

FOREIGN AFFAIRS AND TRADE

Canberra ACT 0221

Facsimile Message

To: Dr Don Gunasekera
Productivity Commission

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**SUBJECT: IMPLEMENTATION OF ECOLOGICALLY SUSTAINABLE
DEVELOPMENT BY COMMONWEALTH DEPARTMENTS AND AGENCIES**

Dear Dr Gunasekera

As discussed at a meeting last week, following are our specific comments, relating to the Kyoto Protocol, on the above draft report of the Productivity Commission.

Page 200. second para under 'background' heading. 5th sentence

This sentence is wrong. It should read "The Protocol will enter into force 90 days after at least 55 Parties, including Parties which accounted for at least 55 per cent of the total carbon dioxide emissions for 1990 of the Parties included in Annex I have ratified the Protocol"

Page 210: final paragraph (before dot points)

Insert the word "Kyoto" before "flexibility". Preferably excise the word "flexibility" as it is no longer politically correct in this context.

Page 210: dot points at bottom of page

Of the five dot points listed as examples of "flexibility mechanism" only the last two refer to actual "flexibility mechanisms". The remaining three dot points should be deleted. For example, the first dot point ("differentiated targets") refers to how the targets are set, not to how they are achieved.

Once these changes are made, the final sentence of the last paragraph on page 200 ("Others include:") should be changed to "The others are:"

Box 8.4. page 140

The term "international commitments" is use twice in this box to refer to Australia's commitments under Article 3 of the Kyoto Protocol. It is important to realise that until the Kyoto Protocol is both ratified by Australia and has entered into force, Australia

has no *legally binding* commitment under the Kyoto Protocol. It may be best to reflect this fact in the text of the Box to avoid any confusion about the legal status of our Kyoto 'commitment'.

Page 210: 3rd paragraph

The paper should be more circumspect about the benefits of an early decision on a domestic ETS, given that the international rules have yet to be negotiated. While there may be some benefits in early action, action which gets ahead of international agreement on emissions trading could prove unproductive in the long run.

This section could be redrafted to indicate that there are both positives and negatives in taking an early decision.

If you have any further queries, please do not hesitate to contact me on 6261 2651.

Best regards

(Chulee K Vo-Van)
Executive Officer
Environment Strategies Section
23 March 1999