

**CONFÉRENCE DES NATIONS UNIES SUR
LE COMMERCE ET LE DÉVELOPPEMENT**



**UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT**

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17 May 2006

Dear Mr. Acosta,

We apologize for being unable to attend the expert meeting in Bonn this week on economic diversification to follow up on paragraph 16 (b) of UNFCCC decision 1/CP.10.

UNCTAD remains committed and interested to partner with the UNFCCC process to further progress on the implementation under decision 5/CP.7. Decision 5/CP.7 refers to FCCC Articles 4.8 and 4.9, as well as Articles 2.3 and 3.14 of the Kyoto Protocol, and addresses the specific needs and concerns of developing countries arising from the adverse effects of climate change and the potential impact upon their economies of the implementation of response measures.

The implementation of the Kyoto Protocol will over time affect the economics of energy use and might include considerable changes to high-emitting economic sectors and production processes. The internalization of the climate change externality will require important efforts from both Annex B and developing countries. To this effect, UNCTAD has been requested by its governing body to “continue its policy-oriented analysis and capacity-building activities in the areas of trade, environment and development, inter alia, of the trade and investment implications of multilateral environmental agreements (such as the FCCC and the Kyoto Protocol)”.

The UNCTAD Climate Change Programme has focused on:

- 1) enabling developing countries to capture investment and trade opportunities under CDM;
- 2) providing analysis of challenges and opportunities for CDM potential in certain commodity sectors, such as the rubber sector and biofuels;
- 3) assessing development and trade implications for oil exporting countries of the implementation of response measures;
- 4) assisting LDCs through UNCTAD’s Special Programme for Least Developed, Landlocked and Island Developing Countries to foster CDM opportunities and promote economic diversification. The UNCTAD LDC Programme promotes the socioeconomic development of these countries through research, policy analysis and capacity-building.

Mr. Roberto Acosta
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As countries enter into the phase of implementing the Kyoto Protocol, greater economic diversification will be desirable both to minimize adverse effects of response measures and to enable developing countries and LDCs to embark on lower carbon intensive development policies. For example, economic diversification can help LDCs in the area of adaptation, particularly as it could reduce their vulnerability to the impacts of climate change on tourism, a priority sector for several LDCs. Diversification is also a means by which some countries will be able to cope with the impacts of moving into a carbon-constrained future. UNCTAD is in a position to provide useful insights based on its experience in these areas, as the climate change process starts to operationalize the provisions under decision 5/CP. 7 on economic diversification.

We would be pleased to participate in the follow-up to the expert meeting this week and would be grateful if you could distribute this message to the participants, if you deem appropriate.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Lucas Assunção', written in a cursive style.

Lucas Assunção
Chief of Section
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UNCTAD