

Future of the forum on response measures to be discussed next year

Kuala Lumpur, 2 December (Hilary Chiew) – The continuation of the forum on the impact in developing countries of the implementation of response measures to climate change in developed countries, hangs in a balance, as Parties at the Warsaw climate talks could not reach agreement on its 'form' going forward.

At the first part of the closing of the 19th session of the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) on 22 November, a draft decision proposed by COP19 President Marcin Korolec (Poland) was not adopted as developing countries requested that the issue continue to be considered at the next session of the Subsidiary Bodies (SBs). Given the lack of consensus on the matter, Korolec concluded that the issue be forwarded to the 40th session of the SBs in June next year for further consideration, which was agreed to by Parties.

The first week of the meetings of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) dealt with the issue of response measures, which is a joint agenda item. This led to a draft conclusion containing three sets of proposals from the G77 and China, the European Union and the United States at the closing of the SB meetings, which was forwarded to COP19 for consideration in the second week. In the first week, the issue was dealt with in a contact group which met five times. In addition, an in-forum workshop was held on 12 November on 'cooperation on response strategies'.

In its proposal, the **Group of 77 and China** called for the continuation of the forum under the SBs to share, in an interactive manner, information, experiences, case-studies, practices and views on how to meet the specific needs and concerns of developing countries in terms of social and

economic consequences of response measures by developed countries to climate change.

It also called for the establishment of a mechanism under the COP to address the negative social and economic consequences of response measures taken by developed countries on developing countries and to recommend specific actions to avoid and minimise those consequences. It wanted the forum to report to the mechanism and the latter to make recommendations and report to the COP with a view to adopting decisions.

The **European Union** called for an extension of the mandate of the forum with the sole task of reviewing in more detail the work of the forum, including the need for its continuation, with a view to providing recommendations to COP21 (in Paris in 2015).

The **United States** wanted a joint work programme on the impact of the implementation of response measures under the SBs with the objective of improving the understanding of the positive and negative impacts of the implementation of response measures, particularly with respect to maximising the positive and minimising the negative impacts of the implementation of response measures in the areas of gender, economic diversification and transformation, health, just transition of the workforce, environment co-benefits and economic benefits. It also called for the adoption of modalities for the operationalisation of the work programme on the positive and negative impacts of the implementation of response measures, which will focus on receiving input from experts, practitioners and relevant organisations, primarily through the provision of concrete examples, case studies, and best practices related to the areas noted above.

During the COP Presidency stock-take on 18 November, Korolec asked the chairs of the two Subsidiary Bodies to continue consultation with

Parties to find ways forward on the matter. On 21 November, Korolec appointed Ambassador Diann Black-Layne (Antigua and Barbuda) to conduct further consultations.

At the closing plenary of the COP on 22 November, the G77 and China urged Korolec to move the issue forward in recognising the need for a process to address options which are governance related as regards the issue and as contained in the draft text (such as the mechanism to address response measures).

Fiji, speaking for G77 and China said due to the importance of this issue to all developing countries, Parties came to Warsaw with a constructive spirit to reach a decision that would address the specific needs and concerns of developing countries in relation to the impact of the implementation of response measures. It recalled that the G77 and China tabled a specific text proposal for a decision for the continuation of the forum and for a mechanism for specific action on the impact of the implementation of response measures, with substantive proposals for specific areas of work and detailed functions for the mechanism.

It expressed disappointment on the lack of progress made in Warsaw over the absence of agreement on a process towards a mechanism that will give full consideration to what actions are necessary under the Convention to meet the specific needs and concerns of developing countries arising from the impact of the implementation of response measures.

It said the Group showed flexibility till the last minute in terms of the different language options to discuss possible ways for a process forward, but was discouraged that these were not acceptable to other Parties. Fiji therefore proposed that the issue continue to be considered at the 40th sessions of the SBs. It wanted to continue discussing the possible ways forward on the issue so as to have future COP decisions in this regard.

Korolec, however, concluded that as there was no consensus, the issue will be forwarded to the next SBs in June (2014) for further consideration.

Discussions under contact group

At the first contact group meeting on 13 November, the **G77 and China** reaffirmed the need for the continuation of the forum as a platform for a structured exchange of views and for dialogue to enhance cooperation in terms of exploring ways to avoid and minimise the negative economic and

social consequences of response measures taken by developed countries on developing countries.

While it noted the progress of the forum, it said there were still gaps in exploring ways to meet the specific needs and concerns of developing countries in relation to the impact of the implementation of response measures. During the work programme, Parties had the opportunity to have a first exchange of general views and the Group had made lots of proposals in this regard that still merits attention and further discussion.

As part of the review of the work of the forum mandated by decisions 8/CP.17, the G77 and China detailed its main proposals in each of the area of the work programme:

Area (a): sharing of information and expertise, including reporting and promoting understanding of positive and negative impacts of response measures – there is a lack of clear reporting guidelines on how they “...shall strive to implement policies and measures in such a way as to minimize adverse effects on developing country Parties...”

As shown in the national communication (NC) of Annex I Parties, 11 out of the 25 NCs reported nothing on the matter. Of those that reported the impacts of the implementation of response measures, some reported purely domestic efforts as technology cooperation and others only described their measures. Therefore, it is crucial to elaborate specific reporting guidelines for Annex I Parties on this issue, said the G77 and China.

Area (b): Cooperation on response strategies – the issue of economic and social consequences of response measures, and in particular, of cooperation strategies, has to be seen in the broader context of the achievement of sustainable development (in its economic, social and environmental dimensions) and poverty eradication, in accordance with nationally defined priorities. Cooperation on response strategies needs to be done in accordance with the principles and provisions of the UNFCCC. To foster cooperation, the G77 and China called for the following:

- Exchange of views, sharing information and expertise to inform policy choices of response measures taken by developed country Parties (and which ones would avoid and minimize economic and social consequences of response measures on developing countries);
- Facilitation of technical collaboration among Parties and experts on tools, including studies, modeling and methodologies, to assist developing

country Parties in addressing economic and social consequences of response measures;

- 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 of developing countries;

- Partnership with organizations in the research and assessment of developing countries' concerns and needs arising from the impacts of the implementation of response measures;

- Cooperation under the Convention to enhance the reporting of Annex I countries of the impacts of their response measures on developing countries, and how they are minimizing the adverse effects on developing countries; and finally, it is important to ensure capacity building for developing countries as well as to strengthen multilateralism, in opposition to unilateral measures that undermine the spirit of cooperation and dialogue.

Area (c): Assessment and analysis of impacts - the forum is the mandated space to research and assess the economic and social impacts of response measures, including unilateral ones.

In this context, there is a need for developed countries to undertake an assessment in the design and implementation of their response measures, including unilateral ones, on the economic and social consequences of those measures on developing countries, in order to strive to minimize these impacts on, inter alia, employment, income, economic growth rates, and living standards in developing countries. The assessment, said the G77 and China, should include if:

- the measure is consistent with UNFCCC principles and provisions;

- there has been consultation with potentially affected developing countries and if their special conditions have been duly taken into account;

- the measure is based on scientific evidence;

- the measure has a legitimate objective, like combating climate change;

- the measure is the most effective means to achieve the objective of combating climate change and the least trade restrictive;

- there is a fulfillment of developed countries' obligations related to the provision of specific support to developing countries (transfer of technology, financial resources and capacity building);

- the assessment should be undertaken both in quantitative and qualitative terms and ex ante and ex post and take into account the specific national conditions of developing countries and their priorities, needs and circumstances.

Area (d): Exchanging experience and discussion of opportunities for economic diversification and transformation - this area would help us improve our knowledge on how economic diversification can be integrated into sustainable development plans.

Economic transformation and diversification entail high adjustment costs for developing countries, as their economies are generally characterized by a low economic diversification. They have traditionally relied heavily on the production and exports of commodities whose production is particularly vulnerable to climate change. Also, the costs of clean technologies remain prohibitive for those countries.

In consequence, this area is an opportunity to exchange views, experiences, lessons learned on national cases for economic transformation and diversification in the context of nationally defined priorities, circumstances and needs.

Moreover, developed countries obligations' in terms of support of financial resources, transfer of technology and capacity building to developing countries needs to be fulfilled in order to assist developing countries in that economic diversification, it added further.

Area (e): Economic modeling and socio-economic trends - Economic modeling can provide accurate and objective assessment of the observed and potential economic and social consequences of response measures taken by developed countries on developing countries and it can produce quantitative assessment which will be complemented by qualitative assessment in different areas of the work program of the forum.

Modeling is useful to produce specific assessment on different sectors of the economy such as tourism, industry, agriculture, etc., and on consequences of response measures of developed country Parties' on, inter alia, trade, investment, income, employment, economic growth rates of developing countries.

Therefore, it is essential to elaborate models that reflect the circumstances and contexts of developing countries, by accommodating variables that capture the uniqueness of national characteristics, taking into account their social and

socio-economic factors and specific national priorities, conditions and needs. Activities that could be carried out include dissemination of modeling tools, ensuring increased collaboration on modeling developments on an ongoing basis, identify vulnerable sectors and needs in terms of technology transfer and funding.

Area (g): Just transition of the workforce and the creation of decent work and quality jobs – actions needed are:

- Minimize hardships for workers ensuring them the continuation of their employment and building capacities for their integration in the context of the structural transformation derived from action related to climate change.

- Development of mechanisms for a just transition and creation of decent work through a consultation process involving the relevant stakeholders.

Area (h): Building collective and individual learning towards a transition to a low greenhouse gas emitting society – actions needed are:

- Capacity-building, transfer of technologies and financial resources for learning and for development of endogenous capacities in developing countries, in order for them to meet the agreed full incremental costs of implementing measures (relation to articles 4.3, 4.5 and 4.7 of the Convention)

- Exchange of experiences, information, knowledge-sharing and know-how, and of ensuring access to affordable technologies for developing countries for implementation of NAMAs (Nationally Appropriate Mitigation Actions) and NAPAs (National Adaptation Programme of Actions)

- Assessment of the role of the protection of intellectual property rights in terms of transfer of technology

[Area (f) refers to relevant aspects relating to the implementation of decisions 1/CP.10, 1/CP.13 and 1/CP.16 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol and was dealt with in an in-forum discussion at COP18 in Doha last year.]

Saudi Arabia said Parties have worked on different thematic areas showing that more work needs to be done. We need to look at regional, domestic and international initiatives and how to enhance collaboration with Annex I Parties. Thus far, many questions have been raised and how to answer those questions will be the significant part of the work in Warsaw.

The **European Union** stressed that the dynamic has changed around the topic noting that after years of discussion, the forum has been constructive compared to debates in the past. We managed to engage on substance and aside from Parties, experts and civil society organizations' inputs had contributed to a rich debate. However, it noted that the issue was largely seen in a reductionist way, adding that although there are negative impacts, there are also positive impacts and the impacts are actually 'quite mixed'. It said Parties tend to go on in circles and made political statements and felt that there are overlaps in the eight areas of the work programme and they are not entirely rational.

South Africa speaking for the **African Group** believed the forum has been constructive but could focus on concrete actions. It said the review of the work programme should identify some of the gaps in areas of assessment of response measures, consideration of special conditions of developing countries, identification and implementation of technology transfer.

Echoing South Africa, **India** said that it is important to address the support of technology development and transfer for developing countries.

The United States agreed with the EU that the dynamic had changed and going in a different direction, attributing it to the decision in Durban where Parties decided to be more practical by consolidating the issue in one place. It felt a dialogue process is something Parties should consider to focus on the substance rather than on politics and would like to bring in more experts and spend less time repeating countries' position as 'we already know each other's position'. It suggested devoting each session of the research dialogue to a single issue that Parties can agree on.

Singapore shared the views of G77 and China, adding that the forum is a useful platform for exchange of views and helped to depoliticize the issue. It just wanted to flag that we should try to find solutions to the issues that had been raised over the last couple of years.

Vanuatu representing the Alliance of Small Island States and **South Africa** supported the G77 and China statement.

China said the forum has provided a good platform for discussion in the two years and supported its continuation. However, it stressed that in future we need to go further. We discussed a lot of the problems but still had not touched upon the solution.

Indonesia recognized that the series of workshop had promoted understanding of the impacts of the implementation of response measures and it is high time to go beyond exchanging views. It supported the continuation of the work of the forum.

New Zealand supported the US and the EU, adding that it would like to have an opportunity to hear more about the US' idea of a dialogue.

Japan noted that the forum was quite useful and informative and supported the extension of the forum. It said there is still a big gap in the assessment of impacts and urged Parties to deepen and continue discussions. On reporting, it said Japan would include matters on impacts of the implementation of response measures in its 6th national communication.

Australia said G77 and China should not be so hung up on continuation of the forum but to think of more flexible ways of moving forward, adding that a lot of technical work had been done in the areas of work presented by the G77 and China.

[Recognizing the importance of avoiding or minimizing negative impacts of response measures, COP16 in Cancun in 2010 provided for a forum on the impact of the implementation of response measures, and requested the Chairs of the SBs to

convene such a forum at SB34 and SB35 (in 2011 at Bonn and Durban respectively), with the objective of developing a work programme to address these impacts and a view to adopting at COP17 (Durban), modalities for the operationalisation of the work programme and a possible forum on response measures.

Subsequently, decision 8/CP.17 (COP17 in Durban in 2011) adopted a work programme with the objective of improving the understanding of the impact of the implementation of response measures in eight distinct areas. In addition, COP17 decided to establish the forum on the impact of the implementation of response measures mandated to meet twice a year under a joint agenda item of the subsidiary bodies. The SBs have a mandate to review at SB39 the work of the forum including the need for its continuation, with a view to providing recommendation to COP19. Thus, the forum consolidates all progressive discussions related to response measures under the Convention and the Kyoto Protocol.

A total of six in-forum workshops, one expert meeting and one in-forum discussion were held starting from COP18 at Doha. The last in-forum workshop on area (b): cooperation on response strategies was held on Nov 12 in Warsaw.]