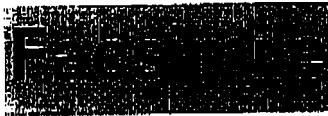


Office of Global Change
Bureau of Oceans and International Environmental and Scientific Affairs
U.S. Department of State



To: David Sandalow, NSC/CEQ
Fax #: 456-2710
Phone #:
From: Duncan Marsh
Subject: clearance request on draft response letters to NGO
Date: 07/29/99
Pages: 17, including cover sheet

Urgent

For Review

Please Comment

Please Reply

David,

Attached are the draft responses to ENGOs letters of May 25 (on sinks) and July 13 (on national communications, sinks and bunkers). The immediate use of these drafts are for Frank's briefing packet for the Loy/Ballentine briefing with NGOs on Monday, Aug. 2, 2:30-4:00pm which will focus on sinks but also discuss the other two issues. Following the briefing, we will consider whether we need to redraft these pieces, taking either the current detailed, substantive approach or a short, political assurances approach.

The response to the three-issue letter is a little empty on sinks now, after I deleted one of the two paras. I will ask Margot to provide a little more.

We would appreciate your comments on these by 3:00 Friday, if possible. Sorry for the rushed deadline.

Cc: Nigel, Dan R.,

Jeff, Mark

<p style="text-align: center;">Office of Global Change 2201 C Street, Room 4330 Washington, DC 20520</p> <p style="text-align: center;">tel.: (202) 647-4688 fax: (202) 647-0191</p> <p style="text-align: center;">MarshDR@state.gov</p>
--

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Printed 07/29/99 9:17 PM

Dear Colleagues:

Thank you for your letter of July 13 regarding the June subsidiary body meetings of the UN Framework Convention on Climate Change (UNFCCC). We welcome the opportunity to clarify any misunderstanding of U.S. positions or tactics during those meetings.

Our positions and tactics during the subsidiary body meetings were fully consistent with the US commitment to transparency. The United States remains a strong advocate for transparency in the climate negotiations. As you know, the United States has been a leader in promoting the involvement of nongovernmental organizations in meetings of the Parties to the UNFCCC. Our governmental process and reporting is one of the most open in the world, as evidenced by the wealth of data and other information readily available on US emissions, climate change policy and related issues. We are one of the primary driving forces in the constant effort to improve inventory estimation and reporting, providing substantial scientific, technical and financial support for such efforts in the Intergovernmental Panel on Climate Change (IPCC) as well as the UNFCCC Subsidiary Body on Scientific and Technical Advice (SBSTA). Our reporting is thorough, straightforward and second to none, as evidenced by the UNFCCC in-depth reviews of our national communications. Our dedication to transparency is across the board, including the issues mentioned in your letter: reporting; land use, land use change and forestry; and bunker fuels.

National Communications and Inventory Guidelines

We welcome your attention to these crucial guidelines. Accurate and timely reporting is at the heart of efforts to understand and mitigate anthropogenic effects on the global climate system. Since it most directly relates to climate change, emissions data is the single most important information that must be reported. Improving the quality and timeliness of this reporting is therefore a key US objective. In fact, the US is one of a few nations pushing for full and timely annual inventory reporting, not just of data or aggregated estimates but of the assumptions and methods used in the inventory estimation process. Our goal is to provide observers with sufficient information to confirm the aggregate emissions data reported by Annex I Parties. In this manner, we are working diligently to build more accuracy and transparency into inventory reporting. Contrary to your perception, the US delegation was perfectly comfortable with using the term "shall" in relation to these requirements. At no time did the US delegation oppose the use of the term "shall" for inventory reporting requirements.

As was widely acknowledged at the SBSTA workshop on national communications in March, transparency can be diminished, not enhanced, by vague, unfocused reporting. Some Parties noted that the sheer bulk of information currently being provided is overwhelming. With potentially more extensive reporting necessary under the Kyoto Protocol, this problem could become severe. The question then becomes: what information is absolutely necessary [and feasible to collect (?)] and what current reporting can be consolidated? In our view, high quality, timely and complete inventory information is the most important. With such information, observers will be able to reproduce a variety of other statistics, including the indicators mentioned in your letter.

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The US was therefore surprised when the Secretariat's draft guidelines expanded the focus on other, non-inventory reporting. The Secretariat's draft used the term "shall" in other reporting requirements more often than the current guidelines and much more often than in the requirements directly related to inventories. The US and other Parties had clearly noted in the March workshop that, for non-inventory reporting, it was important to consolidate the guidelines and distinguish between mandatory and optional requirements. The example regarding indicators mentioned in your letter was part of our effort to enhance the accessibility of reported information by focusing more on the most crucial information, particularly inventories.

Although it has not yet affected our position, we are increasingly concerned with the ability of other Annex I Parties ability to meet these requirements. The United States is providing technical and other assistance to the Parties with economies in transition (EITs) to improve their capacity to meet their reporting commitment. We are also very concerned with the recurring lag – as long as two years – in reporting by some other Annex I Parties. We would appreciate learning what efforts you have been making to assist the EITs and to urge other Parties to meet their commitments in a timely manner. In addition, we would appreciate hearing about your communications with other Parties on the need for the fullest possible annual inventory reporting.

LULUCF

The United States continues to recognize the importance of country-specific data in the debate over land use, land use change and forestry. We are looking forward to discussions on how such data should relate to the criteria and process for deciding how and which new activities should be included under Article 3.4. We also believe, of course, that discussion of country-specific data should not hinder development of the criteria and procedures for adding new activities. US actions during the subsidiary body meetings were fully consistent with this position.

Bunker Fuels

In order to reflect the unique challenges posed by international aviation and maritime transport, the Parties in Kyoto chose to deal with these sectors in a unique way separate from the national reduction commitments in Annex B. This choice is reflected in:

- Article 2.2, by which the Annex I Parties commit to work through the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO) to pursue limitation or reductions in bunker fuel emissions;
- Article 5.2, by which the Parties adopted the IPCC methodologies that provide for reporting of bunker fuel emissions separately from national totals; and
- Decision 2/CP.3, paragraph 4, which recalls that the *Revised 1996 Guidelines for National Greenhouse Gas Inventories* of the IPCC state that bunker fuel emissions should not be included in "national totals," but reported separately.

Decision 2/CP.3, paragraph 4, also urges SBSTA to further elaborate on the inclusion of bunker fuel emissions in the "overall greenhouse gas inventories" of Parties. While we recognize that there are differing interpretations of this part of Decision 2/CP.3, we believe that a clear path

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forward exists to producing our shared goal of meaningful and timely reductions in emissions from the international aviation and marine sectors. There was agreement at SBSTA between the EU and ourselves that international bunker fuel emissions were not to be included in the national totals in the first budget period, but that actions to limit or reduce these emissions during this period were to occur through IMO and ICAO under Article 2.2 of the protocol. The U.S. has been and continues to be strongly supportive in working with these organizations to develop aggressive programs to reduce greenhouse gas emissions. We were also very pleased to note the recent action by ICAO to grant observer status for the first time to environmental NGOs to allow them to meaningfully participate in this process, a position the U.S. had strongly pushed. This action should enhance the transparency and, ultimately, the environmental effectiveness of actions taken by ICAO to address bunker fuel emissions and other environmental issues.

Both IMO and ICAO have taken up this task of developing programs to reduce or limit emissions and appear to be working toward a goal of concrete proposals for action by 2001. We believe that the focus of our energies should be to support these organizations in meeting this challenge. We welcome your efforts and suggestions in making this goal a reality.

Because there is agreement that the issue of allocation would not come into play until after 2012, if at all, we do not see the benefits, and we see some potential for harm, in focusing on this issue in the near-term. It makes sense, at a minimum, to wait and see what actions are proposed by ICAO and IMO. With this information, all countries will be in a better position of evaluating what positions they believe may be appropriate for future negotiations leading to a second budget period.

Finally, we would add that in addition to the work at IMO and ICAO on limiting emissions, we believe that our current priorities should include additional work on improving the reporting of data from these sectors as part of overall greenhouse gas inventories. This issue was highlighted as a shortcoming at SBSTA 10 and needs to be improved in the near-term for transparency and to serve as a basis for determining the effectiveness of future actions by ICAO and IMO. This was an important focus of our efforts in Bonn, and the U.S. will continue to actively participate in the IPCC and SBSTA processes to develop improved reporting guidelines for bunker fuels emissions.

Again, let us thank you for your letter. We look forward to continued dialogue with you on these and other issues related to climate change.

Sincerely,

Sincerely,

Frank Loy

Roger Ballentine

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Printed 07/29/99 9:17 PM

Drafted: OES/EGC - Jeff Miotke / Duncan Marsh 647-4069 or 647-4688 7/28/99

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EB - Mario Merida

G - Nigel Purvis

OES - Melinda Kimble

EPA - Steve Seidel

EPA - Bill Hohenstein

DOD - Dan Benton

USDA - Margot Anderson

WHCCTF - Jeff Seabright

NSC/CEQ - David Sandalow

OES to answer

US CLIMATE ACTION NETWORK

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FAX MEMORANDUM
Please Deliver Immediately

To: Frank Loy, 647-0753
Roger Ballentine, 456-6468

CC: Margo Anderson
Ken Andrasko
Peter Backlund
Rosina Bierbaum
Evan Bloom
Bill Breed
David Doniger
Joe Ferrante
David Gardiner
Mark Hambley
Bill Hohenstein
Heather Huppe
Ann Kinzig
Jeff Miotke
Adele Morris
Tom Peterson
David Sandalow

FROM: Nathalie Eddy, USCAN, International Coordinator

DATE: July 13, 1999

PAGES: 6

RE: US negotiating tactics in Bonn

Dear Messrs. Ballentine and Loy,

Attached please find a letter and memo from several US Climate Action Network members.

Sincerely,

Nathalie Eddy

Nathalie Eddy
International Coordinator, USCAN

July 13, 1999

Mr. Frank Loy
Under Secretary
Global Affairs
Department of State, Room 7250
2201 C Street, NW
Washington, DC 20520

Mr. Roger Ballentine
Deputy Assistant to the President for Environmental Initiatives
The White House, Room 107, East Wing
Washington, DC 20502

Dear Messrs. Loy and Ballentine,

A number of US Climate Action Network (USCAN) members would like to bring to your attention some very disconcerting negotiating tactics and policy positions of the U.S. delegation at the most recent session of the subsidiary bodies to the UNFCCC held in Bonn, May 31-June 11, 1999. We found the U.S. behavior to be surprisingly inconsistent with the U.S.' stated support for transparency and sound science in the climate change negotiations.

While the U.S. played a constructive role in Bonn on certain issues, it was dangerously off track on the items of national communications data, land-use, land-use change and forestry (LULUCFs) and international bunker fuels. The U.S. position on all three of these issues demonstrated an alarming lack of commitments to transparency, core principles of information sharing, and consideration of relevant data. This data forms the foundation of the Convention, and ensures the credibility of Parties' inventories and targets. By seemingly discrediting these issues in pursuit of negotiating tactics, the U.S. is contributing to the destabilization of the climate change agenda.

Attached please find a brief report on U.S. behavior in each of these above-mentioned arenas at the Bonn sessions. Please feel free to contact us if you would like more details on any of the issues raised. We look forward to working with you to strengthen the U.S. position. As you prepare for the next round of negotiations in Bonn, October 25-November 5 we would welcome the opportunity to meet with you to discuss these or other issues at greater length.

Sincerely,

Donald Goldberg
Center for International Environmental Law (CIEL)

Jon Sohn
Friends of the Earth (FoE)

Gary Cook

Greenpeace

Michael Noble
Minnesotans for an Energy-Efficient Economy

Boni Biagini
National Environmental Trust (NET)

Dan Lashof
Natural Resources Defense Council (NRDC)

John Passacantando
Ozone Action

Karen Hopfl-Harris
Physicians for Social Responsibility (PSR)

Dan Becker
Sierra Club

Alden Meyer
Union of Concerned Scientists (UCS)

Jennifer Morgan
World Wildlife Fund (WWF)

James K. Wyerman
20/20 Vision

**UNFCCC Negotiating Sessions, SB10
Bonn, May 31-June 11, 1999**

Report on U.S. negotiating tactics

National Communications and Inventory Guidelines

The unfortunate perception created in this contact group is that the U.S. does not support the transparent and full reporting of emissions data. The U.S. seems especially opposed to reporting on the progress it has made in reducing emissions through its policies. This contradicts the U.S.' commitment to provide such a progress report under the UNFCCC (ratified by the U.S. Senate). Such a non-transparent approach opposes the highly prized "freedom of information" that is supposed to be paramount in American society. It is also inconsistent with standards in U.S. environmental policy as evidenced in the U.S. Toxic Release Inventory.

Together, national communications and inventory guidelines provide the basis for evaluating compliance with the Framework Convention on Climate Change and the Kyoto Protocol. These reports also allow one to evaluate the overall effectiveness of the treaties. For example, if Japan did not seem to be on a trajectory that would level off their emissions by 2006, one could question their ability to comply with the Kyoto Protocol.

The previous guidelines were approved in 1996 at COP2, but the IPCC has since provided improved recommendations.

The U.S. took on a fairly puzzling stance in the contact group discussions on inventory guidelines and national communications. Although the U.S. has been making a commendable investment in improving national inventory accuracy and transparency through the IPCC process, the general tenor of U.S. interventions in Bonn was to obfuscate the reported data and make it more difficult to consume. Here are just two examples that cause concern:

- **SHALL vs. SHOULD:** Almost all of these guidelines are couched using the terms "shall" or "should" such as, "Parties shall report the following information." The EU was the only group of countries arguing in favor of using the word "shall." This is a stronger, more binding, word. It is confusing why the U.S. did not support the EU on this issue. One would think that the U.S. would want it to be a requirement for all data that is to be reported to be required. This would allow the U.S. to evaluate the progress of others, and to determine whether another country has sufficient emissions credits to sell under an international emissions trading regime. Without solid data, it would be virtually impossible to engage in trading without substantial risk, and therefore, more costly. Reporting should not be optional. Does this mean the U.S. does not intend to be fully transparent and report all the data that it should to the world community and its own citizens?

By failing to support the use of the word "shall" the U.S. is weakening the existing mandatory guidelines. In addition, the Kyoto Protocol *mandates* such reporting when it states under Article 7, that "Each Party shall incorporate in its national communication the supplementary information necessary to demonstrate compliance with its commitments." The Framework Convention (Art. 12.2) is equally clear: "Each developed country Party and each other Party included in Annex I shall incorporate in its communication the following elements of information (emphasis added)."

- **INDICATORS:** The U.S. generally argued for eliminating the use of indicators, a standard practice in data presentation. For example, in a paragraph about measuring the results of

greenhouse gas mitigation, the U.S. made the following proposal (deletions stricken out, additions in bold):

Greenhouse gas mitigation monitoring and results. This should cover a description of the way in which progress with policies and measures to mitigate greenhouse gas emissions is monitored and evaluated over time. Institutional arrangements for monitoring of greenhouse gas mitigation policy may also be reported in this context. ~~Parties may also provide information about indicators which assist in the process of monitoring and evaluation. Such indicators may relate to aggregate statistics or detailed sectoral analysis.~~ (U.S.A) Parties may provide the results of monitoring activities, including values of indicators, if used, over time. (U.S.A)

A later draft of the negotiating text completely removed ANY reference to the use of indicators.

The use of indicators is a standard practice. An indicator is simply a combination of raw data, such as per capita emissions (emissions/population). It makes the data more useful and it also allows for easier comparison. Therefore, removing the use of indicators (or not requiring it) will make the reported data more difficult to understand. The U.S. delegate argued that indicators make the data more uncertain, but this is not a compelling argument. A great body of literature has been developed around the use of indicators. They are used all the time, as seen in the UNDP Human Development Index, the WRI Environmental Quality Index, or the World Bank Wealth of Nations Index.

These are but two examples that illustrate our concerns with the U.S. position at the recent Bonn session on national communications data and the review of inventory guidelines. The U.S. performance raised several concerns: Is the U.S. trying to hide the effects of policies on their emissions? Why is the U.S. trying to reduce the usefulness of the data and make it more difficult for average citizens to understand? Why would the U.S. be interested in making reporting requirements optional?

LAND-USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

SBSTA10 was tasked with addressing the policy and procedural elements of taking a decision on the land-use change and forestry articles of the Kyoto Protocol. During the two weeks of SBSTA10, the "sinks contact group" met daily, working through the various elements of the draft conclusions for the session. The most contentious issue discussed was the role of country-specific data and information in the decision-making framework for Articles 3.3 and 3.4 of the Kyoto Protocol. In other words, should countries be requested to provide estimates of the carbon sequestration potential in their countries from various activities e.g. cropland, rangeland and forestry management? The role of data in this context is multi-fold.

Most countries now recognize that the land-use change and forestry decisions that were made in Kyoto were not well-informed due to a lack of data. Even if data had been provided, discussions on these items came much too late in the process to weigh the various factors adequately. For that reason, the Protocol now includes rather incomplete and problematic articles regarding LUCF. Countries attempted in their own calculations to figure the impact of the inclusion of afforestation, reforestation and deforestation on their Kyoto targets. This led to statements by the U.S. that the sinks language in the Protocol would account for 3% of the U.S. target.

It would be more effective to have these types of calculations occur in a more transparent and timely fashion. It is for this reason that the European Union and others at SBSTA10 requested

that country-specific data be part of the decision-making framework, i.e. one of the criteria that is taken into account when deciding which new and additional activities to add to Article 3.4 of the Protocol. The U.S. rejected this call for data throughout most of the SBSTA10 sessions. The U.S. did, however, in the sinks contact group, support language in the draft conclusions on the importance of such data. Those conclusions stated that "Given the importance of country-specific data and information, and of a decision-making framework, the SBSTA decided to begin the consideration, at its eleventh session, of the need for country-specific data and information and its relationship to a decision-making framework in the context of the requirements of the Kyoto Protocol." (FCCC/SBSTA/1999/L.9/(f)) Upon this understanding, members of the Climate Action Network noted that the U.S. had recognized the need for transparency and full provision of information, and we therefore applauded the U.S. for doing so.

This, however, was not the case. During the last session of the SBSTA, the U.S., along with others, moved to delete the first crucial clause of the sentence noting the importance of country-specific data. Such a position opposes to the principles of transparency that the U.S. has supported throughout these negotiations. It appears that the U.S. does not wish to provide data at this time on this highly complex and controversial article of the Protocol. This information is readily available, and one estimate was actually presented in Bonn by an independent scientist from Colorado State University. Preventing the inclusion of this information in the decision-making process is harmful to the international process in general and undermines the foundation of the Convention process. Full data disclosure should be a principle of operation of the United States in these negotiations, thus setting an example for others across the globe.

Bunker Fuels

Throughout the SBSTA10 meeting, the U.S. delegation tried to undermine the text proposed by the SBSTA Chairman on the issue of international bunker fuels. In particular, the U.S. called into question the implications of Decision 2/CP.3, and singled itself out as the only Party to deny that this decision calls for a discussion of the allocation of emissions of international bunker fuels.

Decision 2/CP.3 on Methodological Issues states in para 4 that "emissions based upon fuel sold to ships or aircraft engaged in international transport should not be included in national totals, but reported separately; and urges the SBSTA to further elaborate on the inclusion of these emissions in the overall greenhouse gas inventories of Parties."

Furthermore, although the Kyoto Protocol requires ICAO (and IMO) to "pursue limitation or reduction of emissions from bunker fuels," a concrete proposal has yet to be placed on the table from these organizations. The U.S. suggestion of leaving the entire responsibility to ICAO and IMO would render a medium term decision highly unlikely. Such a delay in the further negotiation of a proposal is unacceptable.

Prior to SBSTA10, it seemed that the U.S. agreed on the importance of closing the international bunker fuel loophole in time for the negotiation of the second commitment period targets. This, however, is clearly not the case as the U.S. delegation did not see the need for Parties to submit their views on the IPCC Special Report on Aviation, nor the necessity for a formal review of the IPCC Special Report and its implications by the SBSTA or a future COP. Fortunately, the U.S. proposal to generally disregard the IPCC Special Report on Aviation was viewed unfavorably by the majority of Parties, and the final SBSTA10 decision calls for submissions to the secretariat by August 16. SBSTA11 and COP5 offer an opportunity for the U.S. to join other Parties in working toward closing the international bunker fuel loophole and to elaborate an approach to bunker fuel allocation into Parties' targets for the second commitment period.

not in ICAO

– DRAFT –

, 1999

1
2
3
4 Howard Geller, American Council for an Energy-Efficient Economy
5 Donald Goldberg, Center for International Environmental Law
6 Annie Petsonk, Environmental Defense Fund
7 Gary Cook, Greenpeace
8 James Lyon, National Wildlife Federation
9 Daniel Lashof, Natural Resources Defense Council
10 Kert Davies, Ozone Action
11 Stephanie Matheny, Seattle Audubon Society
12 Ann Mesnikoff, Sierra Club
13 Katherine Silverthorne, U.S. PIRG
14 Emily Smith, National Environmental Trust
15 Peter Frumhoff and Darren Goetze, Union for Concerned Scientists
16 Kilaparti Ramakrishna, Woods Hole Research Center
17 Jennifer Morgan, World Wildlife Fund
18 Tia Nelson, The Nature Conservancy
19 Carol Werner, Environmental and Energy Study Institute
20 Jim Jontz, American Lands Alliance
21 Joan Reiss, California Wilderness Coalition
22 Jym St. Pierre, Restore: The North Woods
23 Rene Voss, Earth Island Institute
24 Laurie Wayburn, The Pacific Forest Trust
25 Randall White, Georgia Forest Watch

26
27 Dear Colleague,

28
29 Thank you for your letter of May 25th regarding land use, land use change and forestry
30 (LULUCF). As you know, we are actively supporting the work on the *IPCC Special Report on*
31 *Land Use, Land Use Change and Forestry* to help clarify issues that arose under the Kyoto
32 Protocol. We are encouraging the IPCC to examine the full range of options to Article 3.3 and
33 3.4, and identify those that, over the long run, will provide the greatest incentives for Parties to
34 minimize emissions and enhance sequestration from their forest and agricultural resources --
35 consistent with sound science. Naturally our positions on these issues will take into account the
36 results of the IPCC Special Report.

37
38 You are correct that, at this time, the United States advocates a comprehensive, or full, carbon
39 accounting for sequestration and emissions of greenhouse gases from the land use, land use
40 change and forestry (and all sources). By ensuring that all verifiable emissions and
41 sequestration are counted we will provide the greatest possible incentive for the conservation and
42 enhancement of carbon reservoirs in our agricultural and forestry systems. Promoting
43 sequestration in agriculture and forestry may in turn provide important ancillary benefits while
44 helping to address climate change. Including a broad range of LULUCF activities under the
45 Protocol is therefore crucial over the long term.

46

-- DRAFT --

1 We would also like to respond to your statement that the United States took the position post-
2 Kyoto that sinks would account for only 3% of the U.S. target. In fact, the sinks provision in the
3 Protocol that the United States was referring to was Article 3.7 -- which excludes sinks from the
4 1990 baseline. Our original goal of stabilizing U.S. emissions at 1990 levels assumed that the
5 1990 baseline would be lowered by sink removals; however, at Kyoto, it was agreed in Article
6 3.7 to exclude sinks from baselines. As the State Department Fact Sheet of January 15, 1998,
7 states: "Because the 1990 level baseline is thus higher under the Kyoto agreement, the U.S.
8 target becomes somewhat less stringent. Specifically, had the U.S. maintained the same level of
9 effort assumed by the President in October, and no other factors had changed, the shift in the
10 accounting method for carbon-absorbing activities would, alone have transformed the President's
11 goal of 1990 levels into a goal equivalent to at least 3% below 1990 levels." The Fact Sheet
12 went on to state parenthetically that "...certain carbon-absorbing activities will count against
13 emission reduction commitments in the budget period." However, this reference to Article 3.3
14 and 3.4 did not involve any quantification.

15
16 In Kyoto Parties clearly understood that Article 3.4 could provide additional carbon benefits to
17 countries whose land use activities led to net sequestration, although we did not know the actual
18 quantitative effect of adding 3.4 activities on our own country's targets or that of any other
19 country. We approached the negotiation with the understanding that in order to capture the real
20 effect of LULUCF impacts on the atmosphere it was necessary to go beyond Article 3.3. In
21 addition, Article 3.4 could provide a mechanism to help deter land practices that lead to carbon
22 emissions. We had every expectation that a comprehensive evaluation of the carbon impacts of
23 land use practices in the United States would help us meet our target and, in the process, provide
24 a significant environmental tool to encourage further expansion of the many environmental
25 benefits provided by improved land use practices. Further we maintain that an integrated and
26 comprehensive approach is required as part of our long-term commitment to address this issue.

27
28 Once again allow us to reiterate our invitation to share with us your thoughts on this issue and on
29 other aspects of a possible framework for including new LULUCF activities. How, for instance,
30 might Parties demonstrate that emissions and sequestration from proposed activities are human-
31 induced, measurable, and verifiable? We would also appreciate your suggestions on the
32 appropriate process under the Protocol for deciding whether proposed activities meet these
33 criteria.

34
35 Thank you again for your interest. We look forward to receiving further input from you on this
36 and other climate change issues.

37
38 Sincerely,

Sincerely,

39
40
41
42 Frank Loy
43 Under Secretary
44 Global Affairs

Roger Ballentine
Deputy Assistant to the President
for Environmental Initiatives

- DRAFT -

1 Drafter: JBrennan 647-4689]
2 Document: H:\CCIssues\Sinks\Ltr WH-Loy to EnviroLUCF ver3
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4 Cleared:
5 OES/FO:MKimble
6 G:NPurvis
7 EB:MMarida
8 E:APence
9 USDA:MAAnderson
10 EPA:BHohenstein
11 DOE:BBreed
12 Treasury: AMorris
13 OSTP: AKinzig
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American Council for an Energy-Efficient Economy • Center for
International Environmental Law • Environmental Defense Fund •
Greenpeace • National Environmental Trust • National Wildlife
Federation • Natural Resources Defense Council • Ozone Action
• Seattle Audubon Society • Sierra Club • U.S. PIRG • Union of
Concerned Scientists • Woods Hole Research Center • World
Wildlife Fund

May 25, 1999

Todd D. Stern
Assistant to the President
for Special Projects
Special Projects Office
The White House
Room G/WW
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Frank E. Loy
Under Secretary
Global Affairs
Department of State
Room 7250
2201 C Street, NW
Washington, D.C. 20520

Dear Messrs. Stern and Loy:

Within the past several months the Administration has made known some of its views on land use, land use change, and forestry (LUCF) under the Kyoto Protocol. We are writing, first, to request that the Administration clarify its position with regard to certain critical issues, and second, if our present understanding of the Administration's position is correct, to express our concerns about that position.

It is clear from the U.S. submissions to the climate secretariat, as well as presentations and statements in recent briefings and workshops, that the Administration favors a "comprehensive" approach to LUCF under the Protocol. It appears that the Administration seeks to enable Parties to take credit for much, if not all, of the

sequestration attributable to biotic sinks that can be scientifically verified, regardless of whether this sequestration exceeds levels projected under "business-as-usual."

Presumably, the United States would seek credit for this sequestration during the first commitment period, by considering forest, agriculture and range management to be additional activities under Article 3.4 of the Protocol.

If this correctly characterizes the Administration's views on Article 3.4, we are deeply troubled. According to the most recent available U.S. government study, such an approach could give the United States 192 million tons of carbon equivalent credit each year during the first commitment period for "business-as-usual" activities, not including agricultural soils and rangeland.¹ This is equivalent to a 13% increase in the U.S. assigned amount during the first commitment period, or approximately a 40% reduction of the level of effort relative to reference case projections that would be required for the United States to meet its Kyoto target. Put another way, it is tantamount to converting the U.S. target from a 7% reduction to a 5% *increase* from 1990 levels. Such a result would be a substantially weaker commitment than President Clinton originally proposed prior to the Kyoto Conference.

In Kyoto parlance, the U.S. approach, as we understand it, amounts to a full "gross/net" accounting of sinks. The compromise adopted in Kyoto, however, was a *limited gross/net* approach. As evidence that the Administration understood and accepted the Kyoto bargain, we note that it announced immediately afterward that the sinks language in the Protocol would account for 3% of the U.S. target—not the 13% change that could result from a full gross/net approach.

In deciding which new activities should be adopted under Article 3.4, care must be taken to preserve the level of effort agreed for the first commitment period by each of the Annex I Parties. Allowing Parties to receive substantial additional credit for "business-as-usual" activities would undermine the Protocol and put the climate at greater risk.

If we have misstated the U.S. position on LUCF, or the impact it would have on the level of effort required of the United States during the first commitment period, we request clarification. If, on the other hand, our characterization of the U.S. position and its implications for the first commitment period is correct, we request that the position be revised to take account of our concerns.

Respectfully,

¹ Joyce, L.A. (ed.), *Productivity of America's Forests and Climate Change*, USDA Forest Service, General Technical Report RM-271. September 1995.

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