

Japan's Preliminary Views on Guidelines under Articles 7 and 8

1. Supplementary information to be incorporated in Annex I Parties' annual greenhouse gas inventories under Article 7.1

The following information would be included in the supplementary information under Article 7.1. Unified reporting format should be developed, and Parties should submit their information in hardcopy as well as electronically.

(1) Information to be submitted prior to the start of the commitment period¹

Initial assigned amount calculated in accordance with Articles 3.7, 3.5 and 3.8 (carbon dioxide equivalent).

(2) Information to be incorporated in the annual inventory for the year immediately prior to the first year of the commitment period, and for the last year of the commitment period

- a) Information on carbon stock for the activities under Article 3.3;
- b) Information on carbon stock for the additional human-induced activities in accordance with the decision pursuant to Article 3.4. In the first commitment period, only those Party that have chosen to apply the decision on these additional human-induced activities for its first commitment period submit this information.

A party may elect to incorporate these items of information for each of other years of the commitment period in its annual inventory.

(3) Information for the year previous to the year of submission

The information given below on changes in the assigned amount should be submitted annually and as early as possible after the end of each year of the commitment period, possibly using the system for accounting of assigned amounts under Article 7.4 (national registries), so that the review process could cross-check that any transfer and/or acquisition reported by one Party match those reported by other Parties.

¹ An exact deadline should be determined.

- a) The serial numbers and the total amount of assigned amount units (AAUs), emission reduction units (ERUs), and certified emission reductions (CERs) held in its national registry at the start of the year;
- b) The serial numbers and the total amount of any AAUs issued into its national registry during the year and the reasons for their issuances;
- c) The serial numbers and the total amount of AAUs, ERUs, and CERs transferred to each other Party's national registry and specify which Party(ies);
- d) The serial numbers and the total amount of AAUs, ERUs, and CERs acquired from each other Party's national registry and specify which Party(ies);
- e) The serial numbers and the total amount of CERs acquired pursuant to Article 12;
- f) The serial numbers of AAUs, ERUs, and CERs that have been moved into the Party's retirement account;
- g) The serial numbers and the total amount of AAUs, ERUs, and CERs held in its national registry at the end of the year; and
- h) Information on projects under Article 6 that have resulted in transfers/acquisitions of ERUs during the year², including:
 - The name of the project;
 - The project identifier of the project;
 - The location of the project;
 - The baseline as agreed between the Parties involved;
 - The calculation of the reduction in greenhouse gas emissions by sources or the enhancement of removals by sinks for the year;
 - Transfers and acquisitions of emission reduction units during the year, including for each unit, the serial number and the Party's registry to which it was transferred or from which it was acquired; and
 - Any emission reduction units (identified by serial number) that have been retired that year.

(4) Information to be submitted at the time of submission of the inventory for the last year of the commitment period

- a) The total emission during the commitment period;
- b) The adjustment³ to the assigned amount based on the change in carbon stocks during the commitment period resulting from direct human-induced activities

² This information might be submitted in accordance with guidelines under Article 6.

³ The "adjustment" here does not mean the one under Article 5.2.

- under Article 3.3;
- c) The adjustment⁴ to the assigned amount based on the change in carbon stocks during the commitment period resulting from human-induced activities under Article 3.4. In the first commitment period, only those Party that have chosen to apply the decision on the additional human-induced activities under this Article for its first commitment period must submit this information;
 - d) The total amount and serial numbers of units of assigned amount that are in the Party's retirement account at the end of the commitment period; and
 - e) The total amount and serial numbers of any units of assigned amount that the Party are banking forward to the subsequent commitment period pursuant to Article 3.13.

2. Supplementary information to be incorporated in Annex I Parties' national communications under Article 7.2

Such information should include the following:

- a) Information on the Party's national system for the estimation of emissions by sources and removals by sinks under Article 5.1;
- b) Information on the Party's system for the accounting of assigned amounts established in accordance with the modalities decided by COP/moP under Article 7.4;
- c) Information on the Party's national registries established in accordance with the principles, modalities, rules and guidelines on the mechanisms pursuant to Articles 6, 12 and 17, if the Party elects to use these mechanisms (These registries could be integrated with the system for the accounting of assigned amounts established in accordance with the modalities decided by COP/moP under Article 7.4).

As for the implementation of other commitments such as that under Article 2.1, it should be considered what information is not to be reported through national communications under the Convention and to be reported supplementarily under the Protocol.

For the review of "demonstrable progress" under Article 3.2, annual inventories, national communications, supplementary information under Article 7.1, and that on

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Article 2.1 could be useful.

Timing and frequency of submissions of national communications in which the above items of information are to be incorporated should be decided taking into account that some obligations have specific 'due dates' (e.g. 'demonstrable progress by 2005', and as for a national system under Article 5.1 no later than one year prior to the start of the first commitment period), and that these items of information would be useful for consideration of commitments for subsequent periods for Annex I Parties to be initiated at least seven years before the end of the first commitment period pursuant to Article 3.9.

3. Guidelines for the review of implementation of the Protocol by expert review teams under Article 8

(1) The review of information submitted under Article 7.1

a) Modalities of the review process

The review process of supplementary information under Article 7.1 would be incorporated in the technical review process of inventories under the Convention. According to the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention adopted for a trial period by COP5 (FCCC/CP/1999/7), the technical review process under the Convention comprises three stages, namely:

- i) Initial check of annual inventories by the secretariat;
- ii) Synthesis and assessment of annual inventories by the secretariat with the assistance of selected experts; and
- iii) Review of individual inventories by an expert review team (individual review).

The first stage of the review would determine whether the submission is complete and cross-check the changes in assigned amounts among Parties.

According to the guidelines under the Convention, the second stage will be conducted by the secretariat with the assistance of selected experts. We observe, however, that comprehensive technical expertise would be required at this stage, and consider that expert review teams could be responsible for this stage as well as the third stage.

As for the third stage (individual review), three operational approaches (sending inventory information to experts, experts meetings in a single location, and in-country visits of experts) and their possible combination will be tested during the trial period of the technical review of inventories under the Convention.

For the review under the Protocol, it is important to ensure that the review be conducted not only thoroughly and comprehensively but also expeditiously for the purposes of facilitating the procedures of compliance under Article 18. From this point of view, in-country visit approach would be desirable when assessing the annual inventory for one year prior to the first year of the commitment period (2007), and for the last year of the commitment period (2012)⁵. Such review of inventory for 2007 could be effective to promote improvement of a Party's national system for the estimation of emissions/removals. However, it should also be assessed whether in-country visit might be needed annually for review of inventory- and assigned amount-related information for other years of the commitment period under the Protocol.

The guidelines for the review process should ensure that each stage of the review process be completed within limited timeframes.

b) Party's response in the review process and adjustments of estimation of emissions

During all the stages of the review process, drafts of the review report should be sent to individual Parties, and the secretariat will provide the Parties with the opportunity to clarify issues or provide additional information. If the following situations are indicated in the draft report, the Party may revise the estimate of emission/removal in question according to the methodologies to be agreed upon by COP/moP:

- i) the Party's inventory is incomplete (e.g. emission by a source is not estimated due to the lack of activity data); and/or
- ii) country-specific methodologies and/or emission factors are used but supporting documents are considered insufficient.

Such revision by the Party should be regarded as 'adjustments' under Article 5.2.

In the case that a Party did not make any adjustments to address the indicated situations at the first and second stages, the Party may provide explanatory text to be included in the report.

⁵ Such in-country review might be conducted in conjunction with the review of national communications and supplementary information under Article 7.2.

In the case that the expert review team considers the Party's 'adjustment' or the Party's explanation for not having 'adjustments' to be technically inappropriate, the expert review team would develop an estimate of emission and/or removal according to the methodologies to be agreed upon by COP/moP. The Party may accept such estimate and revise its inventory accordingly. Such a revision should be regarded as 'adjustments' under Article 5.2.

If the Party does not accept the estimate, the expert review team would include its estimate in its report. At the same time the Party may provide explanatory text to be included in the report.

The report of each stage of the review process will be published, and should be forwarded through the secretariat to COP/moP and the compliance body⁶.

c) Indication of "questions of implementation" under Article 8.3

When any questions are found in the review in accordance with Article 8, the Party should be provided with the opportunity to answer such questions, clarify issues or provide additional information. Such questions should not be interpreted as "questions of implementation" under Article 8.3 at this point.

If the expert review team finds the answer and any additional information unsatisfactory, and also finds that there is sufficient evidence to raise the questions officially, it should mention it in its draft report with the evidence, and send the draft to the Party. Then, the Party should have an opportunity to express its views and to provide explanatory text to be included in the report. If the team still finds that there is sufficient evidence to pursue the questions, the team should forward its report with the explanatory text provided by the Party, through the secretariat to COP/moP and the compliance body, indicating that the team still finds the questions to be pursued. Then, the questions should be considered as "questions of implementation" under Article 8.3.

"A question of implementation by a Party included in Annex I" stated in Article 6.4 should also be identified in accordance with this procedure.

(2) The review of information submitted under Article 7.2

a) General comments

⁶ Japan proposes the establishment of a compliance body in its submission on procedures and mechanisms relating to a compliance system under the Kyoto Protocol in response to the conclusions of the Joint Working Group on Compliance adopted during the eleventh sessions of the Subsidiary Bodies..

The supplementary information under Article 7.2 would be reviewed as part of the review of national communications, which should be conducted by in-country visits of expert review teams.

This review of supplementary information under Article 7.2 in conjunction with that of national communications could contribute to further actions by a Party to improve its national system for estimation of emissions/removals under Article 5.1 and to enhance measures for limiting or reducing the Party's emissions, and thereby to prevent non-compliance with the Article 3.1 commitment. It is important, therefore, to ensure that this review be expeditiously completed within a limited timeframe, which is to be set out in the guidelines.

It is also important for experts of the teams to be well prepared before the visit so that they can preliminarily identify potential issues in a Party's communications in advance and can focus on these issues in their visit. The secretariat should provide assistance, e.g. by ensuring interaction between the Party and experts before the visit.

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"A question of implementation by a Party included in Annex I" stated in Article 6.4 should also be identified in accordance with this procedure.