



COP 22: Parties agree to ad hoc technical expert group on impact of response measures

Kuala Lumpur, 2 Dec (Hilary Chiew) – Parties at the UNFCCC's 45th session of the Subsidiary Body for Implementation (SBI45) and the Subsidiary Body for Scientific and Technological Advice (SBSTA45), reached agreement on 11 Nov to constitute an ad hoc technical expert group to advance the technical work on the impact of the implementation of response measures.

(Response measures to address climate change taken by developed countries, and their possible impacts on developing countries, has been an important matter of concern for developing countries especially in relation to trade, tourism and other sectors.)

It was also agreed that the ad hoc technical expert group will meet in-session during the next sessions of the subsidiary bodies in May 2017. Parties also agreed that the expert group should elaborate on the technical work on the areas of the work programme in the context of sustainable development.

The decision was reached after a week of intense negotiations on the joint agenda item on the impact of the implementation of response measures (to address climate change) by developed countries.

Developed countries, especially the **United States (US)** did not want the UNFCCC to be the forum to discuss trade matters, as it was of the view that this was the remit of the World Trade Organisation (WTO).

Developing countries countered this view and said that the WTO did not address matters of climate change and stressed that the UNFCCC

was the right space for discussions relating to trade and climate change.

South Africa in response to the US dismissal of addressing trade concerns in the UNFCCC, pointed out that the same could be said on the issue of 'just transition', (which is an issue supported by the US) that the right forum was the International Labour Organisation (ILO) and not the UNFCCC.

After much wrangling, Parties approved the draft conclusions as agreed to under the subsidiary bodies, following six informal consultations and two contact group meetings in the late afternoon of 11 Nov and forwarded the texts to the 22nd Conference of the Parties (COP22) to the UNFCCC which subsequently adopted the decisions at the first part of its closing plenary on 17 Nov.

(Work under SBI45 and SBSTA45 were launched during the first week of COP22 and concluded their work on 14 Nov. The Marrakech climate meetings were held between 7 and 18 Nov.)

The decisions on the conclusions of the bodies adopted covered two main sub-items: (a) improved forum and work programme; and (b) modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures.

The main highlights of the conclusions for the item on 'improved forum and work programme' are as follows:

“The SBI and the SBSTA considered the report of the workshop on views and experiences on

economic diversification and transformation and on just transition of the workforce and the creation of decent work and quality jobs held in Doha on 2–4 October 2016...”

“The SBI and the SBSTA held an in-forum discussion on the workshop ... and agreed to advance the technical work on the impact of the implementation of response measures by constituting an ad hoc technical expert group to meet in-session during the forty-sixth sessions of the subsidiary bodies (May 2017). They also agreed that the ad hoc technical expert group should elaborate on the technical work on the areas of the work programme in the context of sustainable development.”

“The SBI and the SBSTA requested Parties to forward to the secretariat their nominations of experts in accordance with the terms of reference through the coordinators of the regional groups by 28 February 2017. Experts should have relevant qualifications and expertise, and at least five years of professional experience on the issues ... The SBI and the SBSTA also requested the secretariat to publish the list of all experts nominated on the UNFCCC website by 15 March 2017.”

“The SBI and the SBSTA requested their Chairs to invite relevant intergovernmental and international organizations, including the United Nations Conference on Trade and Development, the United Nations Development Programme, the International Labour Organization, the International Trade Union Confederation or others, to nominate two experts.”

The main highlights of the conclusion for the item on ‘modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures’ are as follows:

“ The SBI and the SBSTA requested the Chairs of the SBI and the SBSTA, with the support of the secretariat, to prepare by 31 March 2017 a reflections note on the views expressed by Parties, both in the submissions...and in thediscussions, relating to the modalities, work

programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures referred to in paragraph 34 of decision 1/CP.21, with a view to facilitating Parties’ further discussions thereon at SBI 46 and SBSTA 46 (May 2017).”

(Paragraph 34 of decision 1/CP21 (which is the decision adopted in Paris last year) reads: “*Further decides that the SBSTA and the SBI shall recommend, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session (CMA 1), the modalities, work programme and functions of the forum on the impact of the implementation of response measures to address the effects of the implementation of response measures under the Agreement by enhancing cooperation amongst Parties on understanding the impacts of mitigation actions under the Agreement and the exchange of information, experiences, and best practices amongst Parties to raise their resilience to these impacts.*”)

The meetings were jointly chaired by SBI Chair **Tomasz Chruszczow (Poland)** and SBSTA Chair **Carlos Fuller (Belize)** who were assisted by co-facilitators **Andrei Marcu (Panama)** and **Nataliya Kushko (Ukraine)**.

Below are highlights of some of the exchanges among Parties during the meetings on the two sub-items.

Improved forum and work programme

Speaking for the **Group of 77 and China (G77-China)**, **Bahrain** stressed that specific actions to be developed in the work area on economic diversification and transformation are sector-specific case studies for the agriculture, trade and finance, manufacturing and energy-intensive industries, the oil and gas industries and the tourism sector.

The **European Union (EU)** questioned the G77-China’s rationale for the sector-specific actions and said “we see a disconnect between the conversations we have had in Doha and now”,

referring to the intersession workshop held at the Qatari capital from 2 to 4 October.

It said Parties had long and productive discussions on the area of work that they would undertake in the improved forum and stressed the need to stick to the two priority areas identified in paragraph 5 of decision 11/CP.21.

(Paragraph 5 reads: “Adopts the work programme comprising the following areas: (a) economic diversification and transformation; (b) just transition of the workforce, and the creation of decent work and quality jobs.”)

Supporting the EU, the **US** said there was a lot going on in the international community that can inform the work. Prioritising (areas of) work does not mean further work (in specific areas) but Parties could have further discussions for an understanding of existing work.

Singapore said response measures is a multi-dimensional issue and it was especially so for the G77-China with member states facing different situations. As a small island state, it said response measures (taken by developed countries) are going to affect Singapore in different ways.

Saudi Arabia said it would like the focus on areas based on the diverse concerns of G77 members citing the examples of Singapore being an energy consumer while Saudi Arabia as an energy producer.

China supporting the inclusion of trade issues in the discussions cited the experience of the World Trade Organisation (WTO) anti-dumping rulings on Chinese solar panel which caused job losses after many factories were shut down.

Responding to the EU, **South Africa** said the Doha workshop highlighted that there was another dimension to economic diversification which is trade. It pointed out that presentations by the United Nations Commission on Trade and Development (UNCTAD) and the World Bank as well as the EU’s presentation showed linkages to trade. “The EU ran a programme in the Gulf

region that showed linkages to trade. There is a strong trade element that we should equally focus on,” it stressed. (See TWN report on the Doha Workshop at

<http://www.twn.my/title2/climate/info.service/2016/cc161002.htm>.)

Maldives speaking for the **Alliance of Small Island States (AOSIS)**, disagreed with the EU about there being a disconnect with the Doha workshop. Although it was not present at the workshop, it read the report prepared by the secretariat. Pointing to a section in the report, it said discussions of the two broad themes had already taken place and it was agreed that work should be further enhanced and a technical expert group should be established to work on the priority areas with a regional focus. “We have the necessary ingredients and now we come with concrete priority areas. I do not see the reason why we cannot take off with this,” lamented the Maldives spokesperson.

Taking the floor again, **South Africa** pointed out to the EU that the workshop report stated that trade and economic diversification are linked through the global value chain. “All we are suggesting now is to add technical value..... The workshop brought to the fore these are the issues and we are not diverting. If the EU has issues with them, it should have challenged them at the workshop but it did not. So, we should proceed on that basis,” it urged.

The **US** supporting the EU, responded that there are particular views that were put forward in the workshop but were not reflected in the report.

Co-facilitator Marcu invited Parties to elaborate on the trade-based growth with sector-specific sub-areas.

Singapore said Parties are on track with the work programme and should focus on making progress. “We urge our partners to be conciliatory; to stay within the mandate as we are willing to work with them on the specific topics. “With nationally determined contributions (NDCs), countries are going to enact trade measures that will have impacts on us. It is in

that spirit that the G77-China flagged this issue. (So), if international trade is going to affect us, perhaps in the May (2017) session, we can have trade-based growth (as a topic),” it asserted.

China said it sees trade as a cross-cutting issue. Recalling the example of the WTO ruling on anti-dumping of solar panels, it said the sector faced difficulties in getting additional loans and this would impede the sector’s ability to provide quality jobs in the future. “We have other sectors that have suffered or have been affected by trade measures. Some developed countries also have suffered; so we should not prejudice any sector or trade,” it added.

Japan said it did not participate in the Doha workshop and would like to hear more about what happened. Stressing that “the two areas of economic diversification (and transformation) and just transition (of the workforce and the creation of decent work and quality jobs) are very broad areas,” it did not think that it was productive at this stage to broaden the areas of work. “We just started on our work programme in May (2016) and we should focus on these two areas. We need to identify what aspects we should focus on in these two areas,” it opined.

Ghana reminded Parties that the principles and provisions of the Convention, the Kyoto Protocol and the decisions under Ad hoc Working Group on Long-term Cooperative Action maintained 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. It said further that response measures are related to trade in two ways: via emissions from international transportation and border taxes; so it failed to understand why trade measures cannot be discussed.

The **US** said it heard the invitation to share priority areas and it did not think anyone would argue about recognising that trade is linked to response measures. However, it said there is the WTO and “here in the UNFCCC, it is not our responsibility to go into trade.” It then listed some areas that it saw as areas of priority. It

wanted a comprehensive summary of case studies of economic restructuring and actions taken by the international labour community.

Maldives responded that WTO does not consider the impact of climate change response measures. “It is this forum that needs to undertake this kind of assessment,” it insisted. It also said that issues of taxation and the labelling (of goods) will affect island economies and their labour markets.

Saudi Arabia said it was confused by Parties who had questions about the workshop in Doha and requested the secretariat to email the presentations delivered at the workshop to Parties.

South Africa urged developed countries to consider their views, noting that statements made thus far has taken the discussion backward especially in terms of the paragraph 6 of decision 11/CP.21

(Paragraph 6 reads: *Decides that the implementation of the work programme shall address the needs of all Parties, in particular developing country Parties, and shall be informed, inter alia, by the assessment and analysis of impacts, including the use and development of economic modelling, taking into account all relevant policy issues of concern.*)

On the dismissal of discussing trade measures as a valid concern of developing countries by the US, it said that the same can be said for just transition.

“Why not let just transition be dealt with by the International Labour Organisation? The same condition must be given to trade ... we need to balance the interests. If we cannot do that, we are not going to achieve anything we set out in the decision,” it stressed.

The **EU** said it respected Parties’ views to identify priority areas for the focus of technical work but as a first step to make progress, Parties can agree or agree to disagree on the priority areas.

Co-facilitator Marcu urged Parties to speak to each other to refine the thinking and to reach a solution in the name of goodwill.

Modalities, work programme and functions under the Paris Agreement of the forum

Singapore said conceptual discussions were useful but they are just means to an end. “We need to be action-oriented and focused. From the perspective of trade, there is need to ascertain (impacts) both in qualitative and quantitative terms how the response measures could potentially affect developing countries and what are the potential remedial measures,” it stressed.

Supporting Singapore, **South Africa** said going forward, the forum must create new technical value especially to address the concerns of developing country Parties. It said action-oriented meant better technical work than in the past; better assessments of response measures and understanding of impacts not only in the countries of origin but on third parties as well.

The **EU** was satisfied that the improved forum has been set up and there is already a work programme (established at SBs44 in May 2016 in Bonn) to be worked through. It noted that “anything more than this will prejudice the work programme” and “we need to reflect on progress made”. It said as the improved forum was established in May, it was premature to draw

conclusions whether or not it is performing and preferred reflections to be made after the completion of the work programme. (The three-year work programme is from 2016 to 2018.)

Maldives speaking for the **Alliance of Small Island States (AOSIS)** said since all the necessary ingredients are there, Parties need to be action-oriented. It said it was a matter of prioritising work and that AOSIS members need capacity-building to do the assessment (of the impact of implementation of response measures) and that most are dependent on tourism and trade.

The **US** said some work areas proposed by Parties go beyond the mandate. For example, it said the US supported the importance of capacity-building but noted that the Paris Committee on Capacity-building (PCCB) is being set-up and is operationalised.

To this, **South Africa** in a sharp response questioned the US that just because capacity-building is being covered by a mechanism (PCCB), was it suggesting that there are specific provisions (in the PCCB) that are being looked at on specific assessments and analysis on specific actions (related to response measures).

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