SUBSIDIARY BODY FOR IMPLEMENTATION
Thirty-second session
Bonn, 31 May to 9 June 2010

Agenda item 12
Matters relating to Article 3, paragraph 14, of the Kyoto Protocol

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Draft conclusions proposed by the Chair

1. The Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Technological and Scientific Advice (SBSTA) set up a joint contact group to discuss the SBI agenda item “Matters relating to Article 3, paragraph 14, of the Kyoto Protocol” and the SBSTA agenda item “Matters relating to Article 2, paragraph 3, of the Kyoto Protocol” during their thirty-second sessions. In the establishment of this joint contact group, the Chairs of the SBI and the SBSTA directed that equal time be allocated to the consideration of each item.

2. The SBI and the SBSTA agreed to continue their discussions on these matters in a joint contact group to be established by the SBI and the SBSTA at their thirty-third sessions. They agreed to resume the consideration of these matters at their thirty-third sessions, based on the draft text contained in the annex.
Text for further consideration by the Subsidiary Body for Implementation and the Subsidiary Body for Technological and Scientific Advice

Matters relating to Article 3, paragraph 14, of the Kyoto Protocol

1. [Recalling decision 31/CMP.1;

2. [The Subsidiary Body for Implementation (SBI) acknowledged that the potential impacts of response measures is a challenge faced by all countries.] [Parties noted that striving to minimize the adverse impacts of mitigation policies and measures is a common concern of both developed and developing countries.] [They further noted that any consideration of these impacts should [initially] focus on the poorest countries and those least able to address those impacts.]

Alt: Parties noted that striving to minimize the adverse impacts of mitigation policies and measures is an obligation of Parties included in Annex I to the Convention (Annex I Parties) and a concern of developing countries and [emphasizing ][the SBI emphasized ]the commitment of Annex I Parties to minimize adverse social, environmental and economic impacts of response measures on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention.

3. [[Recognizing][The SBI [and the SBSTA ]recognized] the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation[ and/or are faced with serious difficulties in switching to alternatives], as a consequence of action taken to limit greenhouse gas emissions.]

4. [[Recognizing][The SBI recognized] that developing country Parties need to be given full consideration as they would have to bear a disproportionate or abnormal burden under the Convention.]

5. [[Considering][Recalling][The SBI [and the SBSTA ]underlined] the importance of the principles outlined in Article 3 of the Convention in the implementation of Article 3, paragraph 14, [and Article 2, paragraph 3, ]of the Kyoto Protocol.]

6. [Developed country Parties shall not resort to any form of unilateral measures including countervailing trade measures, against goods and services imported from developing countries on grounds of protection and stabilization of the climate. 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 countries and the provision of financial resources and technology by developed country Parties (Article 4, paragraphs 3 and 7).]

[Alt: The SBI [and the SBSTA ]underlined the importance of Article 3 of the Convention in the implementation of Article 3, paragraph 14, and Article 2, paragraph 3, of the Kyoto Protocol.]

[Alt: 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.]
7. [The SBI [and the SBSTA ]acknowledged the work being carried out by other bodies under the Convention and its Kyoto Protocol, with the aim of maintaining an approach that is coherent with other relevant work under the UNFCCC process.]

8. [[Emphasizing][The SBI [and the SBSTA ]emphasized] that [developed country ]Parties [included in Annex I to the Convention]shall, in the implementation of policies and measures, strive to minimize the adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention, taking into account its Article 3.]

9. [The SBI [and the SBSTA ]noted the need to deepen Parties’ understanding of adverse impacts and the need to continue to share information on the nature of impacts of response measures. Sharing of information can be achieved through the regular and systematic provision by all Parties of information that is as complete as possible on potential and observed impacts of policies and measures, in particular through [Annex I ]national communications, and the regular review of this information.]

[Alt: [Acknowledging][The SBI [and the SBSTA ]noted ]the need to share information on the nature of adverse impacts of response measures experienced by developing country Parties and the steps Annex I Parties are taking, in the implementation of policies and measures under Article 2 of the Kyoto Protocol, to minimize adverse effects, especially on developing country Parties, in particular those identified in Article 4, paragraphs 8 and 9, of the Convention.]

[Alt: [Noting][The SBI [and the SBSTA ]noted the importance of the exchange of information and the development of methodologies on the assessment of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention.]

Option 1: The SBI [and the SBSTA ]also noted the complexities of assessing the attribution and causation of the adverse impacts of policies and measures, and that understanding of this could be achieved through:

(a) Assessments of potential impacts and observed impacts carried out by, inter alia, relevant national institutions and international organizations;

(b) Information from work being carried out by other UNFCCC bodies that may be relevant in considering potential impacts.

Option 2: The SBI [and the SBSTA ]noted the need to deepen the understanding of potential consequences of response measures taken by Annex I Parties on developing country Parties and that this can be achieved through various means including assessments of potential and observed impacts carried out by, inter alia, relevant national institutions and international organizations.

Option 3: The SBI [and the SBSTA ]noted the complexities of assessing the attribution and causation of the potential impacts of response measures. The SBI [and the SBSTA ]also noted the need to deepen the understanding on the potential impacts of response measures to respond to climate change. This could be achieved through:

(a) Assessments of potential impacts and observed impacts carried out by, inter alia, relevant national institutions and international organizations;

(b) Information from work being carried out by other UNFCCC bodies that may be relevant in considering potential impacts;
(c) The regular and systematic provision by all Parties of information that is as complete as possible on potential and observed impacts of policies and measures, in particular through national communications, and the regular review of this information.

10. Concerned about the gaps in methodology to incorporate information on actions to minimize the adverse impacts of response measures, in particular actions related to the areas listed in paragraph 8 of decision 31/CMP.1.

11. The SBI [and the SBSTA] noted the work of the Intergovernmental Panel on Climate Change (IPCC) on international spillover effects as described in its Fourth Assessment Report, and [that the IPCC has decided][its plans] to further assess [this issue][and co-benefits and trade-offs] in its Fifth Assessment Report.

12. [The SBI [and the SBSTA] invited Parties and relevant organizations to submit to the secretariat, by xx, further information and views on issues relevant to Article 3, paragraph 14[, and Article 2, paragraph 3,] of the Kyoto Protocol, including views on whether a workshop should be held on this matter, and on the issues to be dealt with at any such workshop and to compile the submissions into a miscellaneous document.]

[Alt: [Invites ][The SBI [and the SBSTA] also invited] Annex I Parties to submit (by xx) information on the different ways used for reporting on actions to minimize the adverse impacts of response measures, in particular actions related to the areas listed in paragraph 8 of decision 31/CMP.1 and [requests ][requested ]the secretariat to compile the information submitted above.]

13. [Decides][The SBI [and the SBSTA] decided] to work on a road map for a phased approach to the implementation of Article 3, paragraph 14, of the Kyoto Protocol, to further its implementation and in accordance with decision 13/CMP.1, and to establish a common reporting methodology to incorporate information on actions to minimize the adverse impacts of response measures, in particular actions related to the areas listed in paragraph 8 of decision 31/CMP.1. The SBI [and the SBSTA] also decided that the common reporting methodology shall be guided by transparency, consistency, comparability, completeness and accuracy.

14. [Requests][The SBI [and the SBSTA] requested] the IPCC to develop guidelines to help determine if Parties included in Annex I to the Convention are striving to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties, and in particular those identified in Article 4, paragraphs 8 and 9 of the Convention.

15. [Decides][The SBI [and the SBSTA] decided] to consider what further actions are necessary to help developing country Parties, and in particular those identified in Article 4, paragraphs 8 and 9, of the Convention. Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology, pursuant to Article 3, paragraph 14.

16. The SBI [and the SBSTA] agreed to continue their consideration of these matters at their xx sessions in a joint contact group.]