

SUBMISSION BY SAUDI ARABIA

Submission of further views on the elements for the development of a work program for the Forum on the Impacts of the Implementation of Response Measures, to address these impacts and a possible forum on response measures

Saudi Arabia welcomes the invitation to Parties to submit further views on the elements for the development of a work program for the Forum on the Impacts of the Implementation of Response Measures, to address these impacts and a possible forum on response measures.

The mitigating response measures to combat climate change have obvious and substantial adverse social and economic dimensions. The developed country Parties should be mindful of all developing countries' overriding economic and social priorities, and as such are reminded of their obligations to minimize the impacts of any policies and measures they implement on developing country Parties, particularly those countries identified in Article 4, paragraphs 8 and 9, of the Convention.

Most developing countries lack the capacity to assess the scope and magnitude of the adverse consequences of the implementation of response measures on their own. It is therefore imperative to have a Permanent Forum that would offer a continuous venue for dialogue and space for discussion and participation by experts, civil societies, NGO's and IGO's. Such a Permanent Forum would be able to carry out a detailed work program to assign specific tasks to the SB's and review progress on the implementation. This permanent forum should meet four times annually and be able to organize relevant events and activities.

A detailed work program for the Forum should follow a structured approach under the following categories:

1. Examining the Policies

- Modeling the different policies including; modeling tools, assumption, and cost analysis.
- Arranging bilateral and multilateral dialogue on the findings and compare modeling results
- Reporting on modeling efforts and dialogue
- Evaluate & analyze different economic modeling (best option for each of differing case of developing countries vulnerabilities)
- Further understanding and careful evaluation needed of the inter-linkages.

2. Examining the Impact

- Assessment of the impacts of the mitigation policies on different economic sectors and social groups, and the measures needed to address these impacts.
- Developing socio-economic assessment of the potential impacts on health, employment and incomes, gender and migration.
- Addressing the adverse impact of unilateral trade measures against goods and services from developing countries, such as subsidies, free allowances, border tariffs adjustments.
- Examining the adverse spillover effects of trade and market barriers on the social, environmental, and economic and investment opportunities, in developing countries.
- Assessment of the effects and costs of shifting production and export patterns on vulnerable economies.
- Examining the impacts of eco-trade barriers on the supply chain of production, export, and procurement patterns from developing countries.
- Addressing the impacts of policy measures such as border carbon adjustment schemes on the social and economic growth at the exporting developing countries, which should include studying certain affected industries, export opportunities, and workers at these sectors.

3. Reducing the Impact

- Promoting policies that minimize any potential consequences of the mitigating response measures on developing countries;
- Greater emphasis should be given to climate policies that have larger associated benefits in terms of poverty reduction and social protection.
- Promoting a supportive economic system leading to sustainable economic growth and development in the developing countries.
- Progressive reduction of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors; and the removal of subsidies associated with environmentally unsound and unsafe technologies.
- Enabling access for developing countries, and ensure that intellectual property rights (IPRs) do not become a barrier to transfer of climate friendly technologies.
- Promoting foreign direct investment in developing countries to improve the global allocation of resources and encourage transmission of technology across international borders.
- Developing risk sharing mechanisms regarding loss of income and strengthening developing countries' social protection and security policies.
- Investing in and scaling up promising and proven technology driven solutions to reduce emissions which do not necessarily require a move to reduce consumption of fossil fuels such as carbon capture and storage (CCS).
- Promoting local knowledge spillovers for developing countries to accelerate their economies.
- Inviting participation of international organizations and industry experts, etc.
- Promoting preferential market access and differential treatment.

- Advancing training for adaptation technologies.
- Improving communication between industry and academia.
- Supporting cooperative work to minimize the adverse consequences of response measures.

4. **Building Resilience**

There is an urgent need for adaptation to the negative impacts of response measures. The adaptation actions needed are both short term and long term. Short term adaptation includes insurance and financial risk management. More long term adaptation includes economic diversification.

- Need for short term and long term adaptive measures in order to be proactive (to minimize adverse effects), and be prepared (insurance).
- Improving short-term resilience thru: Insurance and financial risk management;
- Achieving long-term resilience thru: economic diversification.
- Improving financial resilience and leveraging financial assistance thru existing institutions.
- Developing institutional capacity and improve understanding of how economic diversification can be integrated into national sustainable development priorities.
- Hedging mechanisms against potential losses/risks, including: hedging with market instruments/ stabilizing funds, etc.
- Increasing technological assistance to developing countries.
- Assisting developing countries that are highly dependent on the export and consumption of fossil fuels in strengthening resilience and diversifying their economies.
- Risk management thru: commodity price insurance; risk financing and risk transfer; etc.
- Massive investments will be needed to make up for the high risks associated with shifting production and export patterns.
- Promotion, cooperation and support in the technological development of non-energy uses of fossil fuels; and in the development, diffusion and transfer of less GHG advanced fossil fuels technologies.
- Strengthening developing countries institutional capacity to improve efficiency in upstream and downstream activities relating to fossil fuels.
- Encouraging direct investment by and technology transfer from developed countries to assist in the economic diversification of developing countries.
- Motivating private-public partnerships and contribution to various areas to support economic diversification.
- Sharing experiences and opportunities on the development and dissemination of measures, methodologies and tools aimed at increasing economic resilience.
- Encouraging and commissioning inputs from technical experts, international organizations and others.
- Supporting on-going forum for continuous dialogue to discuss relevant current and arising issues, and to provide an on-going process for assessment and evaluation.