

## Parties unable to agree on response measures

Bonn, 8 June (Hilary Chiew) – Parties continue to be unable to reach consensus on work on impact of implementation of response measures, a joint agenda item of the Subsidiary Body on Implementation (SBI) and Subsidiary Body on Scientific and Technological Advice (SBSTA).

This has been the situation since COP 19 in Warsaw (2013) on the future of the work programme and forum launched by COP 17, following the conclusion of the review of these two processes at the 39<sup>th</sup> meeting of the subsidiary bodies in November 2013. The forum was established to implement the work programme by providing a platform that allows Parties to share information, experiences, case studies, best practices and views.

The other joint agenda item of the SBI and SBSTA that also drew much attention at the beginning of the 42<sup>nd</sup> session is the 2013-2015 review (see TWNN Bonn Update #11). The first contact group meeting for both items was held on 2 June, followed by an informal consultation on 3 June.

The draft decision text contained in the annex to decision 20/CP.20 (adopted at COP 20 in Lima) was forwarded for consideration at the ongoing SBSTA 42 and SBI 42 with a view to the subsidiary bodies recommending a draft decision for adoption at COP 21 in Paris at year end.

SBI chair Amana Yauvoli (Fiji) opened the contact group meeting on 2 June and reminded Parties that in order to make progress, discussions will be convened to have a draft conclusion ready for the Paris COP.

He also proposed to Parties that their discussion will be facilitated by three persons. Eduardo Calvo (Peru) and Delano Ruben Verwey (the Netherlands) will preside over the meetings in the first week while Verwey will co-facilitate with Crispin D'Auvergne (Saint Lucia) in the second week.

Kick-starting the meeting, Calvo said many issues in this agenda item that were discussed at the old venue at the Maritim Hotel remains although the subsidiary

bodies' sessions are now held in the new facilities of the World Conference Centre.

Verwey said despite the cooperative spirit, Parties have diverging views but it seems there is willingness to cooperate and engage and that is how we will continue the discussion. He asked Parties to express their views on how to proceed here in Bonn with a view to agree to a draft decision and a draft conclusion to be forwarded to the Paris COP.

**Argentina speaking for the G77 and China** said the Group would like to reaffirm that all developing country Parties face economic and social consequences of response measures. The issue of response measures is recognized in the Convention and in this sense, the Group reiterates the importance to give full consideration to what actions are necessary, including actions related to funding, insurance and the transfer to technology, to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures, in accordance with the principles and provisions of the Convention, as well as relevant COP decisions.

The issue of the impact of the implementation of response measures has to be seen in the broader objective of the achievement of sustainable development in its economic, social and environmental dimensions and the first and overriding priorities of developing countries which are poverty eradication and economic and social development.

In this regard, we regret that no decision could be taken in Lima on the matter, even if we were very near from an agreement at that time, showing the G77-China its outmost flexibility towards a progress on the issue. Nevertheless, we believe this session give us another opportunity and welcome the consideration during the 42<sup>nd</sup> sessions of the draft decision brought forward from Lima to these SBS, with a view to adopt a decision in Paris on the matter.

In this sense, the Group reaffirms the contents of the G77 and China submissions, in particular the June and October 2014 submissions, for the continuation of the forum and the establishment of a mechanism to avoid and minimize the negative economic and social consequences of response measures taken by developed country Parties on developing country Parties, and in particular to address policy issues of concern, such as unilateral measures. We believe the Group has put forward key substantive elements towards the achievement of progress in this session, elements that do not seek to reinvent the wheel, but to work to enhance the implementation of the principles and provisions of the Convention, building on the work already done by the forum. Thus, we trust Parties will engage constructively in these discussions towards the adoption of a decision on the issue in Paris.

Towards this end, a decision on the matter at COP 21, we believe Parties must make the best use of the available time and enter into drafting mode as soon as possible. While we enter in drafting mode, we would be encouraged to advance at the same time further technical substantive work that would help us to feed our discussions and enhance the understanding of the issue towards a decision in Paris.

In this respect, in advancing our discussions on the draft decision and the substantive technical work, the G77 and China wants to reiterate some of the key elements of the issue:

- from the results of the review of the work of the forum on the impact of the implementation of response measures finalised in COP19 in Warsaw, there are still gaps of implementation of the relevant principles and provisions of the Convention and its Kyoto Protocol to address the specific needs and concerns of developing countries arising from the impact of the implementation of response measures. This signifies that there is a need for further detailed substantive work and specific action on the matter.
- even if the forum on the impact of the implementation of response measures has proved useful for exchange of experiences and information, it has been incapable of taking specific actions to address implementation gaps to avoid and minimize negative economic and social consequences of response measures. Thus, any work on the matter must be focused on the specific needs and concerns of developing countries arising from the impact of the implementation of response measures.

Some of the areas where collaboration and cooperation could be enhanced and where there are still gaps of implementation are:

- Exchange of views, sharing information and expertise to inform policy choices of response measures taken by developed country Parties
- Facilitation of technical collaboration among Parties and experts on tools, including studies, modeling and methodologies, to assist developing country Parties in addressing negative economic and social consequences of response measures, in particular in relation to specific action for economic transformation and diversification
- Cooperation of modeling teams among Parties, to seek consensus on methodology development and scenarios setting and for models to take into account the specific national economic and social conditions and needs of developing countries
- Partnership with organizations in the research and assessment of developing countries' concerns and needs rising from the impacts of the implementation of response measures
- Cooperation under the Convention to enhance the reporting of Annex I Parties of the impacts of their response measures on developing countries, and how they are minimizing the adverse effects on developing countries
- Promotion of cooperation for the fulfillment of developed countries obligations' in terms of support of financial resources, transfer of technology and capacity building to developing countries, in order for the latter to be able to deal with the negative impacts of the implementation of response measures.
- Support of multilateral solutions, in opposition to unilateral measures and that, as agreed in decision 1.CP.18, are policy issues of concern, such as for example, the recent approval by the EU of a measurement, reporting and verification (MRV) of shipping emissions
- Cooperation to ensure that "measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade" (Article 3.5 of the UNFCCC)
- Cooperation for response measures taken by developed countries not to undermine the development nor constitute a means of transferring the burden of climate change mitigation obligations

of developed countries to developing country Parties

- Collaboration for the development of mechanisms for a just transition of the workforce and the creation of decent work, in accordance with nationally defined priorities
- Cooperation on the assessment of response measures taken by developed country Parties.

Therefore, the Group is prepared to continue engaging in a transparent and open manner, between Parties, and with a broad participation of civil society, organizations and experts, for the discussion of the draft decision for the establishment of a Mechanism for Enhanced Action on the impact of the implementation of Response Measures under the COP, and to take forward our technical work towards the 43<sup>rd</sup> session of the Subsidiary Bodies.

The Group also asked for clarification of slots availability in order to allocate sufficient time to make progress at the ongoing Bonn session.

To this, the Secretariat informed that four informal consultations are scheduled for this session on 3, 6, 9 and 10 June.

**The European Union (EU)** noted that Parties were close to a deal in Lima but unfortunately it did not happen. It outlined four points to reach agreement – process must add value to the overall UNFCCC process; it must be inclusive by adding interests and concerns of everyone; discussions have to be comprehensive and balanced, stressing that they must include both positive and negative impacts so as to have a complete picture; and that the forum can be a successful basis for moving forward.

To take the work forward, the EU said the text (annex to decision 20/CP.20) would need substantial revision and a fresh look as the text before us does not help us to explore the way forward.

**The United States** said it looked forward to a productive and constructive session with an improvement of understanding of positive and negative impacts. It is fine with having the text as a basis to reflect progress made but do not want to restrict ourselves to achieve progress. It would like to have the opportunity to express areas that Parties can come to an agreement and to make progress.

**Saudi Arabia representing the Like Minded Developing Countries (LMDC) and the Arab Group** endorsed the G77 and China statement. It lamented that the work is way overdue and reminded Parties that this work should have concluded at COP 19 in Warsaw. It supported using the draft text before

us and get into drafting mode in a manner that will help us reach agreement in Paris.

It said clarify and timeframe are missing from the method of work on this agenda item. We need clarity on how to proceed with the options and we need a timeframe on delivering results that will provide comfort to Parties and build confidence.

(There are two options related to the future of the forum and two options on the establishment of a mechanism in the heavily bracketed draft decision text.)

**Ghana speaking for the African Group** said the Group has repeatedly discussed the experiences of impacts faced and has showed its willingness to engage. It urged Parties to put a human face to the issue and to ensure the people who brought us here that progress is being made and it would be a shame to spend another six months doing nothing.

**Singapore** said it is incumbent on Parties to make progress and we need a decision by, of and for the Parties.

It said fundamentally if we clear the weeds and under bushes, the aim is to attain sustainable development and therefore we should frame the issue in sustainable development. It took the point of some Parties about including positive impacts but argued that Parties are here to address adverse impacts. It also noted that the question is not about having a process but is about the structure and modalities that govern the process whereby we should not be reinventing the wheel and that includes the work of the forum. Therefore, the logical reboot is to address the gaps, adding that the process must be founded on the UNFCCC's multilateral rules-based system.

It further said Singapore tried to conceptualise the views in a diagram and would be happy to share the diagram with Parties as a point of reference to focus discussion in June. It also clarified that the proposed diagram is a G77 and China proposal which was conceptualised by Singapore.

**China** said some countries like island states face aviation taxes that would have negative impacts on their tourism development and Middle Eastern countries face the issue of economic diversification while manufacturing countries like China and other emerging economies face unilateral measures related to climate change which could have been better dealt with through international cooperation. We need to find solutions to those negative impacts and the text from Lima is a very good basis for negotiation and there is no need for duplication of work.

**Maldives speaking for the Alliance of Small Island States (AOSIS)** said the impact of the implementation of response measures is not just an issue for oil producing countries and it sees implications for small island states. We need this process in place and to reach a decision in Bonn.

**Australia** said we should not focus too heavily on a decision and should take time to consider the technical and not just the political issues.

Verwey concluded that there is common agreement that we use the text transmitted from Lima as the starting point for further discussion as the text had captured a lot of the elements although there are still some gaps to be addressed to make it more robust and meaningful. He said that as discussion on the elements matured then they can be inserted into the text.

He said Parties have taken the time to outline their reflections. He urged them to look at the underlying elements and encouraged Parties to engage with each other to get further understanding of the key issues.

### **Informal consultation on 3 June**

At the start of the meeting, the **G77 and China** suggested putting the draft decision text on the screen and get into drafting mode, cautioned against regressing to pre-Lima positions and pleaded for engagement.

**The EU** said it is encouraged by the range of views expressed and would like to engage with some proposals made such as the one by Singapore. It would like to make progress with technical work.

**The United States** reinforced that it wanted all ideas that Parties think are most important to be prioritised in the drafting exercise.

**Saudi Arabia speaking for the Arab Group and the LMDC** was of the opinion that there was not much difference in Parties' views and supported the G77 and China proposal on getting on with a drafting mode and that Parties' ideas can be inserted as we work on the text itself.

Responding to the EU, **Singapore** said it has handed over the presentation of the diagram to the Secretariat and it is also available on a request basis. To this, co-facilitator Verwey said the document can be distributed if everyone agreed. He also requested for a mandate from the Parties for the secretariat to prepare a draft conclusion which was agreed by Parties.

Parties then discuss the operational paragraphs of 1 to 7 of the draft decision text. G77 and China, however, clarified that the Group wanted to look at the whole decision and not just paragraphs 1 to 7 but is happy to start from paragraph 1 as the natural order.

It also requested for informal, informal consultation in light of the momentum in the negotiation but the informal consultation was only on Saturday, 6 June.

Verwey then informed that Parties could have informal, informal consultations over the next two days of 4 and 5 June.

After two informal, informal consultations on 4 and 5 June and an informal consultation on 6 June, the spirit of constructive cooperation deteriorated and divergence deepened.

Parties tried to engage on the operational paragraphs on inserting the elements of positive impacts and need for economic modelling as tool for assessment and analysis of impacts. G77 and China sought to add value to the technical work but was met with resistance from the US and the EU who expressed concerns that G77 and China is taking discussion in a regressive direction by reflecting the former's proposal of including positive impacts as 'not having the capacity to benefit from positive impacts'.

The US said it would not support the proposals of the G77 and China that are difficult for them in reference to the issue of addressing unilateral measures.

**G77 and China** asked the US to clarify why it finds the Group's proposals difficult when they are Convention provisions and COP decisions and wondered why Parties are having difficulties with their commitments. It questioned that if Parties are not going to fulfil commitments agreed by all Parties then why are we here. It further urged Parties to reflect on the good faith of the G77 and China which was introducing new text to find solutions while their counterparts are not offering any textual changes to move discussion on difficult areas.

**New Zealand** reacted strongly to the statement, saying that accusing Parties of going back on their commitment is not constructive.

**The US** reiterated that it is not going to change its position and is not able to make any concession.

**Saudi Arabia and India** said addressing unilateral measures is part of the agreed language in decision 1/CP.18 and a major concern for developing countries while **Australia** noted that the issue is under the jurisdiction of the World Trade Organisation.

At the informal consultation on 6 June, the Secretariat presented an eight-paragraph draft conclusion.

Both **the US and the EU** noted that the text must focus on areas of convergence and not distraction with elements that do not belong and pre-empt or prejudge the work on the draft decision. The EU asked for the Secretariat to revise the text accordingly

while the US wanted the draft conclusion text to be put aside until Parties managed to produce the draft decision.

**G77 and China** disagreed and said that the draft conclusion does not pre-empt the draft decision but it is to assist Parties to move forward.

When the Group proposed for informals to be conducted in the afternoon, the **US** said it had made other arrangements as there was not supposed to be an official meeting in the afternoon but noted that it can support having bilaterals on Tuesday (9 June).

Verwey noted that the EU was nodding in agreement with the US.

Expressing disappointment, G77 and China said the Group was willing to engage despite the respective small delegation of its members. It proposed that bilateral and offline discussion should not be left till Tuesday as realistically Parties needed more time.

Verwey said the Secretariat will assist in getting a room if Parties so desired and he would leave it to Parties to decide as this is a Party-driven process.+