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Agenda item 10
Matters relating to Article 2, paragraph 3, of the Kyoto Protocol

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Draft conclusions proposed by the Chair

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

Annex

[ENGLISH ONLY]

Text for further consideration by the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation**Matters relating to Article 2, paragraph 3, of the Kyoto Protocol**

1. [The Subsidiary Body for Scientific and Technological Advice (SBSTA) [and 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.]

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 and a concern of developing countries.

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

3. [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).]

4. [The SBSTA [and the SBI]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.]

5. [The SBSTA [and the SBI]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.]

6. [The SBSTA [and the SBI]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: The SBSTA [and the SBI]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.

7.

Option 1: The SBSTA [and the SBI]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 SBSTA [and the SBI]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: Noting the complexities of assessing the attribution and causation of the potential impacts of response measures. The SBSTA [and the SBI]also noted the need to deepen understanding of 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.

8. The SBSTA [and the SBI]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 agreed to further assess [this issue][spillovers, co-benefits and trade-offs] in its Fifth Assessment Report.

9. The SBSTA [and the SBI]invited Parties and relevant organizations to submit to the secretariat, by xx, further information and views on issues relevant to Article 2, paragraph 3, [and Article 3, paragraph 14]of the Kyoto Protocol.

10. [The SBSTA [and the SBI]agreed that these submissions should include 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: The SBSTA [and the SBI]requested the secretariat to organize a workshop, before the xx session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, to explore this issue. The SBSTA [and the SBI]further requested the secretariat to prepare a report on the workshop to be made available to the SBSTA [and the SBI]by their xx session.]

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