

SUBMISSION BY SAUDI ARABIA

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Views on Different Elements of The Cancun Agreement **Decision 1/CP16**

OVERALL REFERENCE

The COP, at its 16th session, invited Parties to submit to the secretariat, by 21 February 2011, their views on different elements of the Cancun Agreement in Decision 1CP16. Saudi Arabia welcomes the opportunity to submit its views on these important elements

Saudi Arabia emphasizes that the UNFCCC is and will continue to be the main guiding framework for all climate change actions for now and into the future. Therefore, all its principles, rights and obligations, as well as existing annexes shall remain valid for any agreed outcome from Cancun.

In accordance with the Bali Action Plan, the aim of the Cancun Agreement is to enhance implementation of the convention for the present, as well as up to and beyond 2012. Any objectives must be aligned with the objective of the convention and must allow for economic development to proceed in a sustainable manner and ensure that food production is not threatened.

FORUM ON THE IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

Reference from the Cancun Agreement

93. *Decides* to provide a forum on the impact of the implementation of response measures, and to that end requests the Chairs of the SBSTA and the SBI to convene such a forum at the thirty-fourth and thirty-fifth sessions of these bodies, with the objective of developing a work programme under the subsidiary bodies to address these impacts, with a view to adopting, at the seventeenth session of the Conference of the Parties, modalities for the operationalization of the work programme and a possible forum on response measures;

94. *Invites* Parties and relevant intergovernmental organizations to submit to the secretariat, by 28 March 2011, their views on the issues referred to in paragraph 93 above for consideration by the SBI and the SBSTA at the thirty-fourth sessions of the subsidiary bodies;

Views from Saudi Arabia

As they implement their emission reduction commitments, Annex I Parties have the obligations to minimize the adverse social, environmental and economic impacts on Developing country Parties, particularly those countries identified in Article 4, paragraphs 8 and 9, of the Convention. The Convention and Protocol acknowledge every country's legitimate right to sustainable development, and that Annex I Parties have a responsibility to promote a supportive economic system leading to sustainable economic growth and development in these countries, and support their overriding priorities for economic and social development and poverty eradication.

All Developing Countries will be adversely impacted by the implementation of mitigation policies and measures, the impact will vary in nature and magnitude depending on their particular circumstances. This is further exacerbated by their lack of capacity to adapt to these adverse impacts of response measures. As such, the mitigation actions to curb climate change should not be at the cost of the Developing countries' economic survival. IPCC assessment reports, including The Fourth Assessment Report, confirm that efforts to mitigate climate change will have adverse effects on the economies of Countries that are highly dependent on income generated from the production, processing and export of fossil fuels, such impacts are expected to be massive and deep. In Saudi Arabia, where oil represents around 90% of government income and 50% of national GDP, and thus making Saudi Arabia among the most vulnerable economies. Saudi Arabia's economy has always been threatened by oil price fluctuations which impede investments, and increase the challenges in diversifying the economy.

Saudi Arabia remains concerned with the adverse impacts of the policies and measures taken by Annex I parties to achieve their emission reduction targets. Higher targets will only

compound that concern. In addition, developing countries are going to be undertaking nationally appropriate mitigation actions (NAMAs). These NAMAs may also have different social and economic impacts on other Parties, as well as on the implementing Party.

A Forum to discuss how to avoid the adverse social, environmental and economic impacts of response measures is expected to yield significant strategic objectives and foster greater understanding and synergies. Such a Forum shall focus on modeling, insurance and financial risk management, economic diversification, technology development and transfer, and sustainable development; as well as establish adaptation needs to the impact of response measures.

The Forum will provide an appropriate platform to help all developing country parties deepen their understanding on the impact of the various policies and measures and provide different rankings for policies and measures in terms of their different adverse impacts on particular regions, industries, or sectors. Such information will help all parties in their efforts to select appropriate policies that achieve the desired mitigation results and at the same time avoid or reduce the adverse impact of these policies and measures on other parties, particularly developing country parties with specific vulnerabilities, like Saudi Arabia whose economy is dependent on the processing and export of oil

Operation and work programme

The Forum shall provide a proper venue for the continuous exchange on response measures and should be open to participation from all Parties and intergovernmental organizations, as well as experts from the scientific and modeling community. Professional from the private sector with expertise in the fields of finance, insurance, risk management and risk transfer systems. Social and economic scientists also provide great assistance to the work of the Forum

The Forum shall report annually to the COP on findings, as well as make recommendations for COP decisions on further actions. The report to the COP shall include progress of implementation of all elements and sub-elements included in the work program. Such a work program shall include, inter alia:

- A. Modeling;
 - (i) Dissemination of modeling tools and models to non-Annex I Parties, and ensuring increased collaboration on modeling activities on an ongoing basis;
 - (ii) Development of methodologies to assist Developing Countries to examine vulnerability to the impact of the implementation of response measures;
 - (iii) Development of draft guidance documents on how to undertake socioeconomic assessments of the impact of response measures to be piloted in selected Countries as a basis for detailed and comprehensive guidance;
 - (iv) Development, in collaboration with international organizations, of methodologies to assess the impacts on Developing Countries of policies already implemented by Annex I Parties;

(v) Coordination with the scientific research community, including the IPCC, to improve the quality of models, in particular those that assess the impact of response measures on Developing Countries, with a view to fully addressing this issue in the future work of the IPCC;

(vi) Capacity building at the national level on modeling the impacts of response measures;

B. Insurance, and financial risk management;

(i) Sharing experiences and opportunities on the development of measures, methodologies and tools aimed at increasing economic resilience;

(ii) Possible collaboration between the climate change community, government programs and private insurance sectors;

(iii) Private-public partnerships linking insurance mechanisms and risk-reduction Mechanisms

(iv) Ways in which to build capacity at the national level for risk management, risk financing and risk transfer;

(v) Means by which to engage the private sector in the development of alternative risk transfer mechanisms;

(vi) Means of strengthening local capacities and equipping communities with greater resilience.

C. Economic diversification;

(i) Exchanging experience in economic diversification and lessons learned, with a view to identifying what technical assistance may be needed to develop structural and institutional capacity, and/or to establishing a mechanism for facilitating efforts to achieve economic diversification;

(ii) Coordination by the Secretariat with the relevant international organizations and the private sector in Developed Countries on matters relating to economic diversification;

(iii) Building capacity, at the national level, in the areas of economic diversification;

(iv) Promoting private-public partnerships in various areas to support economic diversification;

(v) Providing recommendations for encouraging direct investment by and technology transfer from developed Countries to assist in the economic diversification of Developing countries;

(vi) Addressing the extent to which trade and export barriers affect economic diversification in Developing countries;

D. Technology transfer;

- (i) Technology development, deployment, transfer to adapt to the impact of response measures;
- (ii) Support technology transfer and the removal of barriers for technologies that help Developing Countries adapt to the negative effects of response measures;
- (iii) Providing support for win-win technologies that help address climate change and reduce the negative impact of response measures, like carbon capture and storage;
- (iv) Promotion of Technology driven solutions to reduce emissions, such as clean fossil fuel technologies

E. Sustainable development;

- (i) Enhance cooperation on the removal of trade barriers
- (ii) Phasing out of explicit or implicit taxation on fossil fuels
- (iii) Develop institutional capacity and improve understanding of how to balance environmental programs with social and economic priorities to achieve balance towards sustainable development;
- (iv) Providing support for the integration of economic diversification into sustainable development strategies;
- (v) Cooperation in the financial and technical support for promoting high environmental standards and energy efficiency in fossil fuels exploration and producing activities.