



Earth Negotiations Bulletin

A Reporting Service for Environment and Development Negotiations

Vol. 12 No. 42

Published by the International Institute for Sustainable Development (IISD)

Wednesday, 5 March 1997

HIGHLIGHTS FROM THE SIXTH SESSION OF THE AD HOC GROUP ON THE BERLIN MANDATE TUESDAY, 4 MARCH 1997

Delegates to the sixth session of the Ad Hoc Group on the Berlin Mandate (AGBM-6) began consideration of elements related to strengthening commitments in Article 4.2 (a) and (b) and focused specifically on policies and measures (P&Ms). AGBM also convened a "non-group meeting" on elements related to advancing the implementation of existing commitments in Article 4.1.

POLICIES AND MEASURES

AGBM Chair Raúl Estrada-Oyuela (Argentina) opened the second meeting of AGBM-6 by stating that this meeting is not intended for negotiating but for refining and consolidating similar proposals contained in the Framework Compilation of Proposals (FCCC/AGBM/1997/2 and Add.1) to set out clear alternatives for negotiation at AGBM-7.

Annex I Expert Group Chair Ian Pickard (UK) reported on studies, carried out in cooperation with OECD and IEA, on carbon and energy taxation, P&Ms to encourage innovation in transport and technology and international greenhouse gas emissions trading. FCCC/AGBM/1997/MISC.2 contains an executive summary of these studies.

The Chair called on AGBM to consider the submissions on general commitments and guiding objectives for P&Ms. SAMOA called for a coordination mechanism to assist Annex I Parties in implementing their commitments, as proposed in the AOSIS protocol. The mechanism would provide advice on a full range of measures including taxes and subsidies and would report regularly to the "Meeting of the Parties." The mechanism would be multi-disciplinary and open to participation by all Parties, government representatives, NGOs and scientists with relevant expertise. SAMOA also noted the need to avoid duplication of tasks, but expressed concern that existing subsidiary bodies may not be appropriately equipped to address technical issues.

SAUDI ARABIA and CHINA said the comments from Parties contained in document FCCC/AGBM/1997/2/Add.1 should be included in the Framework Compilation. CHINA also expressed confusion regarding references to Annexes X, A and B in the proposals and urged Parties to refrain from developing new categories. JAPAN suggested that Annex I Parties adopt

P&Ms according to national circumstances, in the areas of efficient use of energy, low-carbon energy, technological development and cooperation, and enhancement of sinks. The "Meeting of the Parties" shall decide on indicators for P&Ms.

The EU, supported by SWITZERLAND, favored legally binding P&Ms and highlighted his proposed Annexes A (common P&Ms), B (coordinated P&Ms that receive high priority) and C (priority P&Ms for inclusion in national programmes). The proposal contains P&Ms on: renewable energies; energy efficiency standards; labelling and other product-related measures; transport sector; economic instruments; energy policies; industry sector emissions; agriculture sector; forestry; and fluorocarbons.

Several delegations commented on the EU proposal and some noted alternative approaches and priorities. POLAND and the RUSSIAN FEDERATION supported a menu approach, which takes account of various economic structures and attempts to maintain a high and stable rate of economic growth. The G-77/CHINA, supported by SAUDI ARABIA, stressed that P&Ms should not have adverse impacts on developing country Parties. He also expressed concern about new annexes that would impose new commitments on non-Annex I Parties. The EU reiterated that his proposal provides flexibility through Annex B, which lists P&Ms to be applied according to national circumstances.

The US and SAUDI ARABIA did not support inclusion of specific P&Ms. The US also noted that sound information is not available for controlling greenhouse gases not listed in the proposed Annex C and suggested elaborating on P&Ms under the section on reporting. SAUDI ARABIA also warned that P&Ms undertaken by Annex I countries could negatively affect trade with developing countries. IRAN stressed the need for a section on general commitments and guiding measures in the protocol.

The EU clarified that energy efficiency, standards and labeling, as well as P&Ms related to fluorocarbons, should be the highest priority. He also noted that paragraphs proposed by a number of Parties including Norway, Iceland, New Zealand and Switzerland could be integrated into the EU proposal. He said some developed countries, particularly the US, have not included binding measures in their proposals and emphasized the EU's conviction that P&Ms should be included to fully encompass the Berlin Mandate and Geneva Declaration.

CHINA reiterated that the Berlin Mandate requires an elaboration of P&Ms whose objectives should be clear at this stage. He said the EU proposal is too complicated and supported

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a proposal by the Chair to use three “groups” rather than annexes on objectives, common but coordinated P&Ms and national P&Ms. The US also cautioned against including too many details and cited a number of examples illustrating the difficulties of proposed P&Ms related to specific products.

The EU did not support the groupings proposed by the Chair and noted they were difficult to distinguish. He said objectives should not be separated from mechanisms and measures, and proposed listing all of them in Annex A. He also said that relevant details related to specific products must be considered because they are traded in the international market and an international agreement is needed to ensure results.

The EU also reported that the EU Council had reached a common position on QELROS. The EU proposed that Parties to the Berlin Mandate will reduce emission levels for CO₂, CH₄ and N₂O by 15% by 2010 with a reference year of 1990. The EU also proposed an interim target for 2005.

The Chair also requested delegates to consider a proposal regarding countries with economies in transition that requests a specific annex because of their particular circumstances. The EU did not support a separate annex and noted that the concerns of these countries could be addressed elsewhere, such as in an introductory section. The Chair, supported by IRAN, said these concerns are better addressed when considering QELROs.

ROUNDTABLE ON DIFFERENTIATION

Chair Chow Kok Kee (Malaysia) welcomed the speakers on differentiation and called for a non-confrontational process that promotes understanding rather than political positions. Mr. Harald Dovland (Norway) said that differentiation provides for a more equitable and ambitious goal than the lowest common denominator agreement allowed by a flat-rate approach. He highlighted single and multiple criteria approaches to differentiation and emphasized that differentiation formulas are not necessarily meant to determine binding targets, but to provide tools for guiding negotiations. He cited the EU’s proposed goals as an ambitious example for differentiation and cautioned that flexible instruments, such as joint implementation, are not a replacement for differentiation.

The US did not support the suggestion that progress can be achieved through differentiation and said that under a flat rate countries could accomplish more. He questioned the “trade off” between differentiation and a flat rate and asked if a system of differentiation is necessary. The Chair then introduced other panelists, who spoke in their individual capacity.

Mr. Akihiko Furuya (Japan) said that differentiation is indispensable for achieving fairness and noted that the Berlin Mandate calls for taking into account the different starting points of countries. He discussed a “formula-based approach,” under which QELROs can be divided according to specific indicators. He also noted the “selective approach,” under which countries could use GDP as an indicator, and the “negotiation approach,” under which each country would negotiate its QELROs with other countries.

Mr. Maciej Sadowski (Poland) said that the preferred approach involves differentiation by countries and noted that aggregation into groups could be effective. He underscored the political difficulties in agreeing on a common set of criteria and proposed concentrating on the target to be achieved by each Party.

Amb. Louet (France) noted that differentiation is not a result of theoretical considerations, but of unavoidable practical

necessity. He noted that the EU has adopted a common position and explained that a greenhouse gas emission reduction of 30% for Luxembourg and 25% for Germany, could be offset by Portugal’s and Greece’s respective greenhouse gas emission increase of 30% and 40%, which account for differences in starting points. He noted that even countries favoring the flat-rate concept recognize the need for flexibility. He cautioned that a tradable permit system would give premium to the biggest producer of greenhouse gases.

The EU underlined the differences in countries’ ability and costs associated with meeting commitments. As a regional group, it is taking on joint commitments and will engage in internal burdensharing. A number of EU countries are willing to commit themselves to reduce emissions. SWITZERLAND stressed that there is no good unique indicator that can take into account national circumstances and said that the logical starting point of the discussion is agreement on the quantity to differentiate.

The US suggested focusing on targets, outcomes and QELROS so that overall reductions can take place while Parties who find targets burdensome can trade emissions with others. GERMANY urged countries to enrich progress by making concrete proposals regarding numbers for significant overall reductions and the contributions that countries intend to make toward these goals.

Amb. Howard Bamsey (Australia) stressed that differentiation is necessary for reflecting different national circumstances. He noted there are a large number of proposals, but a small number of indicators. He outlined common groups among proposed indicators: those based on economic structures and resource bases; those based on emission reduction tasks including population growth, economic growth and per capita resources; and others based on trade impacts.

GERMANY stated that differentiation within the EU was not based on indicators, because indicators do not reflect political reality. She noted that Germany, Denmark and Austria accepted the largest shares of the reduction burden because they are convinced that combating climate change is important. The US noted that the EU collectively argued in 1990 that they would reduce emissions drastically. He said this reduction would have been possible with a flat-rate.

GERMANY, referring to the EU experience, suggested making a joint commitment for a future protocol, setting common targets for Annex I Parties and deciding how to share them. AUSTRALIA asked how differentiation was achieved within the EU and noted this could set an example for Annex I countries on the road to Kyoto. ICELAND stressed the need to reach conclusions on differentiation before Kyoto.

IN THE CORRIDORS

Several participants provided favorable reviews of the non-group’s efforts to fulfill its non-mandate of streamlining the Framework Compilation. One participant reported that the non-group narrowed the options and will submit a revised text to AGBM. Another commented that some delegates appeared unclear on the concept of streamlining and used the meeting as an opportunity to regurgitate lengthy, all too familiar positions.

THINGS TO LOOK FOR TODAY

AGBM: Plenary will convene at 10:00 am in the Plenary I Hall to consider QELROS.