regard:

- Stabilization of atmospheric concentrations at twice the pre-industrial level will eventually require global emissions to be less than 50% of current levels. At the same time, the share of global emissions from developing countries will grow to meet their social and developmental needs. For these reasons, industrialized countries need to significantly reduce emissions after the year 2000.
- IPCC also states that the steeper the increase in emissions (hence concentrations), the more quickly is the climate projected to change. In addition, it is mainly the cumulative emissions, i.e. the sum of annual emissions over time, that will determine the future level of GHG concentrations. This means that higher emissions in early decades require lower emissions later on. In a model, this can be done easily. In practice, it turns out to be far more difficult, as steep emission reductions quickly get more expensive.

- IPCC also found that significant reductions in GHG emissions are technically possible, and can be economically feasible. It also stated that significant 'no-regrets' opportunities are available with a broad range of cost-effective technologies, policies and measures to markedly reduce net GHG emissions. There is also justification for action beyond no regret.
2. In the light of the IPCC SAR findings, quantified limitation and reduction objectives are an essential instrument in developing an adequate next step towards implementing the ultimate objective of our Convention.

QLRO should promote the earliest possible application of environmentally sound and less carbon-intensive available technologies. At the same time, targets should be set sufficiently far ahead as to ensure that also investments with longer-term impacts that result in significant emission reductions as well as the necessary changes in consumption and production patterns are encouraged. Therefore, shorter- and medium-term targets are needed to set a clear and reliable framework for the development and implementation of national and regional policies and measures to combat climate change. This would allow policy makers and other actors to optimize the mix of available policies and measures.

Together with our partners in the European Union we therefore consider it appropriate for the first stage of a protocol or another legal instrument to focus on two time horizons: 2005 and 2010. This is short enough to have to step up our efforts but also long enough way to be able to develop balanced programmes and to give the different actors sufficient scope for adjustment. Such a two-phased first step would also allow for an interim monitoring and review of the effectiveness of the measures taken which we see as crucial in order to stay on track in the longer term. The year 2020 may be taken as an additional target, although in light of many uncertainties regarding, inter alia, emission trends and changing circumstances such as economic structures, trading patterns and technology development, we feel that it is too far into the future to reliably guide our efforts.

3. Germany therefore proposes as reduction objectives for Annex I Parties in a protocol or another legal instrument a reduction of CO₂ emissions
- of 10% by the year 2005, and
 - of 15-20% by the year 2010,
- both against the base year of 1990. We think this is both an ambitious and realistic approach for the next step to be decided upon at COP 3. Fully aware of the comprehensive approach inherent to our Convention, we are currently also drawing up

our proposals for targets regarding gases other than CO₂, such as methane and nitrous oxide. We would like to see these reduction objectives being binding commitments in a protocol or other legal instrument. A certain degree of flexibility should be allowed to Annex I Parties with economies in transition comparable to the stipulation in Article 4 para 6 of the FCCC.

We think that these proposals fit well into the protocol structure as proposed by the European Union at the last AGBM session as part of the combined approach in the Berlin Mandate of both elaborating policies and measures as well as setting quantified limitation and reduction objectives within specified timeframes.

We don't want to be misunderstood in this respect. Our proposal for CO₂ targets for Annex I Parties in 2005 and 2010 does in no way effect our existing national target. Germany remains committed to reducing the 1990 level of its CO₂ emissions by 25% by the 2005.

Our proposals are based on two conceptual considerations in specifying QLRO:

- Firstly, it is the single gas approach which we prefer because of its greater precision. It also avoids the methodological difficulties associated with calculating CO₂ equivalents by using global warming potentials. Even if we had an overall objective it is our view that it could initially only relate to a specifically defined list of gases owing to the varying degrees of scientific knowledge and data availability with regard to the different greenhouse gases.
- Secondly, the concept of a flat rate reduction: This concept has proven its worth in comparable environmental conventions and protocols. It has the virtue of simplicity and practicality. It also accounts for countries' differences in starting points, economic structures, resource bases and available technologies by measuring each Party's efforts against its historic levels of emissions.

We recognize, of course, that there are other ways of approaching the concept of equity, such as a differentiation of targets. However, we foresee enormous practical difficulties and obstacles in identifying the relevant factors affecting the emissions of different greenhouse gases, in deriving corresponding indicators, in generating reliable and comparable data needed, and, last but not least, in weighting these indicators. The selection of indicators as well as their relative weight is highly arbitrary, with results differing substantially. This was demonstrated once more in presentations during the workshop that was held last week. Parties therefore would

come up with very different proposals according to their individual circumstances and capabilities. This approach therefore would mean even more complicated and lengthy negotiations without necessarily ensuring a more equitable outcome.

These were further assessments, conclusions and proposals in addition to the German views already presented at earlier AGBM sessions and documented in different Misc. documents. We hope that they can contribute to further assess the issue of quantified limitation and reduction objectives with specified timeframes and to narrow down the range of options meriting further attention. We think that this is an important task to perform at this session in order to allow to focus our discussions and to start to shift the emphasis of this process from analysis and assessment towards the negotiation of a protocol or other legal instrument. Time is short until COP 3. We already agreed at AGBM 1 that COP 2 is to take stock of the overall process and to intensify the efforts to adopt a protocol or other legal instrument at COP 3. In order to enable COP 2 to deliver this task, we would like to propose that the Secretariat is requested to prepare a document for AGBM 4 and COP 2 that compiles - without any judgement added - the proposals made so far - ordering them according to the central elements of the Berlin Mandate:

- Strengthening the commitments in Art. 4.2(a) and (b):
 - * policies and measures,
 - * quantified limitation and reduction objectives within specified timeframes.
- Continuing to advance the implementation of Art. 4.1,
- Possible features of a protocol or another legal instrument.

In our view, such a single document - although being a preliminary synopsis of proposals presented so far - would be of considerable help to AGBM 4 and COP 2 in fulfilling their task, as a matter of urgency, to enable COP 3 to adopt an ambitious protocol or other legal instrument that is a real step forward towards achieving the ultimate objective of our Convention. For further input, AGBM 3 should invite Parties to submit additional proposals to the Secretariat by 15 April 1996.

Proposal No. 1

The AGBM should require that each Party making a proposal for inclusion in a protocol or other legal instrument of a specific QELRO or of specific policies or measures must concurrently provide the AGBM with either (i) an analysis of the economic effects of its proposal on the Annex I Parties and, separately, on the non-Annex I Parties, which analysis should be reviewed by SBSTA, or (ii) a statement that such analysis currently is not available (in whole or in part) and a specific proposal as to how the AGBM should obtain such analysis in time to be considered by the AGBM prior to taking any decision on any proposals for a protocol or other legal instrument made by any of the Parties.

Reason for proposal No. 1: The AGBM repeatedly has stressed the importance of economic analysis related to proposals for a protocol or other legal instrument. Although the two workshops held in conjunction with the third session of the AGBM produced some interesting information, very little analysis was presented concerning the economic impacts of the numerous ideas that were discussed. At least three, specific proposals have been made in the AGBM for QELROs; however, nobody knows (or, if they know, nobody is disclosing) what the impacts of those proposals would be, for example, in terms of economic growth, employment, inflation, and international trade. The same is true for the more general proposals for policies and measures made to date.

Although unlikely, perhaps some Annex I Parties have national circumstances where those impacts would not make any difference to them. But, as specifically was mentioned in paragraphs 8 and 19 of the Conclusions of the third session of the AGBM, many delegations have stressed the need for analysis of the socio-economic impacts of QELROs and of policies and measures on non-Annex I Parties.

In particular, Saudi Arabia along with other fossil fuel exporters from developing countries attaches great importance to such analysis and future discussions on possible options to minimize the expected impact on their economies, taking into account Articles 3, 4.8, 4.10 of the Climate Change Convention and relevant paragraphs in the Berlin Mandate.

If the AGBM is to have a "more focused discussion" on these matters as called for in the Conclusions of the third session, it must get serious about providing the economic analysis that has been called for. It only makes sense to look first to the Party making a proposal, since one would assume that no Party would make a specific proposal for QELROs or for specific policies and measures without having a reasonable idea as to the economic impacts of such proposal on itself and, perhaps, on its trading partners. Therefore, the AGBM should require each Party to submit comprehensive analysis on the economic impacts of its proposal on both Annex I and non-Annex I Parties at the time it makes its proposal.

At its fourth session, the AGBM should specify for those Parties that already have made specific proposals a reasonable date for submitting their respective analyses. SBSTA review of analyses presented would enable judgements to be made about the reasonableness of underlying assumptions, methodologies, and other factors bearing on the merit of the analyses.

If, on the other hand, a Party making a proposal for QELROs or for policies and measures cannot furnish the required analysis, in whole or in part it should be forthright in telling its colleagues in the AGBM that the information is not available. But, it should do more. It also should make a specific proposal as to how the AGBM should obtain such analysis so that relevant information concerning economic impacts may be considered by the AGBM prior to taking any decision on any proposal for a protocol or other legal instrument made by any of the Parties.

Proposal No. 2

The AGBM should require that each Annex I Party making a proposal for inclusion in a protocol or other legal instrument of a specific QELRO must concurrently provide the AGBM with a statement that identifies the specific policies and measures it intends to adopt in order to assure its compliance with such QELRO if the QELRO were to be adopted by the Conference of the Parties in a protocol or other legal instrument. The same requirement should apply to each Annex I Party at the time it expresses its support in the AGBM (by statement of position and/or by vote) concerning a specific QELRO. Such statements should explain how each separate policy and measure the Party has identified will contribute (in terms of units of greenhouse gas emissions avoided or sequestered) to the Party's compliance with the QELRO. The statements should be reviewed by the SBSTA.

Reasons for Proposal No.2: It is plain that very few Annex I Parties will return their greenhouse gas emissions to 1990 levels by 2000 and that, despite good intentions, it is easier to make political commitments to a QELRO than to achieve it. A key to achieving any given QELRO may have been identified in Paragraph 12 of the Conclusions of the third session of the AGBM, namely: "In considering quantified emission limitation and reduction objectives (QELROs), the AGBM underlined the interdependence between such objectives and elaboration of policies and measures.

Under this Proposal No.2, each Annex I Party simply would tell the AGBM what its projected greenhouse gas emissions would be at the time of any "target", or "milestone", or similar date identified in the QELRO proposal, both in the absence of additional policies and measures (i.e., a "baseline" or "reference" case) and as a result of adoption of each of the separate, additional policies and measures the Party believes necessary for it to achieve the QELRO. SBSTA review of analyses presented would enable judgments to be made about the reasonableness of underlying assumptions, methodologies, and other factors bearing on the merit of the analyses.

All Parties have a right to know whether an Annex I Party proposing or expressing its support for a specific QELRO has the ability and a realistic plan to meet its commitment if that QELRO were adopted by the Conference of the Parties. If all of the Annex I Party proponents and supporters of a given QELRO provided the information required by Proposal No.2, all Parties, including non-Annex I Parties, would have reason to believe that the expected environmental benefits resulting from compliance with the QELRO will, in fact, be obtained.

Furthermore, because of an integrated global economy, policies and measures adopted by an Annex I Party will have economic impacts on non-Annex I Parties, as well as on other Annex I Parties. Since the economic impacts of various policies and measures adopted by Annex I Parties will differ, both in terms of magnitude and the economic sectors affected, all Parties (including non-Annex I Parties) have a right to know what specific policies and measures their Annex I trading partners will adopt in order to assure compliance with any proposed protocol or other legal instrument. Only in this manner can all Parties (including non-Annex I Parties) have information that will enable them to make some judgments about the economic consequences to them of the proposals under consideration.

Quantified Emission Limitation and Reduction Objectives for inclusion in a protocol or another legal instrument

1. In the light of the conclusions of AGBM 3, the UK wishes to confirm its position in relation to the setting of quantified emission limitation and reduction objectives in a protocol or another legal instrument.
2. As indicated by Mr. John Gummer, Secretary of State for the Environment, at the first Conference of the Parties in Berlin, and reiterated by the UK delegation at AGBM 2, a commitment to reduce total greenhouse gas emissions on a comprehensive basis below their 1990 levels is an essential outcome of the Berlin Mandate process. But new quantified objectives for the years beyond 2000 must go hand in hand with any new commitments on policies and measures. Experience shows that the existence and political endorsement of an overall quantified objective, or target, for greenhouse gas emissions is an essential pre-requisite for developing effective national programmes to limit those emissions.
3. At the same time, we recognize that to set legally binding targets could pose real practical problems. Emissions that are directly linked to the economic activity and structure of a country cannot suddenly be turned on or off like a tap; they will fluctuate, sometimes substantially, from year to year; and individual countries' ability to meet them will vary according to circumstances and over time. To accommodate all these factors it would be necessary to build in substantial safety margins if we were to go for targets that all Parties were bound to deliver as an absolute legal requirement.
4. The solution in our view is an approach which puts the legal requirement on the development of a national programme, and on the adoption of policies and measures aimed at delivering a particular objective, coupled with an effective reporting and review mechanism. This would represent an elaboration and strengthening of the current approach in the Convention. It is an approach we have previously characterized with the phrase "hard commitments to achieve soft targets".
5. That approach we have advocated has the virtue of simplicity as well as practicality. It is also equitable in the sense that each Party's efforts are measured against its historic levels of emissions. Differences in starting points and national circumstances are thus already reflected in the emissions figures for the base year. The emphasis then is on improving performance and changing emissions trends over time, taking advantage of the potential which exists in all Annex I countries.
6. We recognize that this is not the only way of approaching the concept of equity, and that it is indeed a fairly crude one. But we fear that any solution which sought to define equity in other, more complex terms, for example through differential targets, would raise many other complications, and seems to us unlikely to succeed in reaching universal agreement - certainly by COP 3.

7. Countries should of course continue to have the right for their particular national circumstances to be taken into account, as Article 4.2(a) currently provides. As now, there should be a strong requirement in return for them to demonstrate through their national programmes and communications that they are adopting appropriate policies and making commensurate efforts to control greenhouse gas emissions.

8. As to whether any new objectives should apply gas by gas, or across all greenhouse gases, our view is that there is no longer any reason not to adopt a basket approach. For some countries - though not the UK - non-CO₂ gases are very significant in the contribution they make to global warming. We should therefore ensure that the next stage of the Convention gives countries the flexibility to address their overall greenhouse gas emissions in the most appropriate and cost-effective manner.

9. As regards timescale, we share the view of those who believe that future targets need to be set sufficiently far ahead as to enable a balanced and comprehensive response. Significant changes in energy production and consumption, in patterns of transportation, and in behaviour, cannot be achieved solely through measures designed to achieve short-term goals. At the same time, timeframes stretching out to 2020 and beyond are so far into the future that the uncertainties inherent in any projections or objectives begin to make them relatively meaningless.

10. For this reason we take the view that 2010 is the most appropriate timeframe for the next quantified objective for reducing developed country emissions - though interim targets might also be appropriate, and the adequacy of such a target would need to be reviewed well before then. In this context, we believe that agreement by developed countries to reduce total greenhouse gas emissions by a figure in the range of 5-10% below the 1990 base year by 2010 would be a credible and appropriate outcome of the Berlin Mandate process.
