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English only

**Ad Hoc Working Group on Long-term Cooperative Action
under the Convention**

Fourteenth session, part three

Panama City, 1–7 October 2011

Agenda item 3.2.6

Economic and social consequences of response measures

Submission by India, Argentina, China, Iran, the Arab Group (Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, Yemen and Palestine) and member States of the Organization of the Petroleum Exporting Countries (Algeria, Angola, Ecuador, Iran (Islamic Republic of), Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela (Bolivarian Republic of)) on the economic and social consequences of response measures

1. On 5 October 2011, the secretariat received a submission from a group of Parties. The secretariat was requested to issue a conference room paper containing this submission.
2. This submission is attached and reproduced¹ in the language in which it was received and without formal editing. The submission has also been posted on the UNFCCC website.²

¹ This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

² <http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/4578.php>.

**Submission by India, Argentina, China, Iran,
The Arab Group: (Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon,
Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia,
United Arab Emirates, Yemen and Palestine)
and OPEC Member States: (Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria,
Qatar, Saudi Arabia, United Arab Emirates, and Venezuela)
on Economic and Social Consequences of Response Measures**

Decision to further implement paragraphs 88, 89, 90 and 93 of 1/ CP.16:

Recalling the principles and provisions of the Convention, in particular Article 3, paragraphs 1, 2, 4, 5, and Article 4, paragraphs 3, 5, and 7, and taking into account the principles of equity, and common but differentiated responsibilities, and the obligation of the developed country Parties to provide financial resources, transfer of technology and capacity building support to the developing country Parties ;

Acknowledging that response measures to combat climate change have substantial negative social and economic consequences, and recognizing that all developing countries face economic and social consequences of response measures ;

Emphasizing that the developed country Parties should be mindful that the overriding priorities of developing countries are poverty eradicating and economic and social development, and ***stressing*** on the obligations by developed country Parties to minimize the impacts of any policies and measures they implement on developing country Parties, particularly those countries identified in Article 4, paragraphs 8, 9 and 10, of the Convention ;

Affirming that there is a need to give full consideration to what actions are necessary, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures ;

Acknowledging that most developing countries lack the capacity to assess the scope and magnitude of the negative consequences of the implementation of response measures on their own ;

Further agreeing 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 the development, nor constitute a means of transferring the burden of climate change mitigation to developing country Parties.

1. Decides that the developed country Parties shall not resort to any form of unilateral measures, including tariff, non-tariff, and 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; 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 respective capabilities and the obligations of the developed country Parties to provide financial resource, transfer technology and provide capacity building support to the developing country Parties.

2. *Decides* to establish a permanent Forum on response measures that would offer a continuous venue for dialogue and space for discussion and participation by experts, civil society, and would be able to carry out a detailed work program to assign specific tasks to the SB's and review progress on the implementation. This permanent forum shall meet twice annually and be able to organize relevant events and activities.

3. *Decides* that Parties shall design and implement programmes appropriate to their nationally defined priorities and to their specific contexts to ensure a just transition of the workforce, the creation of decent work and quality jobs in their responses to climate change.

4. *Further decides* that the detailed work program for the Forum shall follow a structured approach under the following categories, and covering various activities, including those listed below:

A. Examining the Policies

- Modeling the different policies including; modeling tools, assumption, and cost analysis.
- Evaluate & analyze different economic modeling (best option for each of differing case of developing countries' vulnerabilities)

B. Examining the Impact

- Assessment of the impacts of the mitigation policies on developing countries' economic sectors and social groups, and the measures needed to address these impacts.
- Addressing the adverse impact of measures against goods and services from developing countries, such as border carbon adjustment mechanisms (e.g. the inclusion of imports in ETS), carbon footprint labelling schemes, and any measures that could have distortions on international trade (e.g. subsidies, free allowances in ETS).
- Examining the adverse spillover effects of trade and market barriers on the social, environmental, and economic and investment opportunities, in developing countries.
- Assessment of the effects and costs of shifting production and export patterns on economies of developing countries.
- Examining the impacts of tariff and non-tariff barriers on the supply chain of production, export, and procurement patterns from developing countries.

C. Reducing the Impact

- Promoting policies that avoid and minimize any potential and actual consequences of the mitigating response measures on developing countries
- Enabling access for developing countries, and ensure that intellectual property rights (IPRs) do not become a barrier to transfer of climate friendly technologies
- Promoting local knowledge spillovers for developing countries to accelerate economic and social development.

D. Building Resilience

- Developing institutional capacity and improve understanding of how economic diversification can be integrated into national sustainable development priorities.
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