

# Forum on the Impacts of the Implementation of Response Measures

## Vulnerability and Adaptation Needs

*Kuwait*

## *Vulnerabilities to the impact of Response measure*

- High dependency on single commodity -
  - Oil represents over 90% government revenue and over 50% of GDP;
- Unsustainable demand for energy; instability and difficulties in planning supply; vulnerability to fluctuations
- Shifting production and export patterns entailing high costs and high risks economic risks
- Limited options for economic diversification;
- Rapid population growth rates; and sustainable development challenges

# Study by McKay Consultants

- Reviewed over 2500 policies in 40 countries.

## Key Findings:

- Potential to Reduce Future World Oil Consumption by up to 25%
- Average Annual Loss of Revenue is in tens of billions

## Key Findings:

- Technology related policies have the lowest impact; technology development based measures have the lowest impact on oil demand and thus provide the lower negative spillover effects on oil producing developing countries
- Technologies such as CCS provide solutions to address climate change and adverse effects of the policies and measures
- Efficiency measures also provide good solutions with minimum impact

# IMPACT IS A REALITY

“Analyses report reductions in both projected GDP and projected oil revenues for oil-exporting, non-Annex 1 countries.” IPCC

## Oil Exporting Non-Annex 1 Nations Disproportionately Affected

- All models agree on that (i.e., GDP, Welfare, Revenue)
- Nations with greatest dependence on oil revenues face greatest negative impact
- Impacts attributable to negative shifts in terms of trade, and reductions in oil consumption



## *Vulnerabilities to the impact of Response measure*

- Annex I countries must take these vulnerabilities into consideration when designing their mitigation action plan, and apply real effort to try and reduce the negative impacts of these policies
- A level of impact may be inevitable , and thus it is important for vulnerable developing countries, to adapt to these impacts. Adaptation measures can vary for short term and long term.



*Forum must identify solutions  
and agree on how to implement these solutions*

*Solutions to address the impacts:*

- Developed countries need to assess the potential implications of their mitigation response measures for developing countries' social, environmental and economic security; and must demonstrate the results of these assessment
- Developed countries also reminded to include in their implementing mitigation plans socio-economic assessment of the potential impacts on health, employment and incomes, gender and migration.



# Forum must identify solutions and agree on how to implement these solutions

## Solutions (cont'd):

- Assist developing countries that are highly dependent on the export and consumption of fossil fuels in strengthening resilience and diversifying their economies.
- Developing risk sharing mechanisms regarding loss of income and strengthening developing countries' social protection and security policies.
- Greater emphasis should be given to climate policies that have larger associated benefits in terms of poverty reduction and social protection.

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## Solutions (cont'd):

- Progressive reduction of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors; and the removal of subsidies associated with environmentally unsound and unsafe technologies.
- Massive investments will be needed to make up for the high risks associated with shifting production and export patterns.
- Risk management thru: commodity price insurance; risk financing and risk transfer; etc.



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*Solutions (cont'd):*

- Promotion, cooperation and support in the technological development of non-energy uses of fossil fuels; and in the development, diffusion and transfer of less GHG advanced fossil fuels technologies.
- Strengthen developing countries institutional capacity to improve efficiency in upstream and downstream activities relating to fossil fuels.

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### Solutions (cont'd):

- Investing in and scaling up promising and proven technology driven solutions to reduce emissions which do not necessarily require a move to reduce consumption of fossil fuels such as carbon capture and storage (CCS).
- Encouraging direct investment by and technology transfer from developed Countries to assist in the economic diversification of Developing countries.
- Engage participation of international organizations and industry experts, etc.

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*Solutions (cont'd):*

- Motivating private-public partnerships and contribution to various areas to support economic diversification.
- Supporting on-going forum for continuous dialogue to discuss relevant current and arising issues, and to provide an on-going process for assessment and evaluation.

**Thank You...!!**

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