

Tough negotiations over just transitions, response measures and global stocktake

Kuala Lumpur and Kathmandu, 21 June (Hilary Kung and Prerna Bomzan): Negotiations were tough between developed and developing countries at the recently concluded Bonn climate talks, which took place from 5 -15 June, as regards the work programme on Just Transition Pathways, Response Measures and the Global Stocktake (GST).

The work programme on 'Just Transition Pathways' and 'The Forum on the Impacts of the Implementation of Response Measures' were among the outstanding agenda items that required continued consultations until the final hours before the start of the closing plenary of the 58th session of the UNFCCC's Subsidiary Bodies (SB58), late evening of June 15. The contact group on the GST saw intense wrangling for several hours over the structure and elements of the decision to be drafted on the outcome, which was in 'brackets', reflecting contention and for further work in Dubai, UAE later this year.

The linkage between the Just Transition work programme and Response Measures was mentioned by many Parties during the initial phase of the informal consultations, with the developed countries calling for having the UNFCCC's Katowice Committee of Experts (KCI) serve as the expert body. This was opposed by the

developing countries, led by **G77 and China**, for the reason that KCI has a distinct mandate and limited scope.

(The KCI on the Impacts of the Implementation of Response Measures was established in Katowice, Poland, in December 2018 to support the work programme of the forum on the impact of the implementation of response measures Response measures, arising from the implementation of mitigation policies, programmes and actions, could have both positive and negative impacts, especially cross-border environmental, social and economic impacts. The agreed KCI's workplan for 2020-2025 includes activities that refer to the just transition of the work force and creation of decent work and quality jobs, as well as economic diversification and transformation.)

As it unfolded, the Just Transitions work programme ended with conclusions adopted together with an informal note produced by the Co-facilitators (capturing what was discussed) despite clear divide between the developed and developing countries. The Response Measures track however, was unable to reach a consensus and ended up with only procedural decisions at SB58.

Below are the key highlights and outcomes for the agenda items on Just Transition Pathways, Response Measures and the GST

WORK PROGRAMME ON JUST TRANSITION PATHWAYS

Parties agreed to continue to work on this matter at COP28 amidst stark differences on how they envisioned the work programme on Just Transition Pathways.

Following the exchange of views during the initial stage of the informal consultations in Bonn, the final version of the [informal note](#) of the Co-facilitators captured most, if not all, the views expressed by Parties, including the contrasting views on some of the aspects. The entire informal note is bracketed, denoting a lack of consensus, and contrasting views were captured using a forward slash (/) symbol.

(The initial stage of the informal consultations invited Parties to share views and expectations on the objectives, scope, institutional arrangements, modalities, linkages, inputs and outputs and outcomes of the work programme. Please see [TWN Update 4 and 6](#)). The informal consultations were co-facilitated by **Selam Kidane Abebe (Zambia)** and the new co-facilitator **Luisa Rölke (Germany)** who replaced Marianne Karlsen (Norway) since June 12.

Meanwhile, there was a change in the title of the work programme to “Work programme on just transition pathways referred to in the relevant paragraphs of decision 1/CMA.4”. The amendment of the title, while has been agreed upon by Parties as read out by Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA) **Harry Vreuls (Netherlands)** and Chair of the Subsidiary Body on Implementation (SBI) **Nabeel Munir (Pakistan)** during the third meeting of in plenary of the SBs. Sources informed that this was a request from the **United States (US)** as it did not want the mention of paragraphs 50 and 51, but only want paragraph 52 of Decision 1/CMA.4

(The relevant paragraphs from the decision 1/CMA.4 decision read as follows: “50. Affirms that sustainable and just solutions to the climate crisis must be founded on meaningful and effective social

dialogue and participation of all stakeholders and notes that the global transition to low emissions provides opportunities and challenges for sustainable economic development and poverty eradication;

51. Emphasizes that just and equitable transition encompasses pathways that include energy, socioeconomic, workforce and other dimensions, all of which must be based on nationally defined development priorities and include social protection so as to mitigate potential impacts associated with the transition, and highlights the important role of the instruments related to social solidarity and protection in mitigating the impacts of applied measures;

52. Decides to establish a work programme on just transition for discussion of pathways to achieving the goals of the Paris Agreement outlined in Article 2.1, in the context of Article 2.2, and requests the SBI and the SBSTA to recommend a draft decision on this matter for consideration and adoption by the CMA5, with the work programme to be implemented in a manner that builds on and complements the relevant workstreams under the Convention and the Paris Agreement, including the work programme for urgently scaling up mitigation ambition and implementation.)

The **African Group** suggested a new formulation (which is the adopted title), which was met with agreement in the Heads of Delegations (HODs) consultation meeting.

Difficulties to conclude the work programme ensued from the stark differences on how the developed and developing countries envisioned the work programme when reacting to the second draft of the informal note prepared by the Co-facilitators.

First, developing countries expected a comprehensive or broad approach while the developed countries preferred it to be narrower, focusing on the just transition pathways for the workforce and primarily on energy transition.

The developing countries, led by **G77 and China**, stressed that just transition pathways are broader than the workforce transition, adding further that “As with any new work programme, it is important

to frame discussions clearly based on mandates and the context of sustainable development, the right to development and of undertaking climate and just transitions action in the context of equity and common but differentiated responsibilities and respective capabilities (CBDR-RC), and in light of national circumstances.”

However, the developed countries led by the **US** and supported by the **United Kingdom (UK)**, **Australia**, the **European Union (EU)**, **Japan**, **Norway** and **Canada** delivered strong remarks against the proposal of developing countries in the second version of the informal note of June 12, in which the **US** said that “(The] **US** will not accept any conclusion that would consist of the scope and objective that are not aligned with the preambular text of the Paris Agreement [PA] on just transition of the workforce....We have very much disagreed with the scope and objective in the informal note.” *(The preambular text of the PA reads as: “Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.”)*

Further, the **US** said it did not agree with adding CBDR which is from the Convention and argued that the work programme is under the PA and not the Convention. This was echoed by the **UK**, **Australia**, **EU**, **Japan**, **Norway** and **Canada**. This was the second attempt by developed countries to remove CBDR from the work programme. Earlier, on June 9, the **US** said there was no need to mention CBDR explicitly, “given all of the proposals are naturally in line with the principle of CBDR and inherently of climate justice” under the guise of streamlining the text. The **EU** made similar remarks.

In response, **China** said it is very important to recall the provisions of the Convention “because we are implementing the PA but we must remember that PA is the implementation of UNFCCC.” **India** said it was a disturbing trend to hear in all rooms on the calls by developed countries to delete references to the Convention and noted the low trust in the process. The other developing country groups including **Saudi Arabia** for the **Arab Group**, **Ethiopia** for the **Least Developed Countries (LDCs)**, **Brazil** for **Argentina**, **Brazil** and **Uruguay (ABU)** also

echoed the call by **G77** and **China** on the importance of the CBDR-RC principle.

In particular, **Kenya**, on behalf of the **African Group** said that while the just transition pathways should be nationally determined, what Parties need to discuss here is how the multilateral process can support the nationally determined just transition pathways and that is why equity and CBDR are essential for the work programme.

The developing countries, led by **South Africa**, speaking for the **G77 and China** stressed that given that this is a multilateral process, the work programme should have a global dimension, in which the developed countries must take the lead in demonstrating such transitions within their jurisdictions as per Article 4.4 and support developing countries by providing means of implementation in accordance to Article 9 of the PA. The **US** disagreed with this and also said that it is not a debate on the financial mechanism and on the means of implementation.

These contrasting views were reflected in the informal note which reads “*Recognize that just transition pathways have a global dimension, wherein developed countries must take the lead in demonstrating such transitions within their jurisdictions in accordance with Article 4.4 of the PA and help to mobilize financing for achieving such pathways in developing countries and scaled-up public grants for Parties that are particularly vulnerable, in particular the least developed countries, in accordance with Article 9, paragraphs 1, 3 and 5 / without Article 9, paragraphs 1, 3 and 5 of the PA.* (The slash reveals the differing views).

On the objective of the work programme, developed countries, by and large, suggested that it is about unlocking mitigation ambition and enabling national climate actions towards net zero emissions, which was strongly opposed by the developing countries.

The **G77 and China**, in response, said that, “There is no justification for stand-alone references to net-zero that are not based on agreed text...”, adding further that the informal note remains mitigation-centric. The group called for a balance between mitigation and adaptation and to ensure interlinkage with the means of implementation.

In terms of financing for just transition pathways, developed countries, especially the **US**, **UK** and **Japan** referred to Article 2.1(c) of the PA, (which is about making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development), including from the private sector which is likely in the form of loans and often comes with conditionalities in the name of “enabling environment”. These were reflected in the second version of the informal note, as follows:

- “Assess macroeconomic frameworks to ensure that there is a fiscal space for a just transition and to incentivize structural transformation;
- Investment and economic policy frameworks for facilitating investment into just transition pathways;
- Existing national investments and financing, including fossil fuel subsidies, and their alignment with Article 2.1(c) of the PA.”

When reacting to the above, **South Africa** for the **G77 and China** called out that the scope of finance was narrowed and distorted to only selective interpretations of Article 2.1(c) and requested “to see more acknowledgement of the wider finance ecosystem, including Article 9, and in particular sub-articles 9.1, 9.3 and 9.5, and not approaches that would appear to establish new conditionality on support for just transition pathways.” This was also echoed by **Saudi Arabia** on behalf of **Arab Group**, **India**, and **Turkey**.

India expressed that it was very surprised to see the such wordings (referring to the first bullet point above) and asserted that the work programme be non-prescriptive, non-punitive, facilitative and respectful of national sovereignty and national circumstances. **Turkey** pointed out that there is no common understanding of Article 2.1(c) yet and **Saudi Arabia** on behalf of **Arab Group** said not to prejudge the ongoing discussions (referring to the two upcoming workshops this year for Parties to exchange views and enhance understanding of the scope of Article 2.1(c)).

The final version of the informal note saw both views reflected but no explicit reference to Article

2.1(c), where the relevant text reads as, “*Promote the alignment of existing domestic financial flows, while ensuring there is a fiscal space to incentivize structural transformation / No reference to fiscal space and structural transformation*”.

The developed countries envisioned the work programme to be of a shorter timeframe, between one to two years, or at most three years and with no annual decision. The **G77 and China** expected the work programme to continue up to 2027 to feed into the second global stocktake with annual decisions. On the institutional arrangement, the **G77 and China** proposed to establish a joint contact group under the Subsidiary Bodies, as opposed to having the KCI serve as an expert body given its distinct mandate and limited scope.

Most of the views of developed and developing countries were captured in the third version of the informal note, with the decision adopted at SB58 that “*SBSTA and SBI agreed to continue work on this matter at SB59 (November – December 2013), informed by the [informal note...](#)*”

During the final hours of the negotiations on June 15, the most contentious issue turned out to be the modality of the work programme, on two aspects: (1) whether or not to have a workshop and if yes, the timing of the workshop (whether pre-session, inter-session or in-session during COP28) and (2) whether there is a need for the secretariat to prepare a technical paper for the SB59 at COP28.

By and large, the developed countries saw the budgetary implications of these modalities as a huge concern. The **EU** even suggested no workshop at all, while others like **New Zealand**, **Norway**, **Japan**, the **US** and the **UK** were more flexible in accepting the bridging proposal by the **G77 and China** to have a workshop to be held before SB59 (November-December 2023). The **G77 and China**, in return, agreed to compromise by not having the secretariat prepare a technical paper ahead of COP28.

The [adopted decision text](#) reads as: “*The SBSTA and the SBI also requested the secretariat to organize, under the guidance of their Chairs, a workshop to be held before SB 59 (November–December 2023) on the work programme referred to in paragraph 1*

above to inform further work thereunder, based on the submissions and the synthesis report referred to in paragraph 3 above, ensuring broad participation of Parties and observers. The SBSTA and the SBI further requested the secretariat to prepare, under the guidance of their Chairs, a summary report on the workshop”.

There was also a call for submission for Parties and observers to submit views on different elements of the work programme by 15 September 2023. The secretariat will then prepare a synthesis report, but only on Parties’ submissions, to inform further discussions during the workshop which is to be held before SB59 (November–December 2023).

RESPONSE MEASURES

The forum on the impacts of the implementation of response measures adopted only [procedural conclusions](#) at SB58, when Parties were mandated to finalise the mid-term review of the six-year workplan (2020-2025) of the forum and its KCI, as well as initiate the process of conducting a review of the functions, work programme and modalities of the forum.

During the initial informal consultations, developed countries such as the **UK, US and Japan** called to conclude the mid-term review of the workplan and move on with the review of its functions, work programme and modalities, while developing countries led by **Saudi Arabia** for the **G77 and China**, asked for more time to deliberate on the mid-term review.

In the context of the review of the workplan, the **G77 and China** had proposed a new activity - “enhance capacity and understanding of Parties, on the assessment and analysis of the impacts of implementation of climate change related unilateral cross-border carbon pricing measures, explore ways to reduce the negative impacts to parties especially developing countries” - in the face of unilateral carbon border taxes, such as the **EU’s** carbon border adjustment mechanism (CBAM) which has been a contentious subject of discussions since the beginning of the workplan in 2020. (See [TWN Update](#))

While developing countries have been persistently raising this crucial issue that negatively affects

their climate action, the developed countries led by the **US** have maintained that the World Trade Organisation (WTO) is the appropriate forum to address the issue .

The EU’s CBAM levied on so-called carbon intensive imports from developing countries, is reported to go into effect in October 2023. The issue arose in the negotiations yet again, with the **UK** and the **EU** arguing that the CBAM is a WTO issue and the **US** reiterating its “redline” on the matter, supported by **Japan** and **Norway**. The **G77/China** proposal which was listed as “activities 6 and 7” in the initial texts of the workplan appeared in ‘brackets’ denoting a lack of consensus.

In response to the stiff opposition on the issue, on June 10, the informal consultations saw **Argentina** for **ABU**, delivering a strong statement that the proposed activities “do not in any way contradict or overlap with the mandate of the WTO. The WTO’s mandate refers to regulations regarding trade and commerce, and commercial law, but here we are dealing with climate change. Now, although these are connected, the mandates of the UNFCCC and its PA are clear, regarding climate action and the need to address its socio-economic impacts, while respecting CBDR-RC, and the special circumstances of developing country Parties”. It also highlighted, Articles 3.3, 3.5, 4.1, 4.2(a) of the Convention as well as Article 4.15 of the PA in support of this proposition.

(In particular, Article 3.5 of the Convention reads, “The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade”. Article 4.15 of the PA reads, “Parties shall take into consideration in the implementation of this Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties”).

Argentina added that “from these references to

the provisions of the UNFCCC and its PA, it is clear that there is a mandate and space under the UNFCCC and its PA to consider the effects of all climate actions realized by Parties to achieve the long-term goal of the Convention, whether they have domestic or cross border effects or whether they are unilateral or international. The fact that the issues of climate change or the environment are also treated under many other international organizations like the WTO, FAO, UNIDO, IMO, ICAO, among others, does not mean that under the UNFCCC they cannot be addressed, because other international organizations work under different instruments and have different focuses. There generally is, and should be more, dialogue between different international organizations, and under the response measures agenda it is clear that we can provide messages and inputs regarding the need to consider the CBDR-RC principle and equity, while also dealing with our mandate to address the adverse effects of response measures”.

It further conveyed that “for activities 6 and 7 of the workplan, we propose framing them in a more broad sense, where instead of referring specifically to climate change related unilateral cross-border carbon pricing measures”, we propose: “Enhance the capacity and understanding of the parties on the assessment and analysis of the **cross border impacts of response measures, such as carbon pricing measures**, explore ways to reduce the negative impacts to parties, especially developing countries”. (Emphasis added). This strong intervention by **ABU** was echoed by **Ghana** for the **African Group, Turkey, India and China**.

The other sticky issue in relation to the new proposed activities in the workplan was the initially listed “activity 8: Build awareness about the negative impacts associated with accelerating efforts towards the phasedown of unabated coal power”, which also appeared in ‘brackets’ and was mainly opposed by **India** on the grounds of their “developmental needs”.

Further, on 14 June, **Turkey** suggested a new text which read, “In light of existing workplan and mandate, we suggest that the KCI could prepare a technical report which covers a case study, financial burden, stemmed from implementing counter measures to minimize adverse social and environmental impacts and provides policy

recommendation supported by the inputs from relevant international organization such as WTO and UNCTAD.”

The discussion moved into a deadlock with Parties going into “huddles” to coordinate within groups. Türkiye’s proposal was by and large supported by developing countries especially by **Ghana, Colombia and China** but drew strong rejection from the developed countries. The **US** said it was a “red line” and that it “can try to compromise on other areas” but “cannot move forward if this is in the document”, which was supported by the **UK, Norway and New Zealand**. Türkiye then agreed to a compromise to put the suggested text in the informal notes, which was supported by **Saudi Arabia** in its national capacity.

However, the **UK** sought clarification on which part of the informal notes it would be added, while the **US** opposed to editing the informal notes, which was supported by the **EU, Canada, the US and the UK** suggested discussing procedural conclusions instead when Parties would resume informal consultations scheduled at night.

On June 15, **Papua New Guinea** counter-proposed a package deal to close the mid-term review with only one outcome in the text, i.e. a pre-sessional one-day workshop and the Turkish proposal to go into the informal notes, which was supported by **Saudi Arabia for G77 and China** as well as **Ghana** for the **African Group**. This proposal was however not agreed to by developed countries.

Given clear divergent views on the proposed new activities of the workplan, and on discussions around the review, the [draft texts](#) of 15 June produced by the Co-Chairs **Peter Govindasamy (Singapore)** and **Catherine Goldberg (US)**, capturing progress in the form of informal notes on the workplan and the review, was eventually dropped due to absence of consensus to reflect the document.

With the looming deadline to close negotiations on the agenda item, developing countries eventually agreed to only adopt [procedural conclusions](#) and continue consideration on the matter at the next SB 59 in Dubai.

GLOBAL STOCKTAKE

Discussions were hugely contentious on the “Indicative draft structure for GST CMA5 decision” to be adopted in Dubai later this year. The draft went through several iterations with huge divergences among developing and developed countries on how to reflect finance, with developed countries pushing for an independent section on Article 2.1 (c) of the PA in the indicative draft structure.

(Article 2.1(c) is about making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development)

Developing countries wanted a clear reflection of finance to be categorized as means of implementation and support (as is provided for in Decision 19/CMA.1, which decided to organize the technical dialogues to “*organize its work line with taking stock of the implementation of the PA to assess the collective progress towards achieving its purpose and long-term goals, including under Article 2, 1(a–c), in the thematic areas of mitigation, adaptation and means of implementation and support, noting, in this context, that the global stocktake may take into account, as appropriate, efforts related to its work that: (i) Address the social and economic consequences and impacts of response measures; (ii) Avert, minimize and address loss and damage associated with the adverse effects of climate change;*”).

(During earlier discussions, the **G77 and China** had proposed a top-level outline, comprising a preamble; background/context/vision; crosscutting general assessment of collective progress; mitigation; adaptation; means of implementation; response measures; loss and damage; international cooperation; and way forward. See related [update](#).)

However, developed countries were focused on expressing finance largely through Article 2.1 (c) and they wanted a standalone section on Article 2.1 (c) in the indicative draft structure. Several developing countries said that the chapeau of the indicative draft structure already contained reference to Article 2.1 (c) so there was no need for

an independent section in the structure; however, developed countries did not budge and were even willing to let the whole draft outline drop rather than removing 2.1 (c), according to sources. Sources also said that it became clear that for the developed countries, finance is just about Article 2.1(c) of the PA and not about Article 9, which makes it a legal obligation on the developed countries to provide finance support to developing countries.

All the differences in the indicative draft structure were captured in an [informal note](#) by the Co-chairs of the contact group, who were **Alison Campbell (UK)** and **Joseph Teo (Singapore)**. The informal note states, “*The indicative draft structure for a CMA5 decision is a work-in-progress. It is offered to facilitate discussion and does not prejudge further work, the final outcome, future GSTs or prevent Parties from expressing their views in the future. Parties expressed divergent views on C.3. These alternative options are reflected in brackets...*”

The options corresponding to the “divergent views” expressed in the informal note are as follows:

“[Alt 1

C.3 Finance flows and means of implementation and support

Alt 2

C.3 Means of implementation and support, including finance flows

Alt.3

C.3 Means of implementation and support

Alt.4

C.3 Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development

C.3bis Means of implementation and support]”

The other components of the indicative draft structure are as follows:

“A. Preamble

B. Context and cross-cutting considerations

C. Collective progress towards achieving the purpose and long-term goals of the Paris Agreement, including under Article 2, paragraph 1 (a–c), in the

light of equity and the best available science, and informing Parties in updating and enhancing, in a nationally determined manner, action and support

C.1 Mitigation

C.2 Adaptation

C.4 Efforts related to loss and damage

C.5 Efforts related to response measures

D. Enhancing international cooperation for climate action

E. Guidance and way forward)".

In the conclusions adopted, the SBSTA and the SBI "took note of the views exchanged on the indicative draft structure of a decision on the global Stocktake" to be adopted by CMA 5 and "agreed to accelerate their work on the consideration of the output component". An intersessional in-person

workshop is to be held in October to develop elements for the consideration of outputs component of the first GST, "which will inform the work of the joint contact group on the GST".

Parties and non-Party stakeholders have been invited to submit their views on the elements for the consideration of outputs component by 15 September 2023 taking into account the informal note emerging from the Bonn session. The secretariat also has been requested to prepare a synthesis report on the submissions.

Given the intense wrangling in Bonn over these matters, the Dubai annual climate talks to be held later this year will indeed be tumultuous on many fronts. What compromises will be made will be closed watched, as the climate crisis continues to rage on.