E.O. 12958: N/A
TAGS: SENUJ, ENRG, EIND, XX
SUBJECT: CLIMATE CHANGE: U.S. PROPOSAL FOR A PROTOCOL

1. THIS IS AN ACTION REQUEST.  SEE PARAGRAPH 3. THIS TASKING HAS BEEN CLEARED WITH M/P (SEP) FOR WELLINGTON.

2. SUMMARY. USG HAS DEVELOPED TEXT OF A PROPOSED PROTOCOL TO THE U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE. THE PROPOSAL EMBODIES BINDING TARGETS FOR GREENHOUSE GAS EMISSIONS FOR DEVELOPED COUNTRIES IN THE MEDIUM-TERM, MEASURES DESIGNED TO ENHANCE INDIVIDUAL COUNTRIES' FLEXIBILITY IN IMPLEMENTING THE TARGETS, AND STEPS TO ADVANCE THE IMPLEMENTATION OF THE EXISTING COMMITMENTS OF DEVELOPING COUNTRIES. THE TEXT WAS PREPARED IN RESPONSE TO A CALL AT THE LAST NEGOTIATING SESSION (DECEMBER 1996) FOR CONVENTION PARTIES TO SUBMIT TEXTUAL PROPOSALS BY MID-JANUARY 1997, IN ORDER TO ENABLE THE SECRETARIAT TO DEVELOP A FRAMEWORK COMPILATION OF PROPOSALS TO SERVE AS THE BASIS FOR DISCUSSIONS AT THE NEXT NEGOTIATING SESSION (MARCH 3-7 IN BONN). DEPARTMENT FAXED COPIES TO KEY JUSCANZ CAPITALS (CONVENTION PARTIES THAT ARE MEMBERS OF THE OECD, BUT NOT MEMBER STATES OF THE EUROPEAN UNION) AND TO SOME EUROPEAN CAPITALS (BONN, LONDON, THE HAGUE AND ROME) DURING THE WEEK OF JANUARY 20, BUT WISHES UNCLASSIFIED

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TO ENSURE BROAD DISTRIBUTION OF THE U.S. PROPOSAL PRIOR TO THE MARCH MEETING AND TO OBTAIN AS MUCH FEEDBACK AS POSSIBLE FROM U.S. NEGOTIATING PARTNERS. POSTS ARE REQUESTED TO PROVIDE COPIES OF THE U.S. TEXT AND FACT SHEET TO APPROPRIATE HOST GOVERNMENT OFFICIALS AND TO REPORT REACTIONS ASAP. A SET OF QUESTIONS AND ANSWERS FOR POSTS' USE WILL FOLLOW SEPTEL. END SUMMARY.

3. ACTION ADDRESSEES ARE REQUESTED TO PROVIDE COPIES OF THE U.S. FACT SHEET (PARA. 5) AND PROPOSED PROTOCOL TEXT (PARA. 6) TO APPROPRIATE HOST GOVERNMENT OFFICIALS INVOLVED IN THE NEGOTIATION OF NEXT STEPS UNDER THE CLIMATE CONVENTION. SUGGESTED TALKING POINTS ARE PROVIDED IN PARA. 7. POSTS MAY DRAW UPON QUESTIONS AND ANSWERS TO FOLLOW SEPTEL IN RESPONDING TO INQUIRIES OF HOST GOVERNMENT OFFICIALS (BUT TEXT OF QUESTIONS AND ANSWERS SHOULD NOT BE DISTRIBUTED). POSTS SHOULD DETERMINE WHETHER HOST GOVERNMENT ITSELF SUBMITTED ANY PROPOSAL IN MID-JANUARY OR HAS INTENTIONS TO DO SO SUBSEQUENTLY (AND IF POSSIBLE TO
4. FOR BEIJING, BONN, BRASILIA, LONDON, NEW DELHI, OTTAWA, THE HAGUE AND TOKYO: OES A/S CLAUSSEN WILL HOST MINISTERIAL-LEVEL DINNER TO DISCUSS CLIMATE ISSUES ON UNCLASSIFIED

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WEDNESDAY, FEBRUARY 5, IN NAIROBI ON MARGINS OF U.N.
ENVIRONMENT PROGRAM GOVERNING COUNCIL MEETING. DEPARTMENT WISHES IN PARTICULAR TO ENSURE THAT GOVERNMENTS OF DINNER INVITEES (CHINA, GERMANY, BRAZIL, UNITED KINGDOM, INDIA, CANADA AND THE NETHERLANDS AND JAPAN) RECEIVE COPIES OF THE U.S. TEXT THROUGH OFFICIAL CHANNELS BEFOREHAND, AND TO OBTAIN ANY REACTIONS OR FEEDBACK FROM THEM PRIOR TO THE DINNER. PLEASE ALSO SLUG REPLIES TO NAIROBI (U.S. UNEP PERM REP) FOR A/S CLAUSSEN.

5. BEGIN TEXT OF FACT SHEET ON U.S. PROTOCOL PROPOSAL.

FACT SHEET ON U.S. CLIMATE CHANGE PROPOSAL
JANUARY 17, 1997

TODAY, THE UNITED STATES WILL PRESENT TO THE CONVENTION'S SECRETARIAT DRAFT TEXT FOR CONSIDERATION IN INTERNATIONAL NEGOTIATIONS THAT WILL OCCUR THROUGHOUT 1997. CONSISTENT WITH PREVIOUS U.S. STATEMENTS AND PROPOSALS, THE U.S. SUBMISSION ADDRESSES THE FOLLOWING KEY TOPICS:

EMISSIONS TARGETS

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A new concept is set forth to guide the establishment of developed country emissions targets. Building on the concept of cumulative and averaged emissions, the U.S. proposes creation of an "emissions budget". Multiple emissions budget periods are proposed, including a second period in which emissions are equal to or less than the first period, thus assuring continued progress toward achievement of the convention's objective.

-- For a given period, each developed country party would be allocated an emissions budget.

-- The submission does not identify either the size of the budgets or the duration of the periods.

-- Parties would be allowed to "borrow" for future use emissions not used during a given period; to "borrow" a limited amount of emissions (with a penalty) from a subsequent period; and to trade emissions.

-- A new category is proposed to encourage rapidly developing countries to voluntarily adopt emissions budgets.

REPORTING AND COMPLIANCE

The proposal establishes procedures to ensure adequate reporting, measurement, review and compliance.

-- Countries would have to set national systems for unclassified

MEASURING EMISSIONS ACCURATELY, ACHIEVING COMPLIANCE AND ENSURING ENFORCEMENT.

-- Annual reports on measurement, compliance and enforcement efforts for the relevant budget period would be required and made available to the public.
IMPLEMENTATION EFFORTS WOULD BE REVIEWED UNDER THE CONVENTION BY EXPERT TEAMS AND DISCUSSED AT APPROPRIATE MEETINGS OF THE PARTIES.

THE PARTIES WOULD BE ASSIGNED RESPONSIBILITY FOR DETERMINING THE CONSEQUENCES OF NON-COMPLIANCE, FOR EXAMPLE: DENIAL OF EMISSIONS TRADING/JOINT IMPLEMENTATION RIGHTS; LOSS OF VOTING AND OTHER DECISION-MAKING RIGHTS.

ADVANCING DEVELOPING COUNTRY EFFORTS

THE PROPOSAL ADVANCES IMPLEMENTATION OF DEVELOPING COUNTRY COMMITMENTS UNDER THE CONVENTION BY:

-- REQUIRING DEVELOPING COUNTRIES TO IDENTIFY AND ADOPT "NO-REGRETS" MEASURES TO MITIGATE NET GREENHOUSE GAS EMISSIONS.

-- REQUIRING DEVELOPING COUNTRIES TO PREPARE ANNUAL EMISSIONS INVENTORIES AND REPORT ON STEPS TAKEN TO REDUCE EMISSIONS.

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-- ESTABLISHING A PROCESS FORREWievING DEVELOPING COUNTRY REPORTS AND IMPROVING EMISSIONS REDUCTION STRATEGIES.

EMISSIONS TRADING AND JOINT IMPLEMENTATION

THE U.S. SUBMISSION PROVIDES FOR FULL EMISSIONS TRADING AMONG COUNTRIES WITH EMISSIONS BUDGETS (PROVIDED THEY ARE IN COMPLIANCE WITH ALL OBLIGATIONS UNDER THE AGREEMENT); IT ALSO PROVIDES FOR "JOINT IMPLEMENTATION", THROUGH WHICH COUNTRIES WITHOUT EMISSIONS BUDGETS COULD CREATE AND TRANSFER EMISSIONS REDUCTION CREDITS ACHIEVED BY QUALIFIED PROJECTS.

LONG-TERM EFFORTS UNDER THE CONVENTION

THE PROPOSAL CALLS FOR PERIODIC REVIEW OF THE AGREEMENT AS SCIENTIFIC KNOWLEDGE AND INFORMATION GROW; IT ALSO REQUIRES THE PARTIES TO SEEK ESTABLISHMENT OF A LONG-TERM GOAL FOR ATMOSPHERIC GREENHOUSE GAS CONCENTRATIONS.

THE PROPOSAL CALLS FOR ESTABLISHMENT OF A DATE CERTAIN FOR NEGOTIATION OF EMISSIONS OBLIGATIONS FOR ALL PARTIES, AND
CALLS FOR DEVELOPMENT OF GRADUATION MECHANISMS TO
STRENGTHEN THE OBLIGATIONS OF DEVELOPING NATIONS.

END TEXT OF FACT SHEET ON U.S. PROTOCOL PROPOSAL.

6. BEGIN TEXT OF U.S. PROTOCOL PROPOSAL.

U.S. DRAFT PROTOCOL FRAMEWORK
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(SUBMITTED WITHOUT PREJUDICE TO ULTIMATE FORM OF
AGREEMENT)

THE PARTIES TO THIS PROTOCOL,

HAVE AGREED AS FOLLOWS:

ARTICLE 1
DEFINITIONS

FOR PURPOSES OF THIS PROTOCOL:

1. "THE CONVENTION" MEANS THE UNITED NATIONS
FRAMWORK CONVENTION ON CLIMATE CHANGE DONE AT
NEW YORK ON 9 MAY 1992.

2. 1.PARTY" MEANS PARTY TO THIS PROTOCOL.

3. "GREENHOUSE GAS" MEANS ANY GREENHOUSE GAS FOR
WHICH A GLOBAL WARMING POTENTIAL IS SET FORTH IN
ANNEX C OF THIS PROTOCOL.

4. "TONNE OF CARBON EQUIVALENT" MEANS ONE METRIC
TONNE OF CARBON, OR A QUANTITY OF ONE OR MORE
OTHER GREENHOUSE GASES EQUIVALENT TO ONE METRIC
TONNE BASED ON THE GLOBAL WARMING POTENTIALS SET
FORTH IN ANNEX C OF THIS PROTOCOL.

5. "NET ANTHROPOGENIC EMISSIONS" OF GREENHOUSE GASES
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IS THE CALCULATED DIFFERENCE BETWEEN EMISSIONS BY SOURCES AND REMOVALS BY SINKS.

6. (OTHER DEFINITIONS TO BE DEVELOPED OR CROSS-REFERENCED TO THE CONVENTION AS NECESSARY)

ARTICLE 2
EMISSIONS BUDGETS

1. EACH ANNEX A AND ANNEX B PARTY SHALL ENSURE THAT ITS NET ANTHROPOGENIC EMISSIONS OF GREENHOUSE GASES DO NOT EXCEED ITS EMISSIONS BUDGET FOR ANY APPLICABLE BUDGET PERIOD, AS SPECIFIED IN THIS ARTICLE.

2. FOR EACH ANNEX A AND ANNEX B PARTY, ITS EMISSIONS BUDGET SHALL BE DENOMINATED IN TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED AND SHALL EQUAL:

(A) THE TONNES OF CARBON EQUIVALENT EMISSIONS IT IS ALLOWED UNDER PARAGRAPH 3 OR 4 BELOW, PLUS

(B) ANY TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED THAT ARE CARRIED OVER FROM A PRIOR BUDGET PERIOD UNDER PARAGRAPH 5 BELOW, PLUS

(C) UP TO (XX PERCENT) OF THE TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED UNDER PARAGRAPH 3 OR 4 BELOW, SUCH AS MAY BE BORROWED FROM UNCLASSIFIED

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THE SUBSEQUENT BUDGET PERIOD UNDER PARAGRAPH 6 BELOW, PLUS

(D) ANY TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED THAT ARE ACQUIRED FROM ANOTHER PARTY UNDER ARTICLE 6 (INTERNATIONAL EMISSIONS TRADING) OR ARTICLE 7 (JOINT IMPLEMENTATION), MINUS

(E) ANY TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED THAT ARE TRANSFERRED TO ANOTHER PARTY UNDER ARTICLE 6 (INTERNATIONAL
EMISSIONS TRADING).

3. (A) FOR THE FIRST BUDGET PERIOD, (20XX THROUGH 20XX), EACH ANNEX A PARTY SHALL HAVE A NUMBER OF TONNES OF CARBON EQUIVALENT ALLOWED EQUAL TO (A PERCENTAGE OF) ITS NET ANTHROPOGENIC EMISSIONS OF TONNES OF CARBON EQUIVALENT IN 1990, MULTIPIED BY (THE NUMBER OF YEARS IN THIS BUDGET PERIOD).

(B) FOR THE SECOND BUDGET PERIOD, (20XX THROUGH 20XX), EACH ANNEX A PARTY SHALL HAVE A NUMBER OF TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED EQUAL TO (A PERCENTAGE EQUAL TO OR LESS THAN THE PERCENTAGE IN SUBPARAERAPH 3 (A)) OF ITS NET ANTHROPOGENIC EMISSIONS OF TONNES OF CARBON EQUIVALENT IN 1990, MULTIPIED BY (THE NUMBER OF YEARS IN UNCLASSIFIED

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THIS BUDGET PERIOD).

(C) (POSSIBLE SUBSEQUENT BUDGET PERIOD(S))

4. FOR THE BUDGET PERIOD (20XX THROUGH 20XX), EACH ANNEX B PARTY (SEE ANNEX B FOR STATES INCLUDED) SHALL HAVE A NUMBER OF TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED EQUAL TO (OPTIONS FOR ANNEX B PARTIES INCLUDE: BUDGET PERIODS, BASEYEARS, AND/OR PERCENTAGES DIFFERENT FROM THOSE APPLICABLE TO ANNEX A PARTIES).

5. AT THE END OF A BUDGET PERIOD APPLICABLE TO A PARTY, ANY AMOUNT BY WHICH THE PARTY'S EMISSIONS OF TONNES OF CARBON EQUIVALENT IS UNDER ITS EMISSIONS BUDGET FOR THAT PERIOD MAY BE CARRIED OVER AND ADDED TO ITS EMISSIONS BUDGET FOR THE NEXT BUDGET PERIOD.

6. AT THE END OF A BUDGET PERIOD APPLICABLE TO A PARTY, ANY AMOUNT OF TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED THAT IS BORROWED FROM THE SUBSEQUENT BUDGET PERIOD SHALL BE SUBTRACTED AT A RATE OF (1.2:1) FROM THE SUBSEQUENT BUDGET PERIOD.

7. (PROVISION REQUIRING CONTROL OF GREENHOUSE GASES
8. ANY STATE NOT LISTED IN ANNEX A MAY, IN ITS INSTRUMENT OF RATIFICATION, ACCEPTANCE, APPROVAL UNCLASSIFIED

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OR ACCESSION, OR AT ANY TIME THEREAFTER, NOTIFY THE DEPOSITARY THAT IT INTENDS TO BE BOUND BY OBLIGATIONS OF ANNEX A PARTIES. IT WILL THEN BE AN ANNEX A PARTY. THE DEPOSITARY SHALL INFORM THE OTHER SIGNATORIES AND PARTIES OF ANY SUCH NOTIFICATION.

9. ANY STATE NOT LISTED IN ANNEX A MAY, IN ITS INSTRUMENT OF RATIFICATION, ACCEPTANCE, APPROVAL, OR ACCESSION, OR AT ANY TIME THEREAFTER, NOTIFY THE DEPOSITARY THAT IT INTENDS TO BE BOUND BY OBLIGATIONS OF ANNEX B PARTIES. IT WILL THEN BE AN ANNEX B PARTY. THE DEPOSITARY SHALL INFORM THE OTHER SIGNATORIES AND PARTIES OF ANY SUCH NOTIFICATION.

ARTICLE 3
MEASUREMENT AND REPORTING

1. EACH ANNEX A AND ANNEX B PARTY SHALL HAVE IN PLACE BY (THE FIRST YEAR OF ITS FIRST BUDGET PERIOD) A NATIONAL SYSTEM FOR THE ACCURATE MEASUREMENT OF ANTHROPOGENIC EMISSIONS BY SOURCES, AND REMOVALS BY SINKS, OF GREENHOUSE GASES.

2. FOR THE PURPOSES OF IMPLEMENTING PARAGRAPH 1 AND PROMOTING COMPARABILITY, CONSISTENCY, AND TRANSPARENCY, THE PARTIES SHALL, NOT LATER THAN THEIR SECOND MEETING, DECIDE ON MINIMUM STANDARDS UNCLASSIFIED

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FOR THE MEASUREMENT OF ANTHROPOGENIC EMISSIONS BY
SOURCES, AND REMOVALS BY SINKS, OF GREENHOUSE GASES.

3. EACH ANNEX A AND ANNEX B PARTY SHALL PUT IN PLACE, IF IT HAS NOT ALREADY DONE SO, NATIONAL COMPLIANCE AND ENFORCEMENT PROGRAMS RELEVANT TO ITS IMPLEMENTATION OF THE OBLIGATIONS UNDER THIS PROTOCOL.

4. EACH ANNEX A AND ANNEX B PARTY SHALL SUBMIT TO THE SECRETARIAT, AS PART OF ITS COMMUNICATION UNDER ARTICLE 12 OF THE CONVENTION, INFORMATION ON ITS IMPLEMENTATION OF THIS PROTOCOL, INCLUDING POLICIES AND MEASURES IT IS TAKING TO MEET ITS OBLIGATIONS IN ARTICLE 2. SUCH SUBMISSION SHALL BE IN ACCORDANCE WITH GUIDELINES WHICH THE PARTIES ADOPT AT THEIR FIRST MEETING, TAKING INTO ACCOUNT ANY RELEVANT GUIDELINES ADOPTED BY THE PARTIES TO THE CONVENTION. SUCH SUBMISSION SHALL ALSO CONTAIN THE FOLLOWING INFORMATION:

(A) ONCE THE OBLIGATION IN PARAGRAPH 1 ABOVE BECOMES EFFECTIVE, A DESCRIPTION OF THE NATIONAL MEASUREMENT SYSTEM THAT IT HAS IN PLACE;

(B) ONCE THE OBLIGATION IN PARAGRAPH 1 ABOVE BECOMES EFFECTIVE, THE RESULTS OF ITS NATIONAL MEASUREMENT SYSTEM;

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(C) A QUANTITATIVE PROJECTION OF ITS NET ANTHROPOGENIC EMISSIONS OF GREENHOUSE GASES THROUGH THE BUDGET PERIODS; AND

(D) A DESCRIPTION OF RELEVANT NATIONAL COMPLIANCE AND ENFORCEMENT PROGRAMS IT HAS IN PLACE PURSUANT TO PARAGRAPH 3 ABOVE, AS WELL AS A DESCRIPTION OF THEIR EFFECTIVENESS, INCLUDING ACTIONS TAKEN IN CASES OF NON-COMPLIANCE WITH NATIONAL LAW.

5. IN ADDITION TO THE INFORMATION REQUIRED TO BE SUBMITTED UNDER PARAGRAPH 4, EACH ANNEX A AND ANNEX B PARTY SHALL SUBMIT TO THE SECRETARIAT, ON AN ANNUAL BASIS AND IN ACCORDANCE WITH THE GUIDELINES REFERRED TO IN PARAGRAPH 4, ITS
CURRENT CALCULATION CORRESPONDING TO EACH OF THE
SUBPARAGRAPHS IN ARTICLE 2.2 AND ITS REMAINING
EMISSIONS BUDGET FOR THAT BUDGET PERIOD, WITH
RESPECT TO ANY TONNES OF CARBON EQUIVALENT
EMISSIONS ALLOWED THAT ARE ACQUIRED OR
TRANSFERRED UNDER ARTICLES 6 OR 7, THE PARTY
SHALL SPECIFY THE QUANTITY, PARTY OF ORIGIN OR
DESTINATION, AND THE RELEVANT BUDGET PERIOD.

6. THE FIRST OF THE SUBMISSIONS REFERRED TO IN
PARAGRAPH 5 SHALL BE PART OF A PARTY'S FIRST
COMMUNICATION THAT IS DUE AFTER THE PROTOCOL HAS
BEEN IN FORCE FOR THAT PARTY FOR TWO YEARS. THE
FREQUENCY OF SUBSEQUENT SUBMISSIONS SHALL BE
DETERMINED BY THE PARTIES.

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7. INFORMATION COMMUNICATED BY PARTIES UNDER THIS
ARTICLE SHALL BE TRANSMITTED BY THE SECRETARIAT
AS SOON AS POSSIBLE TO THE PARTIES AND TO ANY
SUBSIDIARY BODIES CONCERNED.

*8. WITHOUT PREJUDICE TO THE ABILITY OF ANY PARTY TO
MAKE PUBLIC ITS COMMUNICATION AT ANY TIME, THE
SECRETARIAT SHALL MAKE INFORMATION COMMUNICATED
BY PARTIES UNDER THIS ARTICLE PUBLICLY AVAILABLE
AT THE TIME IT IS SUBMITTED TO THE PARTIES.

ARTICLE 4
REVIEW AND COMPLIANCE PROCESS

1. IN ADDITION TO THE REVIEW OF COMMUNICATIONS
CONDUCTED UNDER ARTICLE 10.2(B) OF THE
CONVENTION, THE MEETING OF THE PARTIES SHALL
CONSIDER THE INFORMATION SUBMITTED BY ANNEX A AND
ANNEX B PARTIES UNDER ARTICLE 3 IN ORDER TO
ASSESS THOSE PARTIES' IMPLEMENTATION OF THEIR
OBLIGATIONS.

2. REVIEWS WILL BE CONDUCTED BY EXPERT REVIEW TEAMS,
WHICH WILL BE COORDINATED BY THE SECRETARIAT AND
COMPOSED OF EXPERTS SELECTED FROM THOSE NOMINATED
BY PARTIES AND, AS APPROPRIATE, BY
INTERGOVERNMENTAL ORGANIZATIONS.
3. Reviews will be in accordance with guidelines to be adopted by the meeting of the parties. These guidelines shall, inter alia, provide for how information will be made available to the public and define mechanisms by which observers and the public may provide comments, supplemental data or other information to facilitate and improve reviews. The guidelines shall be periodically reviewed by the parties for appropriate revision.

4. Review teams will review all aspects of a party's implementation of this protocol, including the likelihood that a party will achieve its emissions budgets obligations. They will prepare a report assessing a party's implementation of its obligations, identifying any areas of apparent non-compliance, as well as potential problems in achieving obligations. Reports will be provided to a meeting of the parties.

5. Based on such reports, a meeting of the parties may make recommendations to a party. In such case, the party shall review its implementation, take appropriate action, and report back to the next meeting of the parties on its action.

6. There would also be provisions setting forth various consequences for non-compliance with obligations, as determined by a meeting of the parties. Consequences would correspond to the type, degree, and frequency of non-compliance.

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Some would be automatic, while others might be discretionary. Examples of consequences could include, e.g.:

(A) Denial of the opportunity to sell tonnes of
CARBON EQUIVALENT EMISSIONS ALLOWED THROUGH INTERNATIONAL EMISSIONS TRADING AND/OR JOINT IMPLEMENTATION;

(B) LOSS OF VOTING RIGHTS AND/OR OTHER OPPORTUNITIES TO PARTICIPATE IN PROCESSES UNDER THE PROTOCOL.

ARTICLE 5
ADVANCEMENT OF THE IMPLEMENTATION OF ARTICLE 4.1 OF THE CONVENTION

RECOGNIZING THE PROGRESS THAT HAS BEEN MADE TO DATE IN IMPLEMENTING COMMITMENTS UNDER ARTICLE 4.1 OF THE CONVENTION:

1. THE PARTIES REAFFIRM THEIR COMMITMENTS UNDER ARTICLE 4.1 OF THE CONVENTION AND THE NEED TO CONTINUE TO ADVANCE THE IMPLEMENTATION OF SUCH COMMITMENTS.

2. EACH PARTY SHALL STRENGTHEN ITS LEGAL AND INSTITUTIONAL FRAMEWORK TO ADVANCE THE IMPLEMENTATION OF ITS COMMITMENTS UNDER ARTICLE 4.1 OF THE CONVENTION.

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3. EACH PARTY SHALL TAKE MEASURES TO FACILITATE INVESTMENT IN CLIMATE-FRIENDLY TECHNOLOGIES.

4. EACH PARTY SHALL REPORT, AS PART OF ITS COMMUNICATION UNDER THE CONVENTION, ON HOW IT IS PROMOTING PUBLIC EDUCATION AND PARTICIPATION IN THE DEVELOPMENT OF CLIMATE CHANGE POLICY.

5. EACH PARTY THAT IS NEITHER IN ANNEX A NOR ANNEX B SHALL IDENTIFY AND IMPLEMENT "NO-REGRETS" MEASURES FOR MITIGATING NET ANTHROPOGENIC EMISSIONS OF GREENHOUSE GASES, INCLUDING ANY IDENTIFIED THROUGH THE REVIEW PROCESS UNDER PARAGRAPH 7 BELOW. IN THIS REGARD, EACH SUCH PARTY SHALL ALSO:

(A) QUANTIFY THE EFFECTS OF THE MEASURES IT IMPLEMENTS;
(B) EVALUATE BARRIERS TO THE ADOPTION OF
POTENTIAL MEASURES; AND

(C) REPORT TO THE SECRETARIAT, AS PART OF ITS
COMMUNICATION UNDER THE CONVENTION, ON THE
MEASURES IT HAS IMPLEMENTED, PLANS TO
IMPLEMENT, AND BARRIERS TO THE ADOPTION OF
POTENTIAL MEASURES.

6. EACH PARTY THAT IS NEITHER IN ANNEX A NOR ANNEX B
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SHALL SUBMIT TO THE SECRETARIAT, ON AN ANNUAL
BASIS, ITS INVENTORY OF GREENHOUSE GAS EMISSIONS.
SUCH INVENTORY SHALL BE CONSISTENT WITH ANY
GUIDELINES ADOPTED BY THE PARTIES.

7. THE PARTIES SHALL ESTABLISH A PROCESS FOR
REVIEWING COMMUNICATIONS RECEIVED UNDER THE
CONVENTION FROM THE PARTIES IDENTIFIED IN
PARAGRAPHS 5 AND 6. THE PROCESS SHALL BE
DESIGNED TO:

(A) ENABLE THE REVIEW OF THE EFFECTS OF
INDIVIDUAL MEASURES DESCRIBED IN PARAGRAPH
5;

(B) ASSIST SUCH PARTIES IN IDENTIFYING AND
IMPLEMENTING "NO-REGRETS" MEASURES FOR
MITIGATING NET ANTHROPOGENIC EMISSIONS OF
GREENHOUSE GASES;

(C) SEEK TO IDENTIFY KEY SECTORS AND
TECHNOLOGICAL OPTIONS WITHIN THEM;

(D) CONSIDER POSSIBILITIES FOR PROMOTING
VOLUNTARY ARRANGEMENTS WITH INDUSTRY AIMED
AT IDENTIFYING AND ENCOURAGING
IMPLEMENTATION OF "NO REGRETS" MEASURES; AND

(E) EXPLORE VARIOUS MEANS THROUGH WHICH SUCH
PARTIES COULD OBTAIN BOTH THE KNOW-HOW AND

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THE TECHNOLOGY NEEDED TO IMPLEMENT OPTIONS
IDENTIFIED.

ARTICLE 6
INTERNATIONAL EMISSIONS TRADING

1. AN ANNEX A OR ANNEX B PARTY THAT IS IN COMPLIANCE
WITH ITS OBLIGATIONS UNDER ARTICLE 3 (MEASUREMENT
AND REPORTING) AND THAT HAS IN PLACE A NATIONAL
MECHANISM FOR CERTIFICATION AND VERIFICATION OF
TRADES, MAY TRANSFER TO, OR RECEIVE FROM, ANY
ANNEX A OR ANNEX B PARTY, ANY OF ITS TONNES OF
CARBON EQUIVALENT EMISSIONS ALLOWED FOR A BUDGET
PERIOD, FOR THE PURPOSE OF MEETING ITS
OBLIGATIONS UNDER ARTICLE 2.

2. A PARTY MAY AUTHORIZE ANY DOMESTIC ENTITY (E.G.,
GOVERNMENT AGENCIES, PRIVATE FIRMS, NON-
GOVERNMENTAL ORGANIZATIONS, INDIVIDUALS) TO
PARTICIPATE IN ACTIONS LEADING TO TRANSFER AND
RECEIPT UNDER PARAGRAPH 1 OF TONNES OF CARBON
EQUIVALENT EMISSIONS ALLOWED.

3. A MEETING OF THE PARTIES MAY FURTHER ELABORATE
GUIDELINES TO FACILITATE THE REPORTING OF
EMISSIONS TRADING INFORMATION.

ARTICLE 7
JOINT IMPLEMENTATION
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1. ANY PARTY THAT IS NEITHER IN ANNEX A NOR B MAY
GENERATE TONNES OF CARBON EQUIVALENT EMISSIONS
ALLOWED THROUGH PROJECTS THAT MEET THE CRITERIA
SET FORTH IN PARAGRAPH 2.

2. IN ADDITION TO ANY CRITERIA ADOPTED BY THE
PARTIES TO THIS PROTOCOL, THE FOLLOWING CRITERIA
SHALL APPLY TO PROJECTS:
(A) PROJECTS MUST BE COMPATIBLE WITH AND SUPPORTIVE OF NATIONAL ENVIRONMENT AND DEVELOPMENT PRIORITIES AND STRATEGIES, AS WELL AS CONTRIBUTE TO COST-EFFECTIVENESS IN ACHIEVING GLOBAL BENEFITS;

(B) PROJECTS MUST PROVIDE A REDUCTION IN EMISSIONS THAT IS ADDITIONAL TO ANY THAT WOULD OTHERWISE OCCUR.

3. (ADDITIONAL PROVISIONS TO BE ADDED ON CALCULATION, MEASUREMENT, MONITORING, VERIFICATION, REVIEW, REPORTING)

4. ANY PARTY THAT GENERATES TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED CONSISTENT WITH THIS ARTICLE MAY:

(A) HOLD SUCH TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED; OR

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(B) TRANSFER ANY PORTION THEREOF TO ANY PARTY.

5. AN ANNEX A OR ANNEX B PARTY MAY ACQUIRE TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED UNDER THIS ARTICLE FOR THE PURPOSE OF MEETING ITS OBLIGATIONS UNDER ARTICLE 2, PROVIDED IT IS IN COMPLIANCE WITH ITS OBLIGATIONS UNDER ARTICLE 3 (MEASUREMENT AND REPORTING)

6. A PARTY MAY AUTHORIZE ANY DOMESTIC ENTITY (E.G., GOVERNMENT AGENCIES, PRIVATE FIRMS, NON-GOVERNMENTAL ORGANIZATIONS, INDIVIDUALS) TO PARTICIPATE IN ACTIONS LEADING TO GENERATION, TRANSFER AND RECEIPT UNDER THIS ARTICLE OF TONNES OF CARBON EQUIVALENT EMISSIONS.

7. ANY PARTY THAT IS NEITHER IN ANNEX A NOR ANNEX B THAT GENERATES OR ACQUIRES TONNES OF CARBON EQUIVALENT EMISSIONS ALLOWED UNDER THIS ARTICLE SHALL NOTIFY THE SECRETARIAT ANNUALLY OF THE QUANTITY, ORIGIN, AND DESTINATION OF SUCH TONNES.

ARTICLE 8
SCIENCE

THE PARTIES SHALL PERIODICALLY REVIEW THIS PROTOCOL, AND GUIDELINES ESTABLISHED THEREUNDER, IN LIGHT OF EVOLVING SCIENTIFIC KNOWLEDGE RELATED TO CLIMATE CHANGE.

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ARTICLE 9

PROGRESS TOWARD LONG-TERM GOAL

THE PARTIES SHALL COOPERATE IN THE ESTABLISHMENT OF A LONG-TERM GOAL WITH RESPECT TO ATMOSPHERIC CONCENTRATIONS OF GREENHOUSE GASES.

ARTICLE 10

MEETINGS OF THE PARTIES


2. SUBSEQUENT MEETINGS OF THE PARTIES SHALL BE HELD, UNLESS THE PARTIES DECIDE OTHERWISE, IN CONJUNCTION WITH MEETINGS OF THE CONFERENCE OF THE PARTIES TO THE CONVENTION. EXTRAORDINARY MEETINGS OF THE PARTIES SHALL BE HELD AT SUCH OTHER TIMES AS MAY BE DEEMED NECESSARY BY A MEETING OF THE PARTIES, OR AT THE WRITTEN REQUEST OF A PARTY, PROVIDED THAT WITHIN SIX MONTHS OF SUCH A REQUEST BEING COMMUNICATED TO THEM BY THE SECRETARIAT, IT IS SUPPORTED BY AT LEAST ONE

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3. THE PARTIES, AT THEIR FIRST MEETING, SHALL:

(A) ADOPT, BY CONSENSUS, RULES OF PROCEDURE FOR THEIR MEETINGS;

(B) (OTHER)

4. THE FUNCTIONS OF THE MEETINGS OF THE PARTIES SHALL BE TO:

(A) REVIEW THE IMPLEMENTATION OF THIS PROTOCOL, INCLUDING THE INFORMATION SUBMITTED IN ACCORDANCE WITH ARTICLE 3;

(B) PERIODICALLY REVIEW THE ADEQUACY OF THIS PROTOCOL;

(C) (OTHER)

5. THE UNITED NATIONS, ITS SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC ENERGY AGENCY, AS WELL AS ANY STATE NOT PARTY TO THIS PROTOCOL, MAY BE REPRESENTED AT MEETINGS OF THE PARTIES AS OBSERVERS. ANY BODY OR AGENCY, WHETHER NATIONAL OR INTERNATIONAL, GOVERNMENTAL OR NON-GOVERNMENTAL, QUALIFIED IN FIELDS RELATING TO CLIMATE CHANGE WHICH HAS INFORMED THE SECRETARIAT OF ITS WISH TO BE REPRESENTED AT A MEETING OF THE PARTIES AS AN OBSERVER MAY BE ADMITTED UNLESS AT UNCLASSIFIED

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LEAST ONE THIRD OF THE PARTIES PRESENT OBJECT. THE ADMISSION AND PARTICIPATION OF OBSERVERS SHALL BE SUBJECT TO THE RULES OF PROCEDURE ADOPTED BY THE PARTIES.

ARTICLE 11
SECRETARIAT

1. IN ACCORDANCE WITH ARTICLE 8.2(G) OF THE CONVENTION, THE SECRETARIAT OF THIS PROTOCOL SHALL BE THE SECRETARIAT OF THE CONVENTION.
2. THE FUNCTIONS OF THE SECRETARIAT SHALL BE:

   (A) ...

ARTICLE 12
SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

1. THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE OF THE CONVENTION SHALL SERVE AS THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE OF THE PROTOCOL.

2. WHEN THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE EXERCISES ITS FUNCTIONS WITH REGARD TO MATTERS CONCERNING THE PROTOCOL, DECISIONS SHALL BE TAKEN ONLY BY THOSE OF ITS MEMBERS THAT ARE, AT THE SAME TIME, PARTIES TO THE PROTOCOL.

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THE PROTOCOL.

3. WHEN THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE EXERCISES ITS FUNCTIONS WITH REGARD TO MATTERS CONCERNING THE PROTOCOL, ANY MEMBER OF THE BUREAU OF THE SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE REPRESENTING A PARTY TO THE CONVENTION, BUT, AT THE SAME TIME, NOT A PARTY TO THE PROTOCOL, SHALL BE SUBSTITUTED BY AN ADDITIONAL MEMBER TO BE ELECTED BY AND FROM THE PARTIES TO THE PROTOCOL.

ARTICLE 13
SUBSIDIARY BODY FOR IMPLEMENTATION

1. THE SUBSIDIARY BODY FOR IMPLEMENTATION OF THE CONVENTION SHALL SERVE AS THE SUBSIDIARY BODY FOR IMPLEMENTATION OF THE PROTOCOL.

2. WHEN THE SUBSIDIARY BODY FOR IMPLEMENTATION EXERCISES ITS FUNCTIONS WITH REGARD TO MATTERS CONCERNING THE PROTOCOL, DECISIONS SHALL BE TAKEN ONLY BY THOSE OF ITS MEMBERS THAT ARE, AT THE SAME TIME, PARTIES TO THE PROTOCOL.

3. WHEN THE SUBSIDIARY BODY FOR IMPLEMENTATION
EXERCISES ITS FUNCTIONS WITH REGARD TO MATTERS
CONCERNING THE PROTOCOL, ANY MEMBER OF THE BUREAU
OF THE SUBSIDIARY BODY FOR IMPLEMENTATION

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REPRESENTING A PARTY TO THE CONVENTION, BUT, AT
THE SAME TIME, NOT A PARTY TO THE PROTOCOL, SHALL
BE SUBSTITUTED BY AN ADDITIONAL MEMBER TO BE
ELECTED BY AND FROM THE PARTIES TO THE PROTOCOL.

ARTICLE 14
MULTILATERAL CONSULTATIVE PROCESS

(THE PARTIES, AT THEIR FIRST MEETING OR AS SOON AS
PRACTICABLE THEREAFTER, SHALL CONSIDER THE
ESTABLISHMENT OF A MULTILATERAL CONSULTATIVE PROCESS
TO PROMOTE EFFECTIVE IMPLEMENTATION OF THE
CONVENTION.)

ARTICLE 15
DISPUTE SETTLEMENT

(SILENCE, WITH THE RESULT THAT ARTICLE 14 OF THE
CONVENTION WOULD APPLY TO THIS PROTOCOL.)

(IN ADDITION, MANDATORY, BINDING DISPUTE SETTLEMENT
(WITH SPECIFIC CONSEQUENCES FLOWING FROM A VIOLATION)

AMONG ANNEX A AND ANNEX B PARTIES, AS WELL AS AGAINST
OTHER PARTIES AS APPROPRIATE (E.G., HOST COUNTRIES
UNDER ARTICLE 7))

NOTE: THIS PROCESS WOULD BE WITHOUT PREJUDICE TO THE
REVIEW AND COMPLIANCE PROCESS UNDER ARTICLE 4

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ARTICLE 16
EVOLUTION

THE PARTIES SHALL ADOPT, BY (2005), BINDING PROVISIONS SO THAT ALL PARTIES HAVE QUANTITATIVE GREENHOUSE GAS EMISSIONS OBLIGATIONS AND SO THAT THERE IS A MECHANISM FOR AUTOMATIC APPLICATION OF PROGRESSIVE GREENHOUSE GAS EMISSIONS OBLIGATIONS TO PARTIES, BASED UPON AGREED CRITERIA.

VIEWS ON CERTAIN FINAL CLAUSES

ADOPTION AND AMENDMENTS OF ANNEXES

DEPENDING UPON WHAT TYPE OF MATERIAL IS EVENTUALLY INCLUDED IN ANNEXES, IT MAY NOT BE APPROPRIATE TO RESTRICT THE CONTENT OF ALL ANNEXES TO LISTS, FORMS AND ANY OTHER MATERIAL OF A DESCRIPTIVE NATURE THAT IS OF A SCIENTIFIC, TECHNICAL, PROCEDURAL OR ADMINISTRATIVE CHARACTER. FOR ANY SUBSTANTIVE ANNEX, IT MAY NOT BE APPROPRIATE TO PROVIDE FOR TACIT ADOPTION/AMENDMENT.

SIGNATURE

THIS PROVISION SHOULD STATE THAT ONLY PARTIES TO THE CONVENTION MAY BE PARTIES TO THE PROTOCOL.

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ENTRY INTO FORCE

TO ENSURE EFFECTIVE IMPLEMENTATION, AS WELL AS TO MINIMIZE THE POTENTIAL "FREE RIDER" PROBLEM, THIS PROVISION MAY NEED TO STIPULATE AN ENTRY INTO FORCE TRIGGER THAT REQUIRES RATIFICATION BY STATES THAT ACCOUNT FOR A PARTICULAR PERCENTAGE OF GLOBAL EMISSIONS OF GREENHOUSE GASES.

ANNEX A

THIS ANNEX WOULD INCLUDE THE SAME STATES AS THOSE LISTED IN ANNEX I OF THE CONVENTION, PLUS THOSE THAT JOIN SUBSEQUENTLY PURSUANT TO ARTICLE 2.
ANNEX B

THIS ANNEX WOULD INCLUDE THOSE STATES NOT LISTED IN ANNEX A THAT INDICATE BEFORE ADOPTION OF THE PROTOCOL THAT THEY WANT TO BE INCLUDED IN THIS ANNEX, PLUS THOSE THAT JOIN SUBSEQUENTLY PURSUANT TO ARTICLE 2.

ANNEX C

THIS ANNEX WOULD LIST GREENHOUSE GASES NOT COVERED BY THE MONTREAL PROTOCOL, WITH THE EXCEPTION OF GASES, OR PARTICULAR SOURCES AND SINKS, FOR WHICH THERE IS INSUFFICIENT KNOWLEDGE OF THE GWP OR INABILITY TO UNCLASSIFIED

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ACcurately MEASURE EMISSIONS OR REMOVALS. GWPs WOULD BE THOSE DEVELOPED BY THE IPCC.

END TEXT OF U.S. PROTOCOL PROPOSAL.

7. BEGIN TALKING POINTS.

I AM PLEASED TO PROVIDE YOU WITH THE TEXT OF A PROPOSED PROTOCOL TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE, WHICH THE UNITED STATES SUBMITTED TO THE CONVENTION SECRETARIAT ON JANUARY 17.

THIS TEXT, ALONG WITH SUBMISSIONS FROM OTHER PARTIES, WILL BE USED BY THE SECRETARIAT TO PREPARE A FRAMEWORK COMPILATION* FOR THE NEXT SESSION OF THE AD HOC GROUP ON THE BERLIN MANDATE, TO BE HELD MARCH 3-7 IN BONN, GERMANY.

THE PROPOSAL CALLS FOR A GREENHOUSE GAS EMISSIONS BUDGET IN THE MEDIUM TERM FOR DEVELOPED COUNTRIES. IT DOES NOT SPECIFY THE LEVEL OF THE BUDGET OR THE BUDGET PERIOD.

RECOGNIZING THAT ALL COUNTRIES MUST PARTICIPATE IN EFFORTS TO ADDRESS GLOBAL CLIMATE CHANGE, THE PROPOSAL ALSO INCLUDES SPECIFIC MEASURES BY WHICH DEVELOPING COUNTRIES WILL ADVANCE THE IMPLEMENTATION OF THEIR COMMITMENTS.

THE ATTACHED FACT SHEET OUTLINES THE KEY POINTS OF THE U.S. PROPOSAL.

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ASSISTANT SECRETARY EILEEN CLAUSSEN WILL HOST A MINISTERIAL LEVEL DINNER TO DISCUSS CLIMATE ISSUES ON WEDNESDAY, FEBRUARY 5 IN NAIROBI ON THE MARGINS OF THE U.N. ENVIRONMENT PROGRAM GOVERNING COUNCIL MEETING. THE HEAD OF YOUR COUNTRY'S DELEGATION TO THAT MEETING HAS BEEN INVITED. WE PARTICULARLY WANT YOUR GOVERNMENT TO BE AWARE OF THE U.S. PROPOSAL PRIOR TO THAT DINNER, AND, IF POSSIBLE, OBTAIN ANY PRELIMINARY REACTION.

END TALKING POINTS.

ALBRIGHT