3.14 Reporting
Approach and Elements

Aysar A. Tayeb
Saudi Arabia
Article 3, Paragraph 14

Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of the Parties on the implementation of those paragraphs, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, consider what actions are necessary to minimize the adverse effects of climate change and/or the impacts of response measures on Parties referred to in those paragraphs. Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology.
Article 3, Paragraph 14

Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of the Parties on the implementation of those paragraphs, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, consider what actions are necessary to minimize the adverse effects of climate change and/or the impacts of response measures on Parties referred to in those paragraphs. Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology.
Article 3, Paragraph 14

- Endeavor
- Try Hard
- Struggle
- Compete
- Do Your Best
- Make Every Effort
- Do Your Utmost

Strive
The Process

• Reporting Requirement
• Qualitative and Quantitative Methodologies for Policy Impact Assessment
• Examination of Implemented Policies and Measures
• Assessment of Future Policies and Measures
• Status of Implementation of Agreed Priority Actions
• Funding, Insurance, Transfer of Technology
• Further Actions
• Guidelines (determine if Parties included in Annex I are striving to minimize adverse effects)
• Compliance
Decision 31/CMP.1 (Para 3)

Requests each Party included in Annex I to provide information, as part of the necessary supplementary information to its annual inventory report, in accordance with the guidelines under Article 7, paragraph 1, of the Kyoto Protocol, relating to how it is striving, under Article 3, paragraph 14, of the Kyoto Protocol, to implement the commitments mentioned in Article 3, paragraph 1, of the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention; and further requests those Parties to incorporate, in this respect, information on action identified in paragraph 8 below, based on methodologies identified at the workshop referred to in paragraph 11 below;
Decision 31/CMP.1 (Para 8)

Agrees that Parties included in Annex II to the Convention, and other Parties included in Annex I in a position to do so, should give priority, in implementing their commitments under Article 3, paragraph 14, of the Kyoto Protocol, to the following actions:

a) The progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors, taking into account the need for energy price reforms to reflect market prices and externalities, in pursuit of the objective of the Convention

b) Removing subsidies associated with the use of environmentally unsound and unsafe technologies

c) Cooperating in the technological development of non-energy uses of fossil fuels, and supporting developing country Parties to this end

d) Cooperating in the development, diffusion and transfer of less greenhouse-gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels that capture and store greenhouse gases, and encouraging their wider use; and facilitating the participation of the least developed countries and other Parties not included in Annex I in this effort

e) Strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities

f) Assisting developing country Parties which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;
Reporting Format

Many Options
- Template
- Table
- Narrative
- Detailed Explanation
- Combination

Guiding Principles
1. Transparency
2. Consistency
3. Comparability
4. Completeness
5. Accuracy
Contents (Important Elements)

For Each Policy and Measure

- Cost of implementation
- Span of implementation
- Anticipated reduction of GHG
- Qualitative analysis of Impact assessment
  - Individual Policies, Group of Policies
- Quantitative analysis of Impact Assessment
  - Climate Change
  - International Trade
  - Social, Economic
Contents (Important Elements)

Qualitative & Quantitative Analysis of Impact Assessment

On Individual Countries (or Group of Countries)  On Sectors
Evaluation of Policies

Already being done

*(but only at National and sometimes Regional Levels)*

Policy Evaluation within the EU

- Different Sectors
  - Different measures within each sector
- Multiple Stakeholders

Main Selection Criteria

Cost Effectiveness
Decision 31/CMP.1 (Para 2)

Recognizes that minimizing the impact of the implementation of Article 3, paragraph 1, of the Kyoto Protocol is a development concern affecting both the industrialized and developing countries. Each Party included in Annex I commits itself to take fully into account the consequences of these actions on developing countries, and to prevent or minimize their adverse effects on developing countries; these Parties consider such action as a cost-effectiveness measure;
Oil Exporters Have Major Concern

Oil Consumption & Prices

Consumption in MBD

Real Oil Prices
Oil Exporters Have Major Concern

Oil Consumption & Prices

- Consumption in MBD
- Real Oil Prices


Consumption in MBD:
- 1965: 10,000
- 1975: 60,000
- 1980: 90,000
- 1985: 40,000
- 1990: 20,000
- 1995: 30,000
- 2000: 50,000
- 2005: 60,000
- 2010: 70,000
- 2015: 80,000
- 2020: 90,000

Real Oil Prices:
- 1965: 0
- 1975: 10
- 1980: 20
- 1985: 30
- 1990: 40
- 1995: 50
- 2000: 60
- 2005: 70
- 2010: 80
- 2015: 90
- 2020: 80
Oil Exporters Have Major Concern

- Without Policy Intervention
- With Policy Intervention

Consumption in MBD
Real Oil Prices

Oil Consumption & Prices
Discriminatory Policies?

Taxes on Gasoline for Number of OECD Member States
($ US per 1,000 L)
The Need for Reporting

Not a Simple Issue

- Type of Policy
  - Fiscal Policy (Taxes and Subsidies)
  - Command and Control (Technology Push)
  - Public Process and Outreach (Eco-Labeling)
  - Voluntary Agreements
  - ....

Different Analysis Requirements

- Many Sectors Impacted

Strive!
The Need for Reporting

*Must Start Now!*

- Agree on Contents
- Agree on Initial Format
- Review and Improve

*Learning by Doing!*
UNFCCC Workshop on Reporting Methodologies on Article 3, Paragraph 14 of the Kyoto Protocol

Abu Dhabi, United Arab Emirates
September 5, 2006

THANK YOU

Aysar A. Tayeb
Saudi Arabia
OIL PRODUCERS VULNERABILITY

• Face the Highest Risks
  ▪ Loosing Twice
    • Threatened by Shifting Patterns
    • Lower Export Revenue
    • Higher Import Prices
  ▪ Making Investments

• The Climate Change Regime Acknowledges this Fact
  ▪ UNFCCC Art 4.8 (h)
  ▪ Kyoto Art 2.3 & Art 3.14
Demand Forecasts

Variance Between Forecasted and Actual Call on OPEC
Demand Forecasts

Variance Between Forecasted and Actual Call on OPEC
Building Resilience

- Why is this an issue for Developing Countries?
- 9 Groups Identified Under Article 4.8

- It Is About Vulnerability
  - Developing Countries With High Dependency on a Single Commodity
  - Oil Producers Are The Most Vulnerable
## Domestic and Regional Policies

<table>
<thead>
<tr>
<th>Category</th>
<th>Policy</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Production</td>
<td>Exploration</td>
<td>US – Increase Domestic Energy Exploration</td>
</tr>
<tr>
<td>Command &amp; Control to Push Technologies</td>
<td>-Clean Coal -Hydrogen -Renewable -Bio-fuels</td>
<td>US – Energy plan that encourages conservation, use of renewables (ethanol, biodiesel), technology to for hydrogen-powered automobiles, clean coal technology</td>
</tr>
</tbody>
</table>
## Domestic and Regional Policies

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<tr>
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<tbody>
<tr>
<td>Fiscal Policies - Indirect Taxes</td>
<td>Carbon taxes</td>
<td>Canada – GHG Emissions &amp; fuel consumption (vehicle-purchasing decisions)</td>
</tr>
<tr>
<td></td>
<td>Gasoline taxes</td>
<td>Italy - A carbon tax, applicable to all hydrocarbon compounds,</td>
</tr>
<tr>
<td>Fiscal policies – Subsidies</td>
<td>-tax credits for green power production</td>
<td>Japan – a subsidy for companies for the diffusion of renewable energy</td>
</tr>
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### Domestic and Regional Policies

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<td>Command &amp; Control to Push Technologies</td>
<td>Renewable portfolio requirements</td>
<td>Czech Republic - 3-6% of the total energy supply from renewable energy by 2010 and 4-8% by 2020</td>
</tr>
<tr>
<td>Public Processes and Outreach</td>
<td>-Eco-labeling</td>
<td>Switzerland - &quot;Energy label&quot; for vehicles according to their CO2 emissions, energy consumption and weight.</td>
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<td>Voluntary Agreements</td>
<td>Agreements with industry to voluntarily reduce CO2 emissions</td>
<td>European Union - CO2 emission target of 140 g/km CO2 for new cars sold in the Community by 2009.</td>
</tr>
<tr>
<td>Emissions Trading</td>
<td>Quantitative CO2 caps and trading</td>
<td>United Kingdom - Power plant producing &gt; 20 MW must apply for a greenhouse gas trading permit.</td>
</tr>
<tr>
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</tr>
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</tr>
<tr>
<td>Fiscal Policies - Direct Taxes</td>
<td>Carbon taxes</td>
<td>Japan: Tax to be levied on electricity and most fossil fuels, including oil, coal, and gas</td>
</tr>
<tr>
<td>Command &amp; Control</td>
<td>Controls Vehicle Ownership</td>
<td>China: Government to impose controls over vehicle ownership to control growth in transportation sector, and reduce traffic congestions</td>
</tr>
</tbody>
</table>