



Response Measures in a
Framework of Responsibility,
Accountability and Transparency
South Centre Intervention
Area (a)

Joint SBI/SBSTA forum on the
impact of the implementation of
response measures – COP 18,
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Response Measures and their Effects

- *All response measures are meant to have positive effects*
- *But the actions and policies may tend to have negative impacts on developing countries.*
- *There are many classes and categories of response measures: fiscal (subsidies & taxation) and non-fiscal (standards & labeling, alternative fuel production) -- with different implications for developing countries .*

Examples:

- **subsidy/ transport taxes/border carbon adjustment → impose macroeconomic challenge on developing countries (IMF)**
- **Standards and labelling → Economic diversification**

Subsidy

- Subsidies (for example reform of energy subsidies and fiscal incentive to promote sustainable energy). Subsidy reform in developed countries can have unintended consequences for developing countries.
- Measures to phase out fossil fuel and ‘phase in carbon free fuels (solar, wind, nuclear as well as to promote energy efficiency, including (e.g. removal of subsidies; or introduction of subsidies impacts price and usage
- Subsidies for climate-friendly products have positive effects but could also affect developing countries that are trying to **diversify** into new products and technologies.

Border carbon adjustment measure

- Border carbon adjustment instruments can have a negative impact on the role of international trade as a tool for economic development in poor countries.

Positive approach

- (a) Type of trade measures in relation to climate and environment should be agreed to multilaterally; avoidance of unilateral measures as far as possible.
- (b) Avoidance of trade protection is a most important aspect that enables diversification of developing economies.
- (c) Ex ante impact assessment of the impact of carbon tariff or border adjustment taxes

Standards & Labelling

Standards and Labeling in terms of eco/carbon content may disadvantage developing countries exports unduly.

- The Economists 2011, June 2

Carbon-footprint labels, which indicate a product's environmental impact, are quietly spreading.

These are both in the private and public domain,

- Carbon Trust, Japan the Ministry of Economy, Trade and Industry, France' Grennelle 2 Law.

Carbon labelling & development

A World Bank funded study (Plassmann) looking at **Product Carbon Footprinting schemes and standards**, argue that carbon footprinting has many challenges for developing countries:

- a long way from markets
- highly dependent on export of food
- exporting commodities and unprocessed foods
- deficient in relevant data and information
- subject to numerous carbon footprinting methodologies
- suffer from low and variable yields

Development friendly approach:

- (a) Need to design national or international measures in a manner that does not disadvantage developing countries; avoid use of standards and labels as trade protection measures
- (b) Assist developing countries to upgrade standards, so that they can diversify into new products and technologies
- This is impacted by technology policies, technology transfer and technology development

A way forward...

- *Many developing countries depend on single commodity (oil/minerals, agriculture, tourism) which is vulnerable to specific types of response measures.*
- *Most developing Countries also have limited capacity to respond or recover from the negative impacts of response measures, without prolonged and sustained damages to the economy and the associated adverse social, poverty and employment impacts*
- *Response measures implemented by developed countries therefore must be based on a precautionary approach and operate on the principle of 'do no harm'*

Responsibility

- *This meant that there must be ex ante impact assessments to ascertain the likely impacts of proposed/planned response measures on developing countries before the measures are implemented.*
- *It is often too late to wait for 'on the ground impacts'*
- *Developed countries in designing and implementing response measures on climate grounds have a responsibility to ensure that such measures do not harm developing countries' economies.*

Accountability

- *Parties that implement response measure(s) must be fully accountable for the consequences of these measures through the provision of insurance/compensation fund, finance and technology transfer as well as capacity building to support developing countries economic diversification in order to achieve the intended objective of the response measure proposed and or implemented*

Accountability

- Accountability and responsibility of parties elected to implement a response measure require a high level of transparency about intended measure(s) and its likely economic and social consequences on developing countries, given the specificities of their economies.
- Such measure(s) must be notified to the UNFCCC and the associated information, including the results of impact/sustainability assessments, featured on a dedicated website. Parties able to comment and respond.

Ensuring transparency/accountability

- Credible response measure information & reporting system that is transparent. (This include exploration of a methodology for reporting/notification of the planned measure(s) that may impact developing countries.)
- Development of an enabling framework for rapid assessment of the impact of response measures and country readiness to meet & overcome the challenges identify (include scope & scale of support needed)
- Process and guidelines for notification of measures with cross-border implications (for developing countries)

Examples of response measures that should be notified are

- (a) giving of subsidies
- (b) removing or reducing of subsidies;
- (c) changes in energy policies and laws for example phasing in of renewable energy or phasing out of fossil fuels;
- (d) measures to tax or discourage imports or exports of certain products;
- (e) labelling;
- (f) fostering of or discouraging of certain technologies.

Thank you

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