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REPORT OF THE THIRD SESSION OF THE AD HOC GROUP ON THE BERLIN MANDATE: 5-8 MARCH 1996

The third session of the *Ad Hoc* Group on the Berlin Mandate (AGBM 3) was held in Geneva from 5-8 March 1996. Delegates heard a number of new, specific proposals on new commitments for Annex I Parties, including a two-phase CO₂ emissions reduction target proposed by Germany. They also discussed how Annex I countries might distribute or share new commitments, and whether those should take the form of an amendment or protocol. Developing countries raised questions on whether policies and measures under discussion would represent barriers to trade. Delegates agreed to compile proposals for new commitments for consideration at the next session of the AGBM, and to hold informal roundtable discussions on policies and measures as well as on quantitative emissions limitation and reduction objectives.

A BRIEF HISTORY OF THE AGBM

The first Conference of the Parties (COP-1) to the Framework Convention on Climate Change, held in Berlin from 28 March to 7 April 1995, established an open-ended *Ad Hoc* Group on the Berlin Mandate through its decision FCCC/CP/1995/7/Add.1/Decision 1/CP.1, also referred to as the "Berlin Mandate." The priority aim of the Berlin Mandate (BM) is the strengthening of commitments in Article 4.2 (a) and (b) of the Convention for Annex I Parties, both to elaborate policies and measures, and to set quantified limitation and reduction objectives within specified timeframes such as 2005, 2010 and 2020 for anthropogenic emissions by sources and removals by sinks of greenhouse gases (GHGs) not controlled by the Montreal Protocol. The BM states that the process will not introduce any new commitments for non-Annex I Parties.

FIRST SESSION

At its first session (AGBM 1), which took place from 21-25 August 1995, the AGBM considered several issues, including an analysis and assessment to identify possible policies and measures for Annex I Parties and requests for inputs to subsequent sessions. Delegates debated the nature, content and duration of the analysis and assessment and its relationship to other aspects of the process. Several developed and developing countries stressed that analysis and assessment should be conducted in parallel and not prior to negotiations, but a few developing countries held that more time was needed, particularly to evaluate economic costs. Regarding inputs to subsequent sessions, Parties differed widely on the

number of requested inputs, with some developed countries emphasizing the need to avoid delay, while others sought a more comprehensive approach to increase the AGBM's options. Many developing countries requested minimal inputs, stating that a wealth of information already existed, while a few, mainly oil producing countries emphasized the need for further study on economic impacts. AGBM 1 adopted an agenda of work for its second session, but failed to elect its Bureau.

SECOND SESSION

The second session of the AGBM was held in Geneva from 30 October - 3 November 1995. Debate over the extent of analysis and assessment continued, but delegates also heard new ideas for the structure and form of a possible protocol. During the week-long meeting, delegates considered: strengthening of commitments in Article 4.2 (a) and (b), regarding policies and measures, as well as quantified emissions limitation and reduction objectives within specified timeframes; advancing the implementation Article 4.1; and possible features of a protocol or other legal instrument.

During the meeting, Spain, on behalf of the European Union, submitted an outline for a protocol or legal instrument. The outline did not include proposals on policies, measures, objectives or

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timeframes, but was organized on three principles: consistency with prior AGBM discussions; creating a dynamic instrument that can develop over time; and linking measures to existing Convention provisions where they apply. The outline includes six articles: commitments by developed and other Annex I Parties, including a section on voluntary application by non-Annex I Parties; commitments by all Parties; review of commitments; cross-references to FCCC articles; amendment procedures, including simplified procedures for annexes; and final clauses. It would include three annexes of policies and measures: those applicable to all Annex I Parties; those agreed as high priority in national programmes; and those to be considered in national programmes, as appropriate. While delegates did not decide to adopt this outline, they did agree that it merits further consideration.

AGBM 3 REPORT

AGBM Chair Raúl Estrada Oyuela (Argentina) opened the session, noting that delegates should be prepared to complete the analysis and evaluation required of the Berlin Mandate. In view of the fact that 154 States have submitted ratifications, it is becoming increasingly clear that the international community is becoming more committed to the Framework Convention on Climate Change (FCCC). But, he said, progress depends not only on the number of delegations that can attend but also on the need to understand what can occur and what needs to be done. He recalled conclusions from the IPCC Second Assessment Report (SAR) that action by man is indeed influencing the climate system. There is a need to show awareness of this and to make progress in adopting precautionary measures that will help to tackle problems in an effective way.

The Chair said that from the beginning the AGBM has had a group of delegations that has tried to slow the progress of work. He expressed his intention to overcome that obstacle and move forward. He urged all delegations to reflect on this point and to contribute effectively to achievement of the BM. He promised to do everything in his power to avoid getting "our feet caught in a net of procedural matters or small questions" leading to infinite studies that would delay the AGBM's work.

Executive Secretary Michael Zammit-Cutajar said the session has the advantage of starting with substantial inputs from informal workshops and debate in the Subsidiary Body for Scientific and Technological Advice (SBSTA) on the IPCC SAR which, while not conclusive, is reflected in the SBSTA report. He said he was struck by the IPCC Chair's observation that in certain scenarios, future per capita emissions should not exceed per capita emissions today to permit stabilization at double pre-industrial atmospheric concentration of CO₂. Combined with the statement that developing countries need to increase their energy consumption to achieve sustainable development, he drew two conclusions: there is a need to focus on development and deployment of sustainable energy supplies to further de-link energy for sustainable growth; and while switching to sustainable energy, developed countries should actively promote sustainable consumption patterns and energy efficient technologies, limiting their per capita fuel use to create space in which developing countries can increase their consumption. Quantitative emission limitation and reduction objectives (QELROs) may be viewed not only as a step to limiting global emissions but also toward redistributing emissions to where they are most needed. It is not a suggestion for dumping old technologies but a reminder that redistribution of resources is necessary to achieve sustainable development.

The Secretariat is ready to prepare additional documents, but he urged delegates to evaluate the utility of any major new document they may request. One main question for this session is whether the AGBM sees merit in the institutional strategy of using existing Convention processes and bodies, such as the Secretariat, or prefers to establish new ones. For financial as well as institutional reasons, he suggested there is merit in the institutional economy of seeking a "non-proliferation protocol."

Delegates then adopted the agenda (FCCC/AGBM/1996/1) and annotations to the agenda (FCCC/AGBM/1996/1/Add.1). Four new NGOs were accredited to participate in the AGBM, and the Chair noted that as in previous meetings NGOs would be welcome on the floor before meetings only.

The Chair said the Bureau had adjusted the schedule for future AGBM meetings: AGBM 4 will meet during COP-2; AGBM 5 will meet 9-13 December 1996 in Geneva; AGBM 6 from 3-7 March 1997 in Bonn; and AGBM 7 during the summer of 1997, prior to COP-3 at a location to be determined.

ELECTION OF OFFICERS OTHER THAN THE CHAIR

The Chair summarized negotiations on election of AGBM officers other than Chair, which had not been conclusive. Four regional groups had agreed to a Bureau format including a Chair, two Vice-Chairs, and the two subsidiary body Chairs as *ex-officio* members. Appointing advisers to the Bureau is still under discussion. The Western European and Others Group (WEOG) and the Asian Group are to appoint Vice-Chairs. WEOG nominated Dan Reifsnnyder (US), Asia nominated Thailand, and both nominations were accepted. The Chair also invited Maciej Sadowski (Poland), China, Jorge Berguño (Chile), Bert Metz (Netherlands), Bakary Kante (Senegal), and Evans King (Trinidad and Tobago) to be interim advisers. CHINA said the Asian Group had selected Thailand and Saudi Arabia to provide its representatives, so he could not accept the invitation. Mohamed Salem Sorour Al Sabban (Saudi Arabia) was selected as an adviser.

Japan reminded delegates that it has expressed interest in hosting the third or subsequent COP.

STRENGTHENING OF COMMITMENTS IN ARTICLE 4.2 (a) AND (b)

Delegates discussed strengthening the commitments of Annex I Parties. On Tuesday, 5 March, they heard a report from subsidiary bodies. Quantified emissions reduction objectives (QELROs) were considered Wednesday, 6 March. Delegates discussed policies and measures on Wednesday and Thursday, 6-7 March.

INPUTS FROM SUBSIDIARY BODIES: The Chair recalled the AGBM's request for specialized inputs from subsidiary bodies related to relevant portions of the IPCC Second Assessment Report (SAR), national communications of Annex I Parties, in-depth reviews, and the SBSTA report on technologies. He said the AGBM would seek guidance from the SAR on strengthening commitments.

SBSTA Chair Tibor Farago said it was complicated to reach consensus on the IPCC SAR but that it was time to arrive at some basic conclusions. The SBSTA decided to: note that it held only an initial exchange of views; commend the entire SAR to all FCCC bodies; invite Parties to submit views for a full consideration of the SAR at SBSTA-3; consider the SAR an important science-based, comprehensive analysis; recommend that the IPCC provide further inputs; and agree that findings and projections should be made available to different audiences with special attention to the national and regional levels. The SBSTA proceedings indicate that some delegations said that the findings of the SAR should be communicated to all FCCC bodies, especially the AGBM, and that the findings underlined the necessity of urgent action. The SBSTA Chair highlighted two elements: that atmospheric concentrations are increasing largely because of human activities and that the balance of evidence suggests a discernible human influence on the global climate system. Other delegations expressed the view that it is premature for the SBSTA to highlight specific SAR findings. These delegations said the list of items was highly selective, reflecting a limited and biased view because other IPCC findings should be equally important, including that many uncertainties and factors limit the ability to detect and project future climate change. On cooperation with the IPCC, the SBSTA noted the conclusions

of the IPCC meeting in Rome in December and those of the SBSTA/IPCC joint working group, and it requested a list of subjects for further IPCC reports and workshops.

On national communications, six in-depth reviews of Annex I Parties communications are available. These identify successful approaches to meeting commitments as well as difficulties. While the compilation and synthesis is not finished, basic information indicates that most Parties will not be able to stabilize GHGs at 1990 level by 2000. Regarding non-Annex I Parties communications, the SBSTA considered a G-77/China document as the basis for adoption of guidelines and a format.

Under technological inventory and assessment, the SBSTA considered the Secretariat document (FCCC/SBSTA/1996/4 and FCCC/SBSTA/1996/4/Add.1) and noted information available in other fora. The Secretariat was asked to plan for technology information centres, survey Parties' information needs, set up a catalogue of adaptation technologies, and draft a paper on terms of technology transfer.

The Chair of the Subsidiary Body for Implementation (SBI), Mahmoud Ould El Gaouth (Mauritania), reported on the conclusions of the SBI meeting. He said the SBI unanimously adopted a conclusion on Annex I national communications, which gives projected emissions to the year 2000 and is unambiguous that current activities will not reduce GHG emissions unless additional measures are taken by those Parties. A decision on non-Annex I communications is still pending.

IPCC Chair Bert Bolin then reviewed the conclusions of the SAR. He said the IPCC's aim is to make objective statements and point out uncertainties, but also to emphasize robust findings. He said the most important finding is that the balance of evidence suggests discernible human influence on climate. The .5° increase of global mean surface air temperature in the last century is not by itself sufficient to draw conclusions because of natural variability. But there is evidence that: increasing CO₂ in the atmosphere will lead to increasing temperature in the lower atmosphere and cooling in the stratosphere; the greater warming in the southern than the northern hemisphere in the past 50 years shows the shielding effect of aerosols; and spatial patterns of climate change in the northern hemisphere are similar to model predictions with the only possible explanation being human influence on global climate. Natural variability does not negate this conclusion about human influence, but makes it difficult to isolate a figure of sensitivity in the 1.5-4.5° increase above pre-industrial temperatures predicted by 2100. Considerable uncertainty remains, but uncertainty does not eliminate risk. He also emphasized that no regrets measures are available in most countries, and that the precautionary principle provides a rationale for action beyond no regrets. The challenge is to select a prudent strategy of adaptation, mitigation and research for adjustments over time. The SAR does not recommend specific measures, but many options are identified that can achieve 10-30% emissions reductions at little or no cost.

SAUDI ARABIA said the IPCC is an objective scientific body that does not engage in policy and never will in the future. He said it is difficult to indicate the amount of human influence because of remaining uncertainties, including the magnitude and pattern of long-term natural variability. The IPCC should provide a view of whether existing proposals, including the AOSIS draft protocol, will really avert climate change and whether an effort with real economic costs will have real environmental benefits.

Bolin said that the stabilization exercises show that a major change of emissions must take place over the next century. Ultimately there will be a need for deep cuts that require effort of all countries. NIGERIA recalled that Bolin had said, during SBSTA, that there were uncertainties inherent in the SAR. The models need to be evaluated, the risk analysis has not been properly pursued and the proposed policies and measures (P&M) must be examined.

SAMOA, on behalf of AOSIS, said the first set of conclusions highlighted in the SBSTA report best capture the weight of the science and the urgency for action. He said a dangerous interference has already occurred and the implications for small islands are extremely serious. The AGBM must negotiate emissions reductions and their timetable for implementation and make progress toward establishing a protocol or other legal instrument. CANADA supported the findings in the first set of SBSTA conclusions and noted that they seemed to have the support of most Parties. JAPAN supported the SAR findings and said specific P&M should be clarified. He focused on national communications and emphasized the need for more systematic and comparable in-depth reviews. The EU commended the IPCC report and highlighted several specific findings. He said the risk of aggregate damage warranted action beyond no regrets measures and that the policies proposed in the report can serve as a basis for future action. SAUDI ARABIA recalled that two sets of opinions were included in the SBSTA report on key findings.

POLICIES AND MEASURES: Chow Kok Kee (Malaysia) summarized an informal workshop on policies and measures (P&M) held on 4-5 March 1996. He noted a presentation by IPCC Chair Bolin that stressed there is no optimum set of measures but each country needs to develop those best suited to its situation. Many feasible measures have not been instituted, so there is a need to bridge the gap between feasibility and decision making. The workshop considered measures in renewable energy, transport, industry, including voluntary agreements, sustainable agriculture and economic instruments. The need for reduced dependence on material consumption, decoupling energy and growth, and de-carbonization — the use of non-fossil fuels and nuclear energy — were highlighted, as were national experiences. Lessons included: the need for a package of measures combining market-based and government action; measures must be tailored to national circumstances, but energy and transport sectors are vital; and much can be done with little cost, but the focus needs to be on policy to overcome barriers. A lack of a socioeconomic analysis of non-Annex I Parties was a problem. He suggested that the AGBM consider holding another workshop for further exchange of views.

The Secretariat introduced the document on policies and measures (FCCC/AGBM/1996/2), explaining that it was compiled from Annex I national communications and in-depth reviews, as well as the SAR and Parties' submissions. The compilation: is structured by sectoral classifications, based on IPCC methodologies; considers the relative contribution of each sector to proportional emissions; and gives an overview of Annex I Party responses. The Secretariat tried to estimate the potential for emission reductions in each sector using IPCC information, and then identify areas for further analysis and assessment by the AGBM in line with the AGBM 2 objective to narrow the range of policies and measures.

CANADA reported on the Annex I experts group project on P&M for common action, which is developing a methodology for evaluating their effectiveness. The group's report (FCCC/AGBM/1995/MISC.1) has a framework for common action and analysis, which includes: policies and objectives; assessment approaches; a description of actions; the rationale for common actions and ways to implement them; the potential to reduce emissions or improve sinks; economic costs and benefits; political feasibility; barriers and how to address them; time required for implementation and for achieving expected GHG reductions; and the impacts, including social and environmental ones, on countries including non-Annex I Parties. The project does not suggest Parties' preferences for measures in a protocol, and recognizes that there are a range of definitions for common action. The first tranche of the project covers sustainable transport; energy market reform; economic and fiscal instruments; demand side efficiency; sustainable agriculture and forestry; and energy efficiency finance for economies in transition. An analysis will be ready for COP-3.

The Chair noted that to produce a result for COP-3, delegates need to narrow down P&M. A final document should have flexibility to enlarge or reduce possible annexes to a protocol, but to include some identified P&M in a protocol would not exclude others.

SAUDI ARABIA said delegates should consider all GHGs, not only CO₂. The Secretariat's document's sectoral analysis overlooks some sectors, such as measures to reduce deforestation under land-use change and forestry. Extensive analysis of removing market distortions could provide good starting points. ITALY, on behalf of the EU, said the EU has begun investigating 11 areas of P&M, identifying indicators, evaluating targets, and assessing emission reductions toward a study for AGBM 4. Papers will be produced on renewable energy and energy efficiency, labeling, transport, and economic instruments. Priorities include: energy policies; industrial measures, including voluntary agreements; agriculture; forests; waste management; HFCs and CFCs; and actions in the local environment. The US said the flexibility of a full range of policy options should be retained because narrowing could "run roughshod" over differences in national circumstances. Criteria to select P&M could be: actions with great commonality; those with broad support; areas where only a few Parties are acting but with significant potential; and cost-effectiveness. Noting examples in refrigerators, power outlets and fuel taxes, he said harmonized standards may push a lowest common denominator and discourage innovation. It is desirable to look for common actions, but those would not necessarily promote national flexibility or environmental effectiveness.

CHILE supported Germany's proposed approach for a flat rate emissions reduction, noting it contained clear measures and was aimed at CO₂ emissions without precluding other instruments. He suggested adding emphasis to hydroelectric and nuclear energy, energy marketing, and industrial processes. AUSTRALIA said P&M in a legal instrument should complement national programmes. Economic and social analysis cannot follow the narrowing process. An evaluation methodology should be defined before culling out measures. A sectoral selection process should not focus only on CO₂. A comprehensive approach demonstrated in the workshop showed that differences between Annex I Parties need to be taken into account. GDP welfare costs should be covered in the analysis.

CANADA said the IPCC SAR suggests that significant opportunities are available for Parties to take actions, so it is important to identify P&M that reinforce the positive relationship between economics and the environment, such as energy efficiency and pollution controls. He highlighted areas for action: energy; heavy industry; residential buildings; transportation; non-combustion industries; agriculture; forestry; waste management and sewage treatment; and cross-sectoral economic instruments. Guidelines on P&M could help in narrowing options, but the narrowing should not exclude sectors or GHGs and should include sinks. P&M should: benefit from international coordination; have potential for emission reductions; produce multiple dividends consistent with other policies; make positive socioeconomic contributions; be flexible, practical and innovative, permitting implementation in different national circumstances; be transparent and comprehensive; facilitate abatement technology development and diffusion; and facilitate wide participation in mitigation.

SWITZERLAND said fluorocarbons and HFCs should be included as a sector, as a possible growing source of emissions that are persistent in atmosphere compared to other gases. NEW ZEALAND suggested criteria to focus on: specific policies; cost effectiveness and efficacy; producing significant abatement at least cost; durability with flexibility to adapt to new information on the timing and magnitude of climate change; transparency in environmental and economic effects; and effectiveness across

national circumstances. Cross-sectoral measures, including taxes, should be covered, and subsidy reductions and market reforms are promising economic instruments.

The NETHERLANDS said there are reasons for harmonizing P&M because some measures cannot be taken at the national level without distorting the global market. Also global trade rules limit what individual nations can do, requiring international coordination to overcome the limitations. As examples, energy efficiency could be addressed, and international action would be required for agreement between automobile producers to encourage more fuel efficient cars. IRAN said the AGBM should cooperate with the World Trade Organization (WTO), the International Energy Agency (IEA), OPEC, UNIDO and others to assess which P&M are effective and efficient. Some measures could transfer capital from developing to developed countries and would adversely affect terms of trade. ICELAND said differentiated commitments can imply a more complicated agreement, but reduction targets are possible in a more cost-effective manner if different national circumstances are recognized. He cited Iceland's situation: nearly 100% of its energy is renewable, but two-thirds of emissions come from transport, which will not be a priority in an agreement.

SRI LANKA said a protocol like AOSIS's can be adopted. There is a need for urgency even if Northern countries are not obviously affected. Everyone stands to lose if no action is taken. UGANDA said Annex I countries must take seriously their commitment to transfer technology and financial resources to developing countries. The EU proposals contain concrete and useful measures. Clear P&M in technology and technical know-how can play an important role.

The REPUBLIC OF KOREA said cross-sectoral economic instruments and energy efficiency measures based on high technology have significant trade impacts. He expressed concern about market and labeling measures. If measures have negative impacts on some countries, coordination is necessary to make the measures most effective and put them in conformity with international agreements. P&M should be designed and selected to avoid negative impacts on non-Annex I countries' market access and should not be disguised discriminatory trade measures.

MALAYSIA said it is hard to see the need for differentiation between countries. Differentiation should not be an excuse not to advance policies. The AGBM should prioritize P&M based on aggregate effectiveness within and between sectors. P&M should not lead to "emissions leakage," the transfer of polluting industry to developing countries. Harmonizing cross-sectoral economic instruments should not be discouraged. P&M could lead to trade barriers, so impacts must be considered.

JAPAN said work on CO₂ emissions will be required as the ultimate solution. Existing technology will not be sufficient, so research and development on innovative technologies should begin now. The US agreed with the Netherlands that markets can benefit from coordination of standards, but harmonization can be over-emphasized. It often tends toward a lowest common denominator and can dampen innovation. Delegates need to ask whether harmonization and coordination of measures is the best use of available time.

KUWAIT said several delegations had referred to the SAR and selective portions and attempted to related them to QELROs. As in the SBSTA, some statements were highly selective, reflected a limited and biased view of what was important and were taken out of context. The SAR does not provide adequate guidance on timetables or targets and an informed decision will require much more information. He said there is a request for technical papers that examine economic impacts and noted that no interventions had squared their suggestions with the social and economic impacts. He said he was puzzled over the Annex I countries' interpretations of words such as "equity" and "differentiated" approach.

The MARSHALL ISLANDS stressed the need for urgent action and said the socioeconomic effects of actions should be considered against the baseline of no action at all. He said the premise that P&M will have an immediate and adverse effect is entirely false. He noted it has taken a year to get to this stage in the AGBM process, largely due to the “anthropogenic interference” of some delegations who are intent on undermining this process. He said a lengthy debate on socioeconomic concerns will lead to delays.

INDIA echoed the Republic of Korea’s apprehensions on the implications of P&M on trade. The P&M that must be integrated into Annex I Parties’ policies must be examined very carefully and may require accompanying measures to prevent adverse impacts on developing countries. Any versions of prior informed consent and labeling must not become disguised trade barriers. KENYA stressed availability cost and the potential for strengthening renewable technology. He said tropical countries would be good markets for solar power, but the technology must be affordable. Public education should grow along with these measures, particularly where new products are marketed. ARGENTINA said that subsidies for agriculture that affect GHGs must be reduced. He noted that many interventions referred to P&M that have an impact on trade and said the current debate in the WTO suggests there are many measures that could affect trade. He agreed with India and the Republic of Korea on the need to know the economic implications of P&M adopted by Annex I Parties. While they should be applied, equality and equity should not be undermined. He called for flexibility and disagreed with narrowing the list of P&M. EGYPT said that QELROs are the real yardstick for measuring the Convention’s success. She placed high priority on P&M regarding renewable energy sources, but said the possible adverse effects of trade measures must be examined. MOROCCO said that measures must respect country sovereignty and account for the impact on developing countries. He said he cannot accept proposals on labeling because they are a way of avoiding international trade rules. He recalled a UNIDO eco-labeling decision that calls for cooperation and taking developing countries into account.

QUANTIFIED EMISSION LIMITATION REDUCTION OBJECTIVES WITHIN SPECIFIC TIMEFRAMES: The Secretariat presented a report by Dr. Pascale Morand Francis (Switzerland) on an informal workshop on QELROs held 28 February 1996. The workshop was organized by the Secretariat to help the AGBM accomplish its task of setting quantified objective within specific timeframes. Experts from five Parties, two IGOs and three other organizations made presentations. IPCC Chair Bert Bolin presented the Panel’s most recent findings relevant to QELROs. Participants also discussed the definition of “dangerous,” as referred to in Article 2 of the Convention. Bolin said that the Parties should decide for themselves, while others said the IPCC could develop criteria or indicators to help set a threshold. The workshop also heard a number of technical presentations on modeling, the design of cost-effective mitigation strategies, the cost of emission reductions, and near-term strategies for long-term climate protection.

Economic models were seen as tools to help understand the way forward, although they do not adequately reflect the complexity and dynamic nature of technological development and do not account for feedbacks. The workshop succeeded in raising issues related to the concepts of equity and differentiation among Annex I Parties. The workshop recommended that the AGBM address the following: appropriate levels of emissions limitation and reduction; timing of the implementation of QELROs; whether equity principles will be reflected in a protocol or another legal instrument through a differentiation regime; and how new ideas — such as the possibility of drawing a distinction between production- and consumption-related emission budgets and “safe emission corridors” — help in setting QELROs.

The Chair noted the great emphasis placed on analysis and assessment at previous meetings, but said very little had been done on the substance of the issues. He said the workshop helped in that regard. He also reflected on external debt as another cost to developing countries and said perhaps it is time for developed countries to pay their debt, which was incurred as a result of the industrial revolution. In addition to possible country objectives, group objectives for reductions could be considered.

SAUDI ARABIA said that setting QELROs is not only the business of Annex I countries and expressed surprise at the low level of participation of developing countries in the workshop. Regarding energy modeling and the energy-related discussions, he reminded delegates that the AGBM mandate calls for consideration of other gases and other sectors that would contribute to reduction of the foreseen costs. He also called for consideration of equity issues from an international perspective, not simply among the Annex I Parties, because the issues affect non-Annex I countries. He requested examination of the issues to avoid having losers among the group.

The Chair responded that preparations for the workshop included invitations for all possible participants and that OPEC was invited but declined to attend. He said the analysis must end and actions must begin at some point. He also said he did not recall anyone talking about the effect of measures on developing countries when OPEC raised oil prices twenty years ago.

BRAZIL stated that it may be appropriate to initially establish an overall aggregate quantitative objective and then negotiate the relative participation of countries or the sharing among countries. The group would have *a priori* an idea of the effect of the objectives on the climate. They would be negotiated so that the overall emissions of Annex I countries would be within quantitative objectives. He also said the principle of common but differentiated responsibilities could justify estimating the relevant contributions of each country to the relative climate change.

COSTA RICA, on behalf of the G-77/China, said that the AGBM must move forward on emission targets. The G-77/China has insisted that overall emissions are the important issue and that emissions should be reduced to 1990 levels. He recalled the COP decision that there would be no new commitments for developing countries and that the extent to which developing country Parties can implement the Convention depends on the developed countries. He reminded developed countries of their obligation to provide for full agreed costs through the interim financial mechanism, but said putting the resources in the GEF is not the same thing as making them available directly to developing countries.

The Chair said that this final point must be made with the utmost clarity to the SBI and called upon Costa Rica, as Chair of the G-77/China, to raise it. TURKEY cited its GDP per capita, anthropogenic emissions per capita and unit of territory and levels of production and consumption of energy per capita. He said it was evident that Turkey’s contribution to global warming was a fraction of the average of the Annex I countries.

JAPAN said commitments should be strengthened by combining policies and measures and QELROs, using short-term and medium- or long-term time scales with both legally-binding and target commitments. New commitments need to be flexible to heighten agreement and acceptance. He emphasized development of differential criteria and indicators to ensure equity in commitments based on variable marginal emission reduction costs and different past efforts at mitigation and limitation among parties. ITALY, on behalf of the EU, said based on IPCC projections of atmospheric CO₂ stabilization levels and temperature increase, a level of 550 parts per million should guide limitation and reduction efforts. Collective objectives for Annex I Parties could group emissions for all Annex I Parties or group emissions of OECD and non-OECD countries. Either arrangement would require equitable sharing within each group. Individual objectives could be uniform

or differentiated by limitations and reductions. Economic and demographic indicators, equity criteria and flexibility to reduce economic impact and mitigation costs are among considerations to establish equitable and timely differentiation. Longer timeframes would be useful for planning and investment decisions, but shorter timeframes, such as 2005 and 2010, are also important for accountability and monitoring. ROMANIA called for flexibility and cost effective reductions. She said Romania has used bottom-up approaches that permit reductions without supplementary costs.

SAMOA, on behalf of AOSIS, said the AOSIS draft protocol addresses gases other than CO₂, calling for targets and timetables at the first meeting of protocol Parties. He said there is a need to strengthen commitments beyond 20% below 1990 CO₂ emissions by 2005. Discussions on flexibility in time scales are compromising or are likely to compromise the urgent need for GHG emission reductions. He reiterated the need for urgent reductions to occur within a safe emissions corridor to prevent irreversible or dangerous interference with the climate system.

NIGERIA said stabilizing emissions at 1990 levels will be costly for the world economy and will not lead to significant abatement compared with business as usual scenarios. Some countries, mainly developing ones, would be worse off, so there is a need to analyze economic impacts, not as a delaying tactic but to allay genuine fears. CHINA said reduction objectives and policies and measures are integrated, with policies and measures as means to achieve targets.

GERMANY proposed CO₂ reduction objectives of 10% by 2005 and 15-20% by 2010, both against a base year of 1990. She said it is an ambitious and necessary approach that would also devise targets and timetables for non-CO₂ emissions. An additional target for 2020 is possible, but uncertainties mean it is too far into the future to reliably guide efforts now. The objectives should be binding, with some flexibility for economies in transition, and would fit into the protocol structure proposed by the EU. She said the single gas approach has greater precision, avoiding CO₂ equivalent calculations of greenhouse warming potentials that could make a combined gas approach difficult. The flat rate reduction has proven worth, simplicity and practicality, and accounts for different starting points by measuring efforts against historical emissions. There are other equity approaches, such as differential targets, but there are practical difficulties in generating indicators. The proposal does not affect Germany's commitment to a 25% emissions reduction by 2005. She requested that the Secretariat compile proposals submitted so far and submissions received by 15 April 1996 into a single document for AGBM 4 and COP-2.

AUSTRALIA said success will be enhanced by recognizing country circumstances. Flexibility can create opportunities for wider and more effective action and will deliver the most effective environmental result. He supported differentiation between Parties for equity, using possible criteria and indicators for equitable burden sharing. He proposed rules for determining equitable effort based on the ability to pay principle; mitigation action should be proportional to capacity to pay; countries of comparable income should face comparable per capita costs; and mitigation should be proportional to emissions, current or projected.

The US said the QELROs workshop and a US analysis showed: different views on how to implement targets and timetables and on an environmentally and cost-effective structure; the need for work on possible differentiation between Parties; and that level, timing, location and sharing of action affect costs and environmental impacts and benefits. The next steps must be environmentally sustainable and cost effective and provide flexibility in the implementation of obligations. Flexibility of emissions timing and location allows countries to choose cost-effective paths. Consensus does not yet exist on next steps. MALAYSIA said the AOSIS draft

protocol should form a basis to elaborate on quantified targets. Flexibility in time and place of reductions could allow countries to delay and transfer their commitment to others. Because of opportunities and technology available, he suggested a quantified CO₂ target rather than a comprehensive approach. For equitable burden sharing, and differences between starting points and economic structure among Annex I countries, a methodology is needed including indicators to facilitate a quantitative target. AUSTRIA is committed to the Toronto Target as a national target and will increase efforts in the face of evidence it may not reach the target. He supported a gas-by-gas approach and comprehensive monitoring. A flat rate has merit, and binding reduction objectives give incentive for early action.

CANADA restated its support for the conclusions contained in the SAR. She supported further examination of concepts such as collective emission objectives (bubble concept) to determine how such a programme would be implemented. She stressed the importance of ensuring equitable burden-sharing and said a differentiated approach must take into account different national circumstances. On timeframes, Canada suggested establishing an objective for the medium- to long-term to avoid preclusion of any options.

The MARSHALL ISLANDS said the workshop last week showed that emissions reduction was not a matter of "if," but "when" and "how much more." A possible 80% loss of land in the Marshall Islands makes this issue more than dangerous. He said it is misleading to look at the economic costs of reducing oil revenues, because we cannot put a cost on the total cultural and physical obliteration of the Marshall Islands.

IRAN reminded delegates that the Convention contains provisions on sources and sinks and calls for balanced action. He said that enhancement of sinks is as vital as emission reductions and stressed the importance of afforestation and reforestation in Annex I countries. For setting QELROs, analysis of socioeconomic impacts must be integral. P&M should not create any disguised barriers to trade, particularly for developing countries, and should address all gases in a quantified manner.

The NETHERLANDS said the IPCC report presents the best available science and, although the information is incomplete, the AGBM must make initial judgments now. He supported the Marshall Islands in noting that the scenario presented by the IPCC threatens the continuing existence of many countries. The question is not whether the world can afford to save small island States, but how to lower emissions at the lowest possible cost. He said the concept of safe emission corridors warrants further examination and proposed a follow-up workshop. He highlighted emission budgets as a good tool to minimize the costs and create incentives for early action, and suggested compiling a document on applying this concept.

The RUSSIAN FEDERATION stated that new requests for reductions by his country were premature. The Russian Federation has already reduced its emissions and is currently restructuring its economic potential. The preconditions for raising the question of additional obligations will occur when Russia's GDP per capita is comparable to the OECD countries. He emphasized that P&M should not prevent sustainable development and should account for specific social and economic situations. Recommendations from the workshop were obviously written by experts from OECD countries. POLAND said that quantification of targets is the most important issue for the AGBM. On criteria, timetables and commitments, there must be more specific proposals. He proposed establishing an *ad hoc* group of technical experts to elaborate specific proposals. NEW ZEALAND stated that consideration of the SAR last week should clarify the importance of the AGBM. This group faces real world threats of catastrophic proportions. He stressed that equity and efficiency both may be served by

international economic instruments. While such instruments raise difficult issues, the options should be left open.

TRINIDAD AND TOBAGO said Brazil's proposal on QELROs provided a logical way forward and Germany's proposal provided impetus to the work of the AGBM. He said the gas-by-gas approach is the simplest and most effective, and expressed surprise at Australia's idea of equity. Each country could propose an idea of equity that suits its own needs. SLOVENIA agreed that equity was an important consideration and supported the flat rate approach. He said work should start now if an agreement is expected by COP-3 and drew attention to the need to examine how economic development will affect GHG reduction. KENYA said that statements by Annex I Parties show their willingness to support new targets. She noted that the EU is on track to lower its levels and hoped that all Annex I Parties could follow suit. NORWAY called for differentiated commitments for individual Parties. This will require sophisticated approaches, but the workshop revealed several suggestions. He said the flat-rate approach is not cost-effective and noted that a cost-effective approach will facilitate agreement on more ambitious commitments.

THAILAND said the IPCC report stresses the need to immediately reduce emissions. He said developed countries should strive for legally-binding targets before flexibility should be allowed. He called for narrowing the range of options to accelerate the process. VENEZUELA said the impact of implementation must be addressed. Venezuela, like others, is toiling under a burden of foreign debt and needs foreign assistance to carry out social programmes. He said developed countries have promised to stabilize their emissions, but even if projected increases are reduced, they will still be far from reaching the target. SAUDI ARABIA noted that many Parties had referred to IPPC measures and findings, and said it is premature to have conclusions on this issue. The SBSTA report shows that different points of view were voiced and that delegates agreed to leave the issue to another session. The two lists should be on an equal footing when referred to at the AGBM. The Chair said the Group would not re-open that discussion now.

SAMOA, on behalf of AOSIS, noted that the proposals provide a range of useful policies and measures, but such proposals alone, without QELROs, cannot significantly advance this process. The approach laid out by the EU can be strengthened by placing these policies and measures within a legally-binding target and by development of specific performance targets. NORWAY noted that the removal of subsidies is particularly pertinent to creating market incentives for environmentally sound behavior. The IPCC also reports that there are several no regrets measures, including replacement of biased taxation. The risk of aggregate damage provides rationale beyond these measures. JAPAN said the AGBM must not focus solely on quantified objectives, but also on P&M. He proposed establishing mechanisms that review P&M and enhance them step-by-step. He did not favor compelling all Annex I Parties to take specific measures and said Parties must retain flexibility. In order to integrate differences, the AGBM should introduce CO₂ efficiency in a protocol.

Delegates agreed to continue discussions on QELROs and policies and measures. They requested that the Secretariat prepare a compilation of proposals relating to the treatment of QELROs and P&M in a protocol or another legal instrument and that the IPCC prepare a technical paper on possible P&M.

CONTINUING TO ADVANCE IMPLEMENTATION OF ARTICLE 4.1

The AGBM considered commitments of non-Annex I Parties on Thursday, 7 March, reviewing the introduction of guidelines for non-Annex I Parties' national communications presented at the previous week's SBSTA and SBI meetings.

COSTA RICA, on behalf of the G-77/China, said the AGBM is on a separate track. It must consider its own momentum and concentrate on strengthening the Annex I Parties' commitments. The G-77/China did not consider this a key item and warned against spending too much time with it. He recalled the workshop on communications of non-Annex I Parties that led to the G-77/China position paper submitted to the subsidiary bodies. It reflects the spirit of UNCED and represents a great step forward in advancing non-Annex I Parties' commitments. The SBI requested the Secretariat to facilitate assistance on follow-up fora.

The US said all countries can further their activities for growth and protect the environment at the same time. He noted that the IPCC points out several P&M that require little or no costs. He supported the G-77/China proposal for an additional workshop and regional meetings on best practices. He suggested using the multilateral consultative process to be developed under Article 13 as a vehicle and said an additional component must be a firm commitment to an ongoing work programme on technology. The EU said the information in national communications is an essential first step and added that the GEF should meet the agreed full cost by non-Annex I Parties. In light of the projected increase in GHG emissions, the AGBM should focus on facilitating technology cooperation.

INDIA stressed the importance of national communications as part of an ongoing process. He said the issues of technology transfer and finance related to the developing countries had been deliberated at great length by the subsidiary bodies. The AGBM focus is not on the non-Annex I countries, but on strengthening Annex I Parties' commitments. That is the foundation and there should be no distraction from that goal.

JAPAN said that national communications by all Parties are as important as strengthening Article 4.2 (a) and (b). P&M enhance equity among Parties. While he appreciated the G-77/China proposal on guidelines, he expects further elaboration at another workshop. National communications are important not only for Annex I Parties but for non-Annex I Parties to project future emissions.

CANADA said climate change is a global problem and requires an effective international response. She stressed the importance of widely disseminating the findings of the SAR and increased public awareness on the issue. She noted the strong interest of non-Annex I Parties to support indigenous capacity building and said AIJ offers private sector investment opportunities.

AUSTRALIA welcomed indications that Parties have increased their efforts on national communications. He said the adoption of an initial AIJ pilot phase is a positive step and noted the developing countries' interest in adaptation planning. He said all Parties must take on specific new actions beyond those already underway and said many no regrets opportunities are available. BRAZIL reported on a workshop on a possible format for non-Annex I Parties' national communications. He said this exercise was extremely useful and additional workshops may be in order.

The PHILIPPINES said the references to Article 4.1 must not be taken in isolation. She said that the advancing of commitments will not introduce any new commitments for non-Annex-I Parties and that Article 4.1 notes that all Parties have differentiated commitments. She welcomed recognition of the G-77/China proposal. The COOK ISLANDS said many delegations are aware of efforts in the Pacific Islands. He looks forward to implementation of CC:TRAIN. NEW ZEALAND said the AGBM's core objective refers to Annex I Parties, but the Group must not lose sight of the obligations of all Parties. He welcomed SBSTA's progress on non-Annex I communications and said that for small low-lying island countries, adaptation is a particular concern. He suggested enhanced liaison to make sure multilateral institutions integrate climate change concerns into their operations.

POSSIBLE FEATURES OF A PROTOCOL OR ANOTHER LEGAL INSTRUMENT

On Wednesday, 6 March, the Secretariat introduced a note on possible features of a protocol or another legal instrument (FCCC/AGBM/1996/4). The note states that Parties will need to consider which type of instrument would be most viable in the current context — a protocol, an amendment or another legal or quasi-legal instrument. The institutional mechanism will largely depend on the choice of instrument and the type of substantive commitments it will contain. The note also contains an annex comparing the procedures relating to a protocol and an amendment. Delegates also had before them a compilation of comments from the Parties (FCCC/AGBM/1996/MISC.1). The Chair said the options open to the AGBM are plentiful, but the possibilities in terms of a protocol can be affected by the need to obtain a sufficient majority. He mentioned several alternative approaches and said delegates should decide which one will be the most effective. He noted that ideally Parties to the Convention would also be Parties to the protocol, but it is possible this will not happen.

URUGUAY stated that any agreement reached should be as binding as possible, but noted that some delegates become fearful when the word protocol is mentioned. Whatever apprehensions arise may be linked to uncertainty, but the uncertainty does not dispel the risk. He urged delegates to avoid sending signals that weaken the Convention. CHILE said the AGBM needs to take a political decision and recalled that when the UNFCCC was negotiated, the EU made a binding declaration to establish a stronger sense of commitment. Action can be taken without jeopardizing the unity of the Convention and the AGBM should direct its effort towards that objective. He supported a protocol and called for an instrument that would not divide the Parties.

SENEGAL said that the AGBM cannot continue to “mutter and stammer” when faced with such historic events. The Convention is at a crossroads and Parties must assume their responsibilities. He recalled that amending the Basel Convention was not easy but was nonetheless achieved. The AGBM needs to find the best, simplest and most effective approach. CHINA said there were many precedents for adopting a protocol or amendment, but noted that the need for Annex I countries to strengthen their commitments must not be forgotten. She did not favor setting up other mechanisms because it will lead to coordination problems and increase bureaucracy.

ARGENTINA emphasized the importance of persevering in the effort to agree on the rules of procedure to revitalize the negotiations. It seems unprecedented for a Convention of this importance to lack its own rules of procedure, particularly while discussing a protocol. He stressed the need to arrive at a solution in July. He said delegates should remember that a Secretariat with considerable human resources already exists and there are already commitments in the Convention. SAMOA, on behalf of AOSIS, recalled that AOSIS submitted its draft protocol at COP-1 and said the protocol is intended to complement, not supplant, the Convention.

In the afternoon of Thursday, 7 March, the Chair opened discussion of this item by noting Germany's suggestion to compile proposals. He said a compilation document will include proposals from AOSIS, the German elements paper, the Russian Federation, and the EU protocol structure. He also recommended that delegates consider institutional economy. There is a general understanding that the Convention Secretariat should also be the protocol secretariat, but the Conference of the Parties could be different because the Convention and a protocol could have different constituencies.

The RUSSIAN FEDERATION said a protocol should have reachable rather than utopian benchmarks that Parties at variable levels of development can attain with differentiated responsibility. A protocol rather than amendments with joint but differentiated

commitments would produce the most complete results. He proposed a regional approach that would require regional scenarios from the IPCC with quantitative measurements of GHGs on a separate basis. Elements for countries with economies in transition are contained in FCCC/AGBM/1996/MISC.1. They include scientific, technological and economic activities as well as cooperation with Annex II Parties in technology introduction, attracting financial resources and AIJ. The US supported analysis and assessment, but said the stakes are too high and risks too great to seek refuge in scientific uncertainty. He urged COP-2 to resolve the rules of procedure, but said the rules of amendment do not depend on the rules of procedure. Although the US does not prefer an amendment over a protocol, he said an amendment has merit because it would: not raise complex institutional questions; simplify the process, and follow the worldwide trend of streamlining international instruments. Ratification of a protocol, never speedy, argues for an amendment, but delegates should wait to decide on the form until the agreed commitments are clear.

ESTONIA supported the EU structure as the basis for negotiations. He welcomed the differentiation of the responsibilities of Parties and said the main criteria should be GDP per capita and other GHG emission factors.

CANADA said delegates can only decide to seek an amendment or protocol when the nature and scope of commitments are developed. It is simpler to apply existing institutions to an amendment than a protocol. A separate bureau would be needed for an amendment. Given the impasse on the rules of procedure, a protocol can only be adopted by consensus, whereas an amendment can be adopted by a three-quarters majority. Use of existing institutions should be maximized. The instrument chosen should have the capacity to evolve. Roles should be explored and elaborated for all Parties. ITALY, on behalf of the EU, said the EU has already expressed preference for a protocol. It is preferable to avoid new institutions as much possible. Institutions of quasi-legal or soft law would not meet AGBM requirements. Communication and review are more important for a protocol, which would probably lead to enhanced need for review. The Article 13 process should produce a multilateral consultative process that could be adapted.

JAPAN said provisions must incorporate measures that lead to technology transfer, AIJ and review mechanisms. He said it will become necessary that an international framework for joint implementation be given a role by 2000.

COSTA RICA, on behalf of the G-77/China, said delegates first need to resolve the internal regulations of a protocol. The Secretariat should organize a forum to discuss social and economic effects of proposed P&M.

AUSTRALIA said irrespective of form, the legal instrument needs to address all GHGs, sources and sinks in a comprehensive manner, as well as all the BM. It is difficult to finalize the form until content is more advanced, but delegates should look at use of other instruments, like decisions and guidelines, considering the advantages and disadvantages of a separate legal instrument. He endorsed a rigorous effort to reduce costs and the preference to avoid new institutions. POLAND prefers a protocol, as explained by the EU and Russian Federation. It should cover only issues in the BM and not include institutional and other issues. NEW ZEALAND supported the “non-proliferation principle” of a single Secretariat and utilizing existing subsidiary bodies. Rules should apply *mutatis mutandi*. Reporting requirements could be consolidated to reduce the burden on national ministries. SAMOA, on behalf of AOSIS, said the group had stated its position on form and content. A legally-binding instrument is part of the preferred AGBM output. Time should not be spent on the form until QELRO decisions are completed. He accepted simplification and non-proliferation. Urgency means delegates must resolve the rules of procedure.

CHINA said the BM states that the process will produce a legally-binding document. The thrust is to strengthen Annex I Parties' commitments. It cannot be a comprehensive regime but can only be of a specific scope that strengthens a specific area of the Convention. Existing institutions can carry out new commitments.

Delia Villagrasa, on behalf of Climate Action Network, said the IPCC SAR shows there is no basis for delay or lack of action but much that demands quick response. Emissions reduction levels must be science-driven, limiting environmental damage and restricting temperature change to .1° per decade and to 1° total. Results from the Netherlands environmental agency's IMAGE 2 model presented at a workshop demonstrate the need for 2010 emission limits at 19-46% below 1990 levels, with larger reductions to be safe. The AOSIS protocol would be a first step toward the AGBM's goal. It fits the safe corridor/landing concept, which seeks atmospheric GHG levels that would not cause dangerous climate interference. A legally-binding instrument is essential. Debate over differentiation cannot derail the process. She welcomed recognition that AGBM 3 marks the end of the analysis and assessment and that real negotiations are underway.

REPORT OF THE SESSION

Delegates considered the Chair's draft conclusions regarding inputs from subsidiary bodies, P&M, and QELROs. Regarding inputs from subsidiary bodies, the conclusions note that many Parties underlined the importance of the IPCC SAR, but others considered it premature to draw conclusions and pointed to scientific uncertainties. The section on P&M notes the importance of the workshop and notes that in the context of the analysis and assessment the AGBM considered two general orientations: a menu approach to P&M and a categorization of P&M in annexes to a protocol according to the degree to which Annex I Parties would be committed to implement them. The section also notes there were differing views on the need for international harmonization. On QELROs, the AGBM underlined the interdependence between QELROs and P&M and noted that some Parties stressed QELROs as a first priority. The conclusions also note the range of options and variations, and recognize the wide range of issues related to equity and differentiation and the discussions on economic and cost issues. The conclusions request the Secretariat to prepare, for AGBM 4, a compilation of proposals relating to the treatment of QELROs and P&M in a protocol or another legal instrument tabled to date or received by the Secretariat no later than 15 April 1996.

The Chair convened an informal session to hear further comments and noted the need for follow-up on workshops to focus the Group's work. He proposed to convene informal roundtables at the fourth session on specific points related to QELROs and P&M and encouraged all delegates to participate. They will be designed to allow for further discussion on questions surrounding QELROs, such as differentiation, and P&M, such as the impact on developing countries. Regarding P&M, CHINA proposed adding a reference to QELROs to note that the two concepts are integrated. The NETHERLANDS disagreed, arguing that not every P&M aspect is linked to QELROs, and asked for flexibility.

The Chair also presented conclusions on continuing to advance the implementation of Article 4.1. The conclusions note that the Chair of the G-77/China referred to the position paper on non-Annex I Parties' initial communications. The conclusions also contain a paragraph noting the emphasis of the G-77/China on this issue and a paragraph noting the views of Annex I Parties on this issue. The AGBM also noted the intention of non-Annex I Parties to conduct a workshop, as a follow-up to the earlier one, to address issues relating to implementation, and requested the Secretariat to facilitate assistance in this regard.

COSTA RICA, on behalf of the G-77/China, proposed a new paragraph that states: Many Parties stressed that by formally presenting the G-77/China position paper on initial

communications from non-Annex I Parties, the implementation of their existing commitments in Article 4.1 had been sufficiently advanced. He also proposed that the relationship between the commitments of non-Annex I Parties and the provision of financial resources and transfer of technology must be taken into full account. Delegates accepted the paragraph as amended. The G-77/China also proposed that the AGBM note the agreement in the SBSTA and SBI that their position paper would be the principal basis to adopt and implement the guidelines and format. The US said there should be no implication that the AGBM will decide on these guidelines because that is the SBSTA's work.

On possible features of a protocol or another legal instrument, the conclusions note that the AGBM agreed on the need to avoid the proliferation of new bodies. It stressed the importance of institutional economy in this regard. The conclusions note the comments of the Parties:

- Several Parties queried the need for the establishment of a separate Conference of the Parties and a separate Bureau in a protocol regime.
- Many Parties stated that only a legally-binding instrument would meet the requirements of the BM, while others reminded the group that the focus was to strengthen commitments.
- Many Parties stated their preference for a protocol, while other stressed the importance of awaiting further developments.
- Several delegations stressed the importance of the communications and review of information in an amendment or protocol regime.

The G-77/China requested a reference to "Convention provisions" when listing the items that the AGBM had stressed in order to emphasize the link between the Convention and any possible protocol. SAMOA proposed changing a sentence that stated "Many Parties" agreed that only a legally-binding instrument would meet the requirements of the BM, to "The AGBM agreed" but KUWAIT objected. Delegates also debated a reference that states AGBM noted some Parties said an amendment might be a more viable option, considering the lack of consensus on the rules of procedure. INDIA, KUWAIT, CHILE and CHINA objected to a reference to the need for information "in evolving commitments for all Parties." CANADA and the US called for its retention.

The Chair then convened a formal session to adopt the report of the meeting (FCCC/AGBM/1996/L.1). In a paragraph noting the statement of the IPCC Chair, the last sentence says that he concluded by stating that the economies of all countries could benefit from the implementation of policies and measures to mitigate climate change. CHINA asked if this was fair and requested its deletion. The Chair said this was an accurate reflection of the statement and he would not accept "censorship." VENEZUELA and KUWAIT requested that the record reflect their reservations on the same issue. The group adopted the report.

A BRIEF ANALYSIS OF AGBM 3

Those who view intergovernmental negotiations as a dance might say that a veil or two dropped at the third meeting of the *Ad Hoc* Group on the Berlin Mandate. Having sashayed gently around key issues for two meetings, delegates finally spoke their minds. Revealed were a new proposal from Germany on specific emissions reductions targets, Japan's recommendation to incorporate joint implementation officially in future commitments, and even unabashed insistence from Canada and the US that all Parties should eventually take on new commitments. AGBM 3 may eventually be remembered as the week that this round of climate change negotiations became explicit.

AGBM leaders set an aggressive tone from the start of the session. Chair Raúl Estrada Oyuela declared that he would not tolerate obstruction from delegates who had tried to slow negotiations before. His determination appeared to be matched by

support from the floor, as friends of the Chair were ready to respond when oil producing countries or others called for delaying or diverting AGBM decisions. Executive Secretary Michael Zammit-Cutajar helped to define the determined mood by presenting a vision of a long-term shift of emissions from developed to developing countries, while still seeking climate stabilization. His broad notion of resource transfer and cooperation placed the consideration of new commitments in a more essential, sustainable development context than more typical debate over purely financial transfers from developed to developing countries. It also touched the heart and greatest challenge of negotiations: whether over 150 countries could come to a common view of political, industrial and social change required to achieve sustainable climate policy.

Delegates and observers attributed at least part of the meeting's added inspiration to the results of the IPCC Second Assessment Report, which was adopted in December. The projections of rapid change, adverse impacts and stronger attribution to "discernible human influence" seemed to put the consideration of new commitments into an accelerated rhythm.

In addition to the specific proposals, a number of general concepts gained attention at AGBM 3, including flexibility, differential criteria and indicators, equity and trade. Introduced by the US and others at AGBM 2, flexibility featured in numerous Annex I countries' presentations as a prerequisite to new commitments. Germany and the Russian Federation prefer to reserve flexibility for countries with economies in transition, but many others appear to want to apply the idea more widely to the timing, location and, possibly, type of steps a country might take to reduce GHG emissions. Where developed countries questioned the G-77/China's desire at the subsidiary bodies meetings to build flexibility into their reporting proposals, the tables turned as Annex I countries sought to incorporate flexibility into their own commitments at AGBM 3. AOSIS was among the few voices criticizing the impact of flexibility, saying it could compromise commitments to emission reductions. Malaysia also criticized flexibility, but at the same time positively presented ideas on indicators for equitable sharing, another idea Annex I countries were promoting related to differential commitments.

Several ideas were floated that would divide shared commitments among Annex I countries based on GDP or other economic indicators, emissions and other factors. Germany was a rare Annex I critic of differential targets, suggesting that generating indicators would be impractical. Proponents argued that differential or shared targets would enhance fairness and equity among those responsible for emissions. Like the debate on flexibility, the key questions are whether differential, shared targets can enhance the effectiveness of possible new commitments in reducing possible climate change and adverse impacts, how they would be negotiated and whether they provide suitable accountability. The emphasis on equity, combined with frequent calls for cost-effectiveness, could lay a complex set of economic considerations across the negotiators' path to new commitments.

The other challenge introduced at AGBM 3 was the trade impact of potential policies and measures. Recent negotiations in the WTO Committee on Trade and Environment reportedly bogged down over conflicting views on how trade negotiators preferred to address trade measures in multilateral environmental agreements. Similar concerns over market access, eco-labeling and barriers to trade were raised for the first time at the AGBM by a range of countries, including those who have been least eager to take new measures against climate change.

Notably missing from AGBM 3 were sustained debates over the need for, extent and timing of analysis and assessment. Perhaps the Chair's initial warning that delegates should be willing to complete analytical work and move toward decisions took hold. Whatever the cause, those countries emphasizing socioeconomic assessment

did not seem as adamant that such study precede or prevent other activities.

THINGS TO LOOK FOR BEFORE COP-2

CONFERENCES ON ACTIVITIES IMPLEMENTED

JOINTLY (AIJ): *Regional Conference on Joint Implementation: Countries in Transition.* This Conference will be held from 17-19 April 1996 in the Hotel Ambassador, Václavské, nám 5-7, 111 24 Prague, Czech Republic and is sponsored by the UNEP Regional Office for Europe, the governments of the Netherlands and Norway. The Conference is organized under the auspices of the Ministry of the Environment of the Czech Republic. Further information is available from SEVEN, Mr. Miloš Tichý, P.O. Box 39, 120 56 Prague 2, Czech Republic, tel: +42 2 2424 7552; fax: +42 2 2424 7597; email: seven@earn.cvut.cz. Information is also available on the Internet at <http://www.org.ji>.

UNEP Conference on Activities Implemented Jointly under the UNFCCC: Structuring Opportunities for Building Consensus and Promoting International Cooperation. The Conference is being organized by the UNEP and the World Foundation for Environment and Development (WFED) and will be held 20-24 May 1996 at the Herradura International Conference Center, San Jose, Costa Rica. For more information contact: UNEP Conference on AIJ, c/o WFED, 1101 30th Street, NW-Suite 500, Washington, DC 20007 USA. Fax: +1-202-686-3771.

IPCC WORKSHOPS: The IPCC will convene three workshops for the further development of the Guidelines for National GHG Inventories on the following topics: sources and removal by sinks of greenhouse gases from land use and forestry (Sao José dos Campos, Sao Paulo, 21-22 March 1996); emissions from fuel combustion and industrial processes (Abingdon, UK, 29-30 March 1996); and, methane emissions from rice cultivation (Bangkok, Thailand, 30 April - 2 May 1996). The results will be incorporated as additions and/or revisions to the guidelines, and approved at IPCC-12, scheduled for the week of 9 September 1996 in Mexico. For more information contact: IPCC Secretariat, WMO, 41 Av. Giuseppe-Motta, C.P. N° 2300, 1211 Geneva 2 Switzerland, tel: +41 22 7308 215/254/284, fax: +41 22 7331 270 OMM CH, e-mail: narasimhan.sundaraman@itu.ch.

REGIONAL WORKSHOPS: A Workshop on Climate Change Vulnerability and Adaptation in Latin America will take place in Montevideo, Uruguay, from 22-24 April 1996. The workshop is sponsored by the US Country Studies Program (USCSP), the Comisión Nacional sobre el Cambio Global and the Inter-American Institute for Global Change Research (invited). For more information contact: Annie Hareau or Cecilia Ramos-Mañé, Comisión Nacional sobre el Cambio Global, Ciudadela 1414, Piso 6, Montevideo 11100, Uruguay, Tel/Fax: +598-2 932088 or Tel/Fax: +598-2 922416, e-mail: iaiyu@attmail.com; or Christopher B. Bordeaux or Jack Fitzgerald, USCSP, 1000 Independence Ave., SW, PO-63, Washington, DC 20585, USA, tel: +1-202 426-1637, fax: +1-202 426-1551, e-mail: cbordeaux@igc.apc.org or jfitzgerald@igc.apc.org.

THE SECOND MEETING OF THE CONFERENCE OF THE PARTIES: COP-2 will be held 8-19 July 1996 in Geneva. The session will open in plenary the first day, then suspend the plenary until Wednesday, 17 July to allow for the sessions of the four subsidiary bodies (AGBM, SBSTA, SBI and AG13) to take place. The subsidiary bodies will provide inputs, including draft decisions, for the various items on the COP-2 agenda. The plenary will reconvene to conclude negotiations and adopt decisions on 17-19 July.