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### **CoP 4 - Agenda Item 5a(ii) - Article 6 of the Kyoto Protocol**

Austria on behalf of the European Community and its Member States, believes that the mechanisms under Art. 6, 12 and 17 of the Kyoto Protocol could make a cost effective and efficient contribution towards the fulfilment of the commitments decided in Kyoto.

Project based approaches, such as joint implementation between Annex I Parties, offer the opportunity for co-operation between industrialised countries on a voluntary basis. JI projects should provide reductions in emissions by sources or enhancements of removals by sinks, that are additional to any that would otherwise occur. JI projects must bring about real, measurable and long-term environmental benefits related to the mitigation of climate change.

An action programme to develop joint implementation in parallel and consistent with CDM and emissions trading should be elaborated by the CoP at this session. This programme should lead to a fully accessible, transparent, reliable and accountable system.

The EU, in cooperation with Central and Eastern European Countries and Switzerland, already provided detailed views on Joint Implementation in a non paper including a draft decision for CoP 4 that is available in Doc. FCCC/SB/1998/Misc 1/Add. 6. That draft decision sought to establish the need for guidelines to be adopted by CoP 5.

Let me today only stress the following points on areas where discussions should start at this session in order to make progress :

1. The EU is of the opinion that a concrete ceiling on the use of the mechanisms under Art. 6, 12 and 17 of the Kyoto Protocol has to be defined in order to ensure that JI and the other mechanisms under Art. 12 and 17 of the Kyoto Protocol do not undermine domestic action or weaken the commitments under Art. 3 of the Kyoto Protocol. Such a concrete ceiling should be defined in quantitative and qualitative terms based on equitable criteria in co-operation between all Parties. The discussion between all Parties on the practical elaboration of the complementarity principle has effectively to start at CoP4.
2. The EU stresses the importance of a comprehensive compliance regime covering all issues under the protocol, including compliance regarding JI and the other mechanisms under Art. 12 and 17 of the Kyoto Protocol, and ensuring regular reporting by the Parties as a prerequisite for assessing compliance with the provisions of the Protocol. It is the aim of the EU that only Parties bound by a compliance regime shall make use of these mechanisms.
3. A Party included in Annex I may authorise legal entities to participate, under its responsibility, in actions leading to the generation, transfer or acquisition of emission reduction units under this article. JI should encourage investment, in particular private sector investment, in emission reductions.
4. For each project or for each project category a baseline is to be established against which the net benefit of the project should be accounted. Guidelines on common methodologies for determining such baselines and the actual emissions or removals are necessary in order to assess additionality and the reduction of anthropogenic emissions from sources or enhancement of anthropogenic removals by sinks. A mechanism for accounting, certification, project monitoring and verification of emissions reductions and removals needs to be in place before emissions reduction units from JI projects can count towards fulfilment of commitments.

5. Guidelines on reporting requirements on an annual basis are necessary. They should be based on the uniform reporting format for AIJ, taking into account any recommendations on improvements to the format that may arise from the review of the AIJ pilot phase to improve information and transparent reporting. The reporting format needs to be developed in order to be able to fulfil the requirements of JI.
6. Procedures and administrative requirements should be elaborated in such a way that they work efficiently and cost effectively. Building on experience and using existing institutions may help to streamline the process and lower administrative costs. Information that improves knowledge about project opportunities and the results of project based activities should be made publicly available.

The European Union believes that joint implementation between Annex I Parties can make a valuable contribution to the fulfilment of the commitments under Article 3 of the Kyoto Protocol and that it thus supports the implementation and further development of the Framework Convention on Climate Change.

The EU has elaborated its suggestions for the workplan on Article 6 of the Kyoto Protocol in a paper which will be made available with copies of the text of this statement.

## WORKPLAN ON ARTICLE 6 OF THE KYOTO PROTOCOL

### A. Issues cutting across Articles 6, 12 & 17

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|--|--|
| 1. Supplementarity (concrete ceiling)  | COP 5                                    |
| 2. Compliance  | COP 5                                    |
| 3. Linkage between mechanisms, i.a. interchangeability<br>between ERUs, CERs and traded parts of assigned<br>amounts | COP 4 (princl)/ COP 5(impl) <sup>1</sup> |

### B. Prerequisites for the use of JI

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|-------------------------------------|-------|
| 1. Compliance                       | COP 5 |
| 2. Linkage with Articles 5, 7 and 8 | COP 5 |

### C. Project-eligibility

COP 4(princl)/COP 5(impl)

1. Real, measurable, and long-term environmental benefits
2. Additionality
  - a) Environmental additionality
  - b) Baselines
  - c) Categorisation of projects
3. Approval of projects by Parties involved

### D. Independent certification and verification

- |                 |       |
|-----------------|-------|
| 1. Criteria     | COP 5 |
| 2. Organisation | COP 5 |

### E. Reporting

COP 5

### F. Transparency

COP 4(princl)/COP 5(impl)

### G. Procedures for acquisition and transfer of emission reduction units

COP 5

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<sup>1</sup> - princl = adoption as a principle

- impl = implementation/elaboration of the principle in detail