

DRAFT TEXT

version of 08/10/2010 @ 22:00

Enhanced action on mitigation (para. 1b (vi) of the Bali Action Plan)

Revision of FCCC/AWGLCA/2010/14, Chapter I, paragraph 59 (and its two preceding paragraphs), and Chapter VII

Chapter I

6. Economic and social consequences of response measures

[Emphasizing that the issue of the impacts of response measures is only related to mitigation, and is separate and distinct from adaptation to the adverse effects of climate change,]

[Emphasizing the special difficulties of those countries, especially developing countries whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of actions taken on limiting greenhouse gas emissions,]

Decides

59.

Option 1:

To address economic and social consequences of response measures pursuant to provisions in Chapter VII.

Option 2:

That pursuant to provisions in chapter VII, and in order to assist [all Parties, in particular] developing country Parties in addressing the negative economic and social consequences of response measures:

- (a) *(Placeholder on trade and climate change. G77/China reserve right to provide new text in future)*

Alternative 1:

[Developed country Parties shall not resort to any form of unilateral measures including tariff and non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services imported from developing country Parties, on any grounds related to climate change. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, paragraph 1), to trade and climate change (Article 3, paragraph 5) and to the relationship between mitigation actions of developing country Parties and the provision of financial resources and technology by developed country Parties (Article 4, paragraphs 3, 5, 7, 8, 9, and 10).]

Alternative 2:

[Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, and Article 4, paragraphs 3, 5, 7, 8, 9 and 10, and taking into account the principles of equity, common but differentiated responsibilities and the obligation of the developed country Parties to provide financial resources, development and transfer of technology and provide capacity building support to the developing country Parties, the developed country Parties shall not resort to any form of unilateral measures, including tariff and non-tariff or other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance.]

Alternative 3:

[That, taking into account the relevant provisions of the Convention and further recognizing the principle enshrined in Article 3, paragraph 5, Parties in the pursuit of the objective and implementation of the Convention, shall not resort to any measures, in particular unilateral fiscal or non-fiscal measures applied on the border, against goods and services imported from Parties, that constitute a means of arbitrary or unjustified discrimination or a disguised restriction on international trade.]

Alternative 4:

[Agrees that Parties, in the pursuit of the objectives and the implementation of the Convention, in line with the principles of the Rio Declaration, shall base any measure that has an effect on international trade, in particular on developing country exports, including border adjustment measures, on an international consensus.]

(a) bis [That the social and economic cost derived from climate change mitigation response measures shall not be passed on to developing country Parties through any means, including trade-related measures, in accordance with Article 3, paragraphs 1 and 5 of the Convention, and stresses the importance of the provision of finance and technology by developed country Parties, in accordance with Article 4, paragraphs 3, 5 and 7 of the Convention,]

(b) That a forum shall be established to consider actions to avoid and/or minimize the negative consequences of response measures taken by developed country Parties on all developing country Parties, [in particular those covered by Article 4, paragraph 8, and least developed country Parties] in accordance with guidance to be agreed by the Conference of the Parties, and pursuant to the principles and provisions of the Convention.

(c) That developed country Parties and other developed Parties included in Annex II in accordance with Article 4, paragraphs 3, 5 and 7 of the Convention shall provide to developing countries new and additional financial resources, including for the transfer of technology and capacity building, in order to build the resilience of societies and economies negatively affected by the response measures.

Option 3:

That Parties should cooperate fully to enhance understanding of economic and social consequences of response measures, taking into account the need for information from those affected, evidence of actual impacts, including both positive and negative effects, and further decides to consider how existing channels, such as national communications and the

Subsidiary Body for Implementation could serve as a platform for discussions on information provided by Parties, pursuant to provisions in Chapter VII.

59 bis [Agrees that, in accordance with relevant international instruments, including the UN Declaration of the Rights of Indigenous Peoples, the Parties shall cooperate with the indigenous peoples through their own representative institutions to obtain their free, prior and informed consent before adopting and implementing measures that may affect them.]

Chapter VII

Economic and social consequences of response measures

Note from the Chair: the paragraphs below contain further provisions on the economic and social consequences of response measures referred to in paragraph chapter I C 6.

The Conference of the Parties,

Reaffirming the importance of the objective of the Convention, and the relevant principles and provisions of the Convention related to economic and social consequences of response measures, in particular its Articles 2, 3 and 4,

Recognizing that the implementation of response measures to mitigate climate change taken by a Party may result in negative economic and social consequences for other Parties, and the need to take into consideration in the implementation of the commitments of the Convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change, referred to in Article 4, paragraph[s] 8 [(h)], [9 and 10] of the Convention,

[*Recognizing the importance of meeting the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures taken by developed country Parties,*]

Affirming that economic development is essential for [developing country Parties to deal with climate change and that policies and measures [taken by developed countries] to combat climate change at global, national and regional levels shall not undermine this development nor constitute a means of transferring the burden of climate change mitigation to developing country Parties,]

[*Recognizing* that environmental standards should reflect the environmental and developmental context to which they apply, and that standards applied by some countries may be inappropriate and of unwarranted economic and social costs to developing countries,]

Affirming that responses to climate change should be coordinated with social and economic development in an integrated manner, with a view to avoiding adverse impacts on the latter, taking fully into account the legitimate priority needs of developing country Parties for the achievement of sustained economic growth and the eradication of poverty, and the consequences for vulnerable groups, in particular women and children,

[*Recognizing* that the efforts to avoid or minimize the negative impact of response measures should not constrain or hinder progress in addressing climate change,]

Recognizing the importance of avoiding and minimizing negative impacts of response measures on social and economic sectors, promoting a just transition of the workforce, the creation of decent work and quality jobs, and contributing to building new capacities for both production and service-related jobs in all sectors, promoting economic growth and sustainable development,

[*Emphasizing* that the issue of the impacts of response measures is related to mitigation, and is separate from adaptation to the adverse effects of climate change,]

[*Noting* the need for developed country Parties to compensate [developing country Parties, especially] the economies of Africa, least developed countries and small island developing States for environmental, social and economic losses arising from the implementation of climate change response measures in the context of environmental justice and environmental refugees,]

1.

Option 1:

[Urges developed country Parties to strive to implement policies and measures to respond to climate change in such a way as to avoid and minimize negative social and economic consequences for developing country Parties, taking fully into account Article 3 of the Convention;

Also urges developed country Parties and other developed Parties included in Annex II, in order to assist developing country Parties in addressing negative social and economic consequences, and in building the resilience of their societies and economies negatively affected by those consequences to provide financial resources, including for access to and development and transfer of technology, at agreed full incremental costs in accordance with Article 4, paragraphs 3, 5 [and] 7, [8, 9 and 10] of the Convention, and promote and facilitate the transfer of and access to environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention;]

Option 2:

[Urges Parties, in the implementation of measures to mitigate climate change, to take into consideration the economic and social impacts of response measures;]

2.

Option 1:

[Decides that developed country Parties shall not resort to any form of unilateral measures including tariff and non-tariff, and other fiscal and non-fiscal border trade measures, against goods and services imported from developing country Parties, on any grounds related to climate change. Such measures would violate the principles and provisions of the Convention, including, in particular, those related to the principle of common but differentiated responsibilities (Article 3, para. 1), to trade and climate change (Article 3, para. 5) and to the relationship between mitigation actions of developing country Parties and the provision of financial resources and technology by developed country Parties (Article 4, paras. 3, 5, 7, 8, 9, and 10).]

Option 2:

[Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 4 and 5, Article 4, paragraphs 3, 5 and 7, and taking into account the principles of equity, common but differentiated responsibilities and the obligation of the developed country Parties to provide financial resources, transfer of technology and provide capacity building support to the developing country Parties, the developed country Parties shall not resort to any form of unilateral measures, including tariff and non-tariff or other fiscal and non-fiscal border trade measures, against goods and services from developing country Parties on any grounds related to climate change, including protection and stabilization of climate, emissions leakage and/or cost of environment compliance.]

Option 3:

[Agrees that Parties, in the pursuit of the objective and implementation of the Convention, shall not resort to any measures, in particular unilateral fiscal or non-fiscal measures applied at the border against goods and services imported from Parties, that constitute a means of arbitrary or unjustified discrimination or a disguised restriction on international trade, taking into account the relevant provisions of the Convention and further recognizing the principle enshrined in Article 3, paragraph 5;]

Option 4:

[Agrees that Parties, in the pursuit of the objectives and the implementation of the Convention, in line with the principles of the Rio Declaration, shall base any measure that has an effect on international trade, in particular on developing country exports, including border adjustment measures, on an international consensus.]

3. *Agrees* that information relating to response measures should be considered in a structured manner in order to enhance the implementation of Article 4, paragraph 1(g) and (h), of the Convention, recognizing the needs of developing country Parties identified in Article 4, paragraphs 8, 9 and 10;

4.

Option 1:

[*Decides* to establish a forum to [assist **developing country Parties in identifying** and addressing the impact of response measures **taken by** developed country Parties, sharing information, promoting and cooperating on issues relating to response strategies and exploring ways to minimize negative consequences, in particular in developing country Parties [will engage all relevant public organisation, the private sector, experts and other stakeholders in this undertaking. It will also consider appropriate tools such as insurance, technology development and transfer, for dealing with negative consequences as well as identify possible sources of funding for improving environmental and energy efficiency in upstream and downstream activities relating to fossil fuels;]

Invites Parties and relevant intergovernmental organizations to submit to the secretariat, by [xx], their views on issues related to paragraph [xx] below for consideration by Parties by [xx] before the seventeenth session of the Conference of the Parties;

Requests the secretariat to compile these submissions into a miscellaneous document for consideration at [xx];

Agrees to adopt, at the seventeenth session of the Conference of the Parties, modalities for the operationalization of the forum, defining its mandate, nature, scope, composition, functions, related support, reporting and evaluation, and any other related matters;]

Option 2:

[*Decides* that Parties should cooperate fully to enhance understanding of economic and social consequences of response measures, taking into account the need for information from those affected, and evidence of actual impacts, and of both positive and negative effects, and further decides to consider how existing channels, such as national communications, including the possible submission of supplementary information, as considered by the Subsidiary Body for Implementation, could serve as a platform for discussions on the information provided by Parties.]

Option 3:

[*Decides* to establish a semi-annual Forum, under the COP, to be held in conjunction with SB meetings, for Parties and representatives of relevant intergovernmental organizations, with participation from the scientific, financial and insurance private sector, to guide, monitor and evaluate implementation of a work programme on the impact of response measures, which will include, inter alia, the elements listed in paragraphs XX below.

Decides further that the Forum at its first session shall agree a work plan for addressing the work programme on the impact of response measures, and set particular milestones for making progress and delivering actions.

The Forum shall report annually to the COP on findings with a view to making recommendations for decisions on further actions.

The work programme for the Forum shall include, inter alia:

- a) Insurance, and financial risk management
 - (i) Possible collaboration between the climate change community, government programmes and private insurance sectors;

- (ii) Private-public partnerships linking insurance mechanisms and risk-reduction mechanisms;
 - (iii) Ways in which to build capacity at the national level for risk management, risk financing and risk transfer,
 - (iv) Means by which to engage the private sector in the development of alternative risk transfer mechanisms;
- b) Modelling
- (i) Dissemination of modelling tools and models to non-Annex I Parties, and ensuring increased collaboration on modelling 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 socio-economic 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 modelling the impacts of response measures;
- c) Economic diversification
- (i) Providing support for the integration of economic diversification into sustainable development strategies;
 - (ii) 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;
 - (iii) Coordination by the secretariat with relevant international organizations and the private sector in developed countries on matters relating to economic diversification;
 - (iv) Building capacity, at the national level, in the areas of economic diversification;
 - (v) Promoting private-public partnerships in various areas to support economic diversification;
 - (vi) Providing recommendations for encouraging direct investment by and technology transfer from developed countries to assist in the economic diversification of developing countries;
 - (vii) Addressing the extent to which trade and export barriers affect economic diversification in developing countries;
- d) Technology transfer

-
- (i) Providing support for win-win technologies that help address climate change and reduce the negative impact of response measures, like carbon capture and storage;
 - (ii) Support technology transfer and the removal of barriers for technologies that help developing countries adapt to the negative effects of response measures.]

5. *[[Verb]* Policies and measures taken by developed country Parties to address climate change, including trade-related measures, at global, national and regional levels and across all sectors, shall be in accordance with the principles and provisions of the Convention, in particular equity and common but differentiated responsibilities, Article 3, paragraphs 4 and 5, and Article 4, paragraphs 8, 9 and 10, and take into account the national circumstances of developing country Parties; such policies and measures shall not transfer directly or indirectly the burden of climate change mitigation to developing country Parties nor limit the social and economic development of these Parties.]

6. *[[Verb]* Parties [agree on the importance of] [shall] avoid[ing] and minimiz[e] [ing] negative impacts of response measures on social and economic sectors, promoting a just transition of the workforce, the creation of decent work and quality jobs, and contributing to building new capacity for both production and service-related jobs in all sectors, promoting economic growth and sustainable development.]