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IMPLEMENTATION OF THE BERLIN MANDATE

Proposals from Parties

Note by the secretariat

Addendum

In addition to the proposals already received (see FCCC/AGBM/1996/MISC.2 and Add.1), a further proposal has been received from Switzerland.

In accordance with the procedure for miscellaneous documents, this submission is attached and is reproduced in the language in which it was received and without formal editing.

SWITZERLAND

PROPOSAL FOR A LEGAL INSTRUMENT

1. Switzerland's preference : a Protocol

Following the Berlin Mandate and in order to strengthen the commitment of Annex I Parties to the Convention under article 4.2 (a) and (b), Switzerland's preference is for a Protocol to the Convention. A Protocol seems to be the most appropriate and flexible legal instrument for achieving the objective of the Convention.

Switzerland considers that the Protocol should be explicitly based on the precautionary and the polluter-pays principles.

Furthermore, Switzerland expects all Annex I countries to be Parties to the Protocol.

Switzerland supports the outline of the Protocol's structure proposed by the European Union (EU) at AGBM 2 (October 1995).

2. Quantified Emission Limitation and Reduction Objectives (QELROs)

In order to establish a general framework for the reduction of the anthropogenic emissions of greenhouse gases, the Protocol should take into account elements delivered by science which are contained in the work of the Intergovernmental Panel on Climate Change (IPCC). On the basis of article 2 of the Convention, the Protocol should address the issue of atmospheric greenhouse gas concentrations in order to prevent dangerous anthropogenic interference with the climate system. As a first step, the global objective of the Protocol should be a 10% reduction of the total greenhouse gas emissions of Annex I Parties by the year 2010 compared to the 1990 levels.

In particular, the Protocol should address the anthropogenic emissions of the following gases :

carbon dioxide (CO₂)
methane (CH₄)
nitrous oxide (N₂O).

Furthermore, considering the need to reduce the emissions of these greenhouse gases, Switzerland deems it necessary to fix legally binding QELROs for the year 2010 for each Annex I Party. A comprehensive approach should be defined. This means that for each Party the reduction objective should be expressed as a CO₂-equivalent emission reduction objective. Such an objective should be calculated on the basis of the three above-mentioned gases. In order to compute this objective, the Global Warming Potential (GWP) of each gas considered should be used.

Switzerland considers it important to take into account the different national circumstances of the Parties when establishing individual QELROs in the framework of the Protocol. In order to achieve an equitable sharing of the burden, criteria should be used to group the countries in terms of their respective commitments. Switzerland proposes one criterion :

- annual CO₂-equivalent emissions per capita.

Countries should be grouped in categories differentiated by increments of 5 tons of annual CO₂-equivalent emissions per capita. The first category should contain countries with emissions between 3 and 5 tons, the second category countries between 5-10 tons, and so on. Countries in the same category should receive the same QELROs, starting, for the first category, with an emission cap (i. e. stabilisation at 1990 level beyond the year 2000).

Following this criterion, countries with the highest CO₂-emissions would be obliged to achieve the biggest emissions reduction. Nevertheless, in order to relieve countries producing and exporting products whose manufacture generates high levels of greenhouse gas emissions, the annual per capita emissions criterion should be adjusted in order to decrease the burden on such countries.

3. Policies and measures

The Protocol should include lists of policies and measures aimed at achieving the objective of the Convention. Switzerland proposes, among others, inclusion of the measures listed below, which are of the A type, following the EU Protocol's structure, and should therefore be internationally co-ordinated among the Parties.

Furthermore, Switzerland invites non-Annex I countries to take part in the effort to reduce the greenhouse gas emissions on a voluntary basis through, among other things, implementing agreements. Switzerland believes that this latter approach would be more flexible and suitable for some non-Annex I countries than a declaration in the sense of article 4.2 (g) of the Convention, considering that the Protocol is an extension of article 4.2 (a) and (b) of the Convention, or a ratification of the Protocol.

- **Reform of subsidies in the energy sector**

Subsidies are not only direct government payments; they also include, for instance, grants, tax exemptions and low-interest loans.

Studies show that, world-wide, subsidies for energy production and consumption amount to hundreds of billions of US dollars, and that removal of these subsidies would result in a substantial reduction in CO₂ emissions as well as stimulating economic growth.

The reform of subsidies, notably those associated with coal and electricity, appears to offer a large potential for reducing greenhouse gas emissions.

Removing protection for domestic coal producers and national electricity supply industries would provide additional flexibility to exploit the most cost-effective low greenhouse gas-emitting power sources.

A first approach could include an agreement to adopt targets for a subsidy reduction, for instance 50% by 2010. The main advantage of this approach is that it allows countries to make their own decisions about the most appropriate paths for them to follow.

A second approach could be an agreement to remove all types of subsidies except those related to research and environmental protection.

- **Incentive tax on CO₂**

An incentive tax on CO₂ should be introduced and internationally co-ordinated. This tax would internalise the costs associated with climate change.

- **Average fuel consumption for new vehicles**

For new passenger cars, an average fuel consumption target of 5 litres / 100 km for petrol-driven cars and 4.5 l / 100 km for diesel-driven cars by the year 2005 should be introduced. For other types of vehicles, similar targets should be defined.

- **Energy efficiency standards**

For new buildings

Building insulation standards (k-values) should be introduced for new buildings. These k-values should be adapted to the geographical situation of the Parties.

Quality standards for construction products should also be defined.

For appliances

Target values to limit the energy consumption of appliances should be introduced. These values should be negotiated with the main appliance manufacturers. The following appliances should be considered :

- household appliances : refrigerators, freezers, washing machines and dryers, dishwashers, electric ovens, televisions, video recorders and air conditioners

- office equipment : PCs, monitors, printers, photocopiers, facsimile machines.

Labelling

Harmonised labels on appliances with a low energy consumption should be introduced. Such an indication may directly motivate consumers to buy them and to save energy.

- **Introduction of a tax on aviation fuel**

Removing all kind of subsidies and introducing a tax would promote more efficient use of aviation fuel. Such a tax would encourage companies to improve their flight management and give a clear signal of the need to internalise environmental costs in the fuel price.

However, an aviation fuel tax will be only possible if it is internationally harmonised and universally applied. Therefore, other countries than Annex I ones should be involved. Consequently, it seems more appropriate to negotiate not only in the framework of the Convention, but mainly in the International Civil Aviation Organisation where all countries are represented.

- **Limitation of the production and consumption of PFC, HFC et SF₆**

Switzerland has already pointed out the need to control and reduce the production and the consumption of these gases. Perfluorocarbons (PFC), hydrofluorocarbons (HFC) and sulphur hexafluoride (SF₆) have 1,000 to 10,000 times higher Global Warming Potentials than CO₂. At the moment, neither the Montreal Protocol nor any other legal instrument limits the production and use of these gases. As their use is likely to increase in the near future if nothing is done, they should be taken into account in the Protocol. Controlling these substances is therefore an important measure to prevent a new problem.

- **Implementation of measures prescribed by the UN ECE protocols on control and reduction of Volatile Organic Compounds (VOC) and NO_x.**

Switzerland considers it important that all Annex I Parties to the Protocol have the same level of commitment towards emission reduction of precursors of tropospheric ozone which already fall under the scope of other protocols.

The 1979 Convention on long-range transboundary air pollution has two protocols dealing with control and reduction of these gases. In order to take advantage of negotiated policies and measures in the framework of these protocols, all Annex I Parties to the Framework Convention on Climate Change should ratify and implement the measures as proposed by these protocols to reduce the emissions of VOC and NO_x.

4. Other measures

A measure which should receive high priority for consideration by Annex I Parties for inclusion in their national programmes and which would benefit from common co-ordinated application (B type measure following the European Union's proposal at AGBM 2) is the use of rail for the transport of goods and passengers. In particular, the combined use of rail/road transport should be promoted by governments at a national and regional level.

5. Instruments

Switzerland proposes two instruments we consider essential elements of a comprehensive instrument mix.

These instruments are Joint Implementation to achieve a cost-effective reduction, and Implementing Agreements to facilitate co-operation on mitigation measures and co-ordination among interested participants on a voluntary basis to achieve maximum effect.

Joint Implementation

All Parties to the Protocol may fulfil part of their obligation to reduce emissions of greenhouse gases through Joint Implementation of mitigation measures. Joint Implementation may contribute up to 50% to meeting the reduction obligation of each Party. The appropriateness of this limit should be reviewed periodically and amended as necessary, taking into account both the environmental effectiveness and economic efficiency of the Joint Implementation instrument.

Joint Implementation among Parties to the Protocol may begin after the pilot phase in the year 2000 as soon as they have agreed on modalities for emission crediting.

Joint Implementation between Parties to the Protocol and other Parties to the Convention may also take place on a voluntary basis to meet the commitments of Parties to the Protocol according to paragraph 1. The respective criteria shall be consistent with decisions taken on Joint Implementation under the Convention.

Joint Implementation is a cost-effective instrument to reduce CO₂ emissions and will therefore need to play an important role. There is a direct link between the level of quantitative reduction targets participants are prepared to accept and the instruments which can be applied to achieve such reductions. Failure to introduce a satisfactory Joint Implementation solution will result in lower reduction targets as reduction costs will increase in economic and social terms .

In our opinion, it is essential that the Protocol give a clear signal to the Parties and the private sector that emissions crediting will, in fact, be allowed, at least among Parties to the Protocol.

Implementing Agreements

Implementing Agreements, developed by the International Energy Agency (IEA), are simple contractual arrangements between countries to work together voluntarily and on an ad-hoc basis on specific projects, e.g. reduction measures and policy co-ordination/harmonisation, with the possibility of involving the private sector. It is also important that certain relevant issues could be pursued without requiring consensus among all members. Those who join participate in cost or task-sharing for the project/programme agreed and share in the benefits.

This instrument could be useful for the development and implementation of Common Measures under the Protocol, in general, and of individual measures in the categories A, B & C (as proposed by the EU), in particular. Although originally applied to technology R & D co-operation, recent IEA agreements have dealt with policy measures such as building efficiency standards. Implementing Agreements might make it more feasible and attractive for certain Annex I and non-Annex I countries to become directly or indirectly involved in the implementation of the Protocol as participation in an Implementing Agreement would be voluntary and would allow, e.g. non-Annex I countries, the freedom to negotiate their specific contribution to the agreement.

6. Institutional arrangements

Switzerland is of the opinion that the Protocol should use, as far as possible, the same institutional arrangements as its parent Convention.

The Protocol should utilise the same Conference of the Parties as the parent Convention. Thus, the already existing intergovernmental forum under the Convention should be used to consider matters related to the Protocol. However, and in accordance with article 17.5 of the Convention, decision-making authority should rest with the Parties to the Protocol. We believe that this solution would allow transparency when dealing with Annex 1 Parties commitments, prove more efficient for the co-ordination of the two instruments and be more cost-effective.

Protocols typically utilise the same Secretariat as their parent Convention. This should also be the case here, with a possible expansion of the work programme of the Secretariat in accordance with article 8.2 (g) of the Convention. Moreover, the subsidiary bodies established under the Convention (SBSTA, SBI) should support the Protocol.

Concerning the communication and review of information, the provisions of the Convention as well as the existing relevant decisions adopted by the Conference of the Parties would apply *mutatis mutandis*. Hence, Parties to the Protocol should submit consolidated reports on the policies and measures adopted as well as on the specific estimate of their effects on the basis of the already existing regime.

In accordance with decision 1/CP.1 (II 2. f), the Protocol should provide for a review mechanism. Switzerland supports the creation of a mechanism to monitor the implementation of and compliance with the Protocol. Given the actual work undertaken on the basis of article 13 of the Convention, we are in favour of the AGBM and AG13 establishing means of co-operation and strengthening their collaboration on this issue with the view to creating a single mechanism in so far as this is possible.

The Protocol should enter into force on the ninetieth day after the date of deposit of the twentieth instrument of ratification, acceptance, approval or accession. The remaining part of article 23 of the Convention should apply *mutatis mutandis* to the Protocol.

The provisions of the Convention relating to the settlement of disputes, amendments, the right to vote, the depositary, signature, the means to express consent to be bound, reservations, withdrawal and authentic texts should apply *mutatis mutandis* to the Protocol.
