

**AD HOC WORKING GROUP ON FURTHER COMMITMENTS  
FOR ANNEX I PARTIES UNDER THE KYOTO PROTOCOL**

**Seventh session**

**Bonn, 29 March to 8 April 2009**

**Agenda item 5 (c)**

**Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol  
Consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties**

**Workshop on potential environmental, economic and social consequences,  
including spillover effects, of tools, policies, measures and methodologies  
available to Annex I Parties**

**Report by the chair of the workshop**

**I. Introduction**

1. At its resumed sixth session, the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) requested the secretariat to organize, under the guidance of the Chair of the AWG-KP, an in-session workshop for the consideration of information on potential environmental, economic and social consequences, including spillover effects, of tools, policies, measures and methodologies available to Annex I Parties (hereinafter referred to as potential consequences).<sup>1</sup>
2. The approach and objectives of the workshop have been outlined in the scenario note on the seventh session of the AWG-KP.<sup>2</sup>
3. The workshop was held in Bonn, Germany, on 30 March 2009, during the seventh session of the AWG-KP, and was chaired by Mr. Mama Konaté, Vice-Chair of the AWG-KP. It allowed for an exchange of information on issues identified at the resumed sixth session, including: evidence of actual impacts and consequences of tools, policies, measures and methodologies available to Annex I Parties; positive and negative potential consequences; how the causes and effects of potential consequences can be assessed; and possible approaches to grouping actions that lead to these potential consequences. The workshop was open to all Parties and observers.
4. As requested by the AWG-KP at its resumed sixth session,<sup>3</sup> the secretariat prepared an information note<sup>4</sup> to facilitate considerations at this workshop.
5. In the scenario note referred to in paragraph 2 above, the Chair of the AWG-KP invited interested Parties to make presentations at the workshop. The following Parties or groups of Parties

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<sup>1</sup> FCCC/KP/AWG/2008/8, paragraph 37.

<sup>2</sup> FCCC/KP/AWG/2009/2.

<sup>3</sup> FCCC/KP/AWG/2008/8, paragraph 38.

<sup>4</sup> FCCC/KP/AWG/2009/INF.3.

made presentations: South Africa on behalf of the Group of 77 and China, Algeria on behalf of the African Group, Saudi Arabia, Australia, Qatar and Kuwait. In addition, one presentation was made by the Organization of the Petroleum Exporting Countries.

6. An exchange of views was held after the presentations. Statements and comments were made by Argentina, Canada, China, the Czech Republic on behalf of the European Community and its member States, Japan, Mexico, New Zealand, the Russian Federation, Saudi Arabia, Senegal and Switzerland. After this exchange of views, the chair invited observer organizations to take the floor. Two short interventions were made, one on behalf of the trade union non-governmental organizations and one on behalf of local government and municipal authorities.

## II. Summary of discussions

7. Discussions centred on the following: deepening the understanding of potential consequences and assessing their causes and effects; the classification of tools, policies, measures and methodologies available to Annex I Parties; negative and positive potential consequences; and enhancing implementation of Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol.

8. On the subject of **deepening the understanding of potential consequences and assessing their causes and effects**, Parties noted the need to move beyond conceptual discussions and focus on evidence of actual consequences, guided by common methodologies. In this context, several areas were addressed. In particular, Parties underlined the valuable contribution that regional assessments could make to the deepening of understanding of potential consequences. These regional assessments could be supported by relevant international organizations. Parties also explored the possibility of an international assessment of potential consequences, which could be complemented by regional assessments and could be carried out by an international organization.

9. Some Parties suggested that principles and guidelines could be developed to assist in the assessment of the impacts of potential consequences, based on sound science.

10. Furthermore, Parties underlined the need to exchange experiences and provide evidence of actual consequences. Some Parties stressed that given the difficulties in anticipating potential impacts, the assessment of potential consequences should be driven by information from those affected. Some Parties stated that national communications are a valuable channel to provide information about actual impacts and concerns, which enables these to be considered and addressed on an international platform. Other Parties underlined the need for enhanced reporting by Annex I Parties on their progress made in implementing Article 2, paragraph 3, and Article 3, paragraph 14. Some Parties voiced concern that existing reporting requirements are often not fully implemented and that a review of those requirements will therefore be necessary. Other Parties expressed the view that the existing reporting commitments by Annex I Parties are being met in accordance with the provisions of the reporting guidelines under the Kyoto Protocol.

11. Some Parties described difficulties in the quantification of potential consequences, owing to the large number of economic and social factors involved. Examples include factors that affect revenues generated from the export of fossil fuels and factors that affect food prices.

12. Some Parties underlined the need for a full assessment of the potential impact on developing country Parties of the proposed post-2012 policies and measures to be implemented by Annex I Parties, as well as a full assessment of alternative policies and measures available to Annex I Parties that would minimize the impact of potential consequences.

13. As regards **classification of tools, policies and measures available to Annex I Parties**, a number of Parties indicated that further efforts should be made to fully understand the complexity of this issue. One approach could be to identify potential consequences associated with certain measures, and

ways and means to minimize their impact. Such an approach would ideally take into account the efforts of Parties in achieving sustainable development. Some Parties commented on the challenges involved in developing such an approach.

14. On **negative and positive potential consequences**, Parties generally agreed that the transition to a low-carbon economy presents major opportunities and challenges for all countries. Some Parties expressed concern about reference to the concept of low-carbon development, given that certain aspects of its implementation may place a disproportionate or abnormal burden on their economies. Some Parties suggested that one way to minimize negative potential consequences could be through the further development and deployment of new and innovative technologies such as carbon dioxide capture and storage. Some Parties noted that the minimization of negative potential consequences should be the focus of further work, while others recognized the need to maximize positive consequences.

15. A number of Parties presented information on negative impacts on their economies. Several developing countries expressed the view that they will face the greatest impacts of response measures, with the most vulnerable and poorest countries facing considerably more challenges owing to the dual burden that the impacts of climate change and potential consequences will impose. One Party suggested that a mechanism should be created to provide support to least developed countries and voiced concern about potential technology dumping. It was also stated that the interrelationship between positive and negative potential consequences is further complicated by the fact that many Parties make use of the policies, tools and measures available to Annex I Parties while being exposed to their potential consequences.

16. A number of Parties mentioned the possible negative consequences on developing country Parties, and in particular the poorest and most vulnerable among them, of subsidies and eco-labelling, especially in the agricultural sector.

17. It was indicated that actions undertaken to minimize negative potential consequences should: complement and support efforts to mitigate climate change; benefit from experiences of Parties and lessons learned; flow from national policies and measures; be balanced; and take into account the special circumstances of the poorest and most vulnerable countries.

18. Some Parties also mentioned the need to enhance the implementation of **Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol**. They reiterated the provisions of these Articles, relating to the minimization of adverse effects of international trade and social, environmental and economic impacts on developing country Parties, including spillover effects of response measures. Some Parties expressed the view that there is a need to establish funding, insurance and transfer of technology to help minimize the adverse impacts on developing countries.

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