

## Developing countries call for addressing negative impacts of unilateral measures

Kuala Lumpur, 27 June (Hilary Kung) – The recently concluded climate talks under the UNFCCC’s 60<sup>th</sup> sessions of the Subsidiary Bodies (SB60) held in Bonn, Germany, agreed on the [conclusions](#) on carrying the work forward on the ‘response measures’ agenda, (which refers to the impacts of the implementation of mitigation measures in jurisdiction and out-of-jurisdiction or cross border-impacts taken by Parties to the UNFCCC, the Kyoto Protocol and the Paris Agreement.).

The conclusions agreed to in Bonn took note of a [non-paper](#) prepared by the Co-Chairs of the contact group, **Xolisa Ngwadla (Botswana)** and **Maria Samuelsen (Denmark)**, on June 10.

A significant aspect of the non-paper involved a proposal by developing countries, led by **G77 and China**, to include two new activities to address the negative impacts of unilateral measures. (See further details below).

(The issue of unilateral measures has been a contentious subject of discussion since the beginning of the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures (KCI)’s work plan in 2020. (See [TWN Update 19](#) from Dubai). Developing countries

want the issue of unilateral measures such as carbon border adjustment measures (CBAMs) to be addressed at the forum, given the potential adverse impacts of CBAMs on developing countries, as reported in two reports by the United Nations Conference on Trade and Development (UNCTAD)- one [on the implications for developing countries](#) and another one [on the Least Developed Countries \(LDCs\)](#). Negotiations had been tough with continued opposition by developed countries against any attempts from developing countries to discuss the possible negative effects of trade-related climate measures with cross-border impact.)

In Bonn, Parties initiated the development of the 5-year work plan of the forum and its KCI, with submissions from Parties on potential new activities to be included in the 5-year work plan. (Last year, in Dubai, it was decided that the Response Measures forum shall develop and recommend a 5-year work plan, taking into account relevant policy issues of concern to Parties, for consideration and adoption by the SB61 in November 2024. The KCI was established in Katowice, Poland, in December 2018 to support the work programme of the Response Measures forum).

Late into the night of June 12, (a day before the closing plenary on 13 June), the Co-Chairs of the contact group, reported that no consensus could be reached on the way forward and closed the final session at about 11.30 pm, saying that they would report this to the SB Chairs. A key contentious issue which saw a clear divide between developed and developing countries was over para 4 of the draft conclusion text, which related to the procedural aspects of how to capture the progress of this session and to take it forward to Baku, Azerbaijan, at the next SB session.

Developed countries wanted only a procedural conclusion and did not agree to forward the non-paper prepared by the Co-Chairs, while developing countries, led by the **G77 and China**, wanted the non-paper dated June 10 to be taken into account for further consideration at SB 61, to ensure that the work done in Bonn was not in vain. The non-paper saw new activities being proposed by developing countries to address the adverse impacts of trade-related unilateral measures.

Sources informed TWN that Parties finally reached consensus on the [conclusions](#) right before the closing plenary, “taking into account the [non-paper prepared by the co-chairs \(June 10 version\)](#) for this agenda item at these sessions available on the UNFCCC website, with a view to recommending a draft decision on the matter for consideration and adoption” in Baku.

## NEW ACTIVITIES PROPOSED TO ADDRESS THE NEGATIVE IMPACTS OF UNILATERAL MEASURES

At the start of the informal consultations in Bonn, the Co-Chairs proposed to focus the session on developing a draft work plan of the forum and its KCI, while also dedicating some time to allow Parties to reflect and provide some guidance to the secretariat on the dialogue. (Last year, the Dubai decision requested “the secretariat to organize a two-day global dialogue on the impacts of the implementation of response measures in conjunction with intersessional meetings of the KCI in 2024 and 2025....”)

During the meeting on June 7, Parties were seen proposing new activities. The non-paper prepared by Co-Chairs on June 8 saw a listing of 88 activities, of which 60 out of 88 were new activities submitted by Parties. The long list of 88 activities

was then streamlined into a list of 60 activities, as seen on the final non-paper of June 10.

Developing countries proposed activities that will help them analyse, assess and report on the negative impacts of the implementation of response measures and also build their capacity in promoting just transition of the workforce and the creation of decent work and quality jobs. Developed countries on the contrary, proposed activities that generally focused on the positive impacts and the co-benefits of ambitious domestic mitigation policies in the energy sector.

The **Saudi Arabia** for the **G77 and China** proposed two new activities on trade-related unilateral measures, which made it into the final version of the non-paper dated June 10.

One activity in the non-paper, under the section on “Assessment and analysis of impacts of the implementation of response measures, with some elements of capacity-building through awareness creation and exchange of experience” reads, “Analyze, assess, report on addressing the negative impacts of unilateral measures, including on the just transition of the workforce, creation of decent work, quality jobs, in achieving economic diversification and transformation,” with a comment that “Some Parties are of the view this activity is out [of] the scope”.

The proposal also comes with 2 alternate texts which reads, “Identify country-driven strategies and best practices on addressing the impacts of unilateral measures, including on the just transition of the workforce, creation of decent work, quality jobs, in achieving economic diversification and transformation” and “Identify tools, and methodologies to address impacts of implementation of response measures, including unilateral measures to help the development of strategies and pathways for JT (Just Transition) in developing countries”.

Another proposal from the **G77 and China** on unilateral measures was combined with **Russian Federation’s** proposal which reads, “Assessing and analyzing the impacts of carbon pricing policies, including multilateral coordination initiatives, on social and economic development, with a view to minimizing the negative and maximizing the positive impacts.” However, **China** noted that the word “cross-border impact” was

removed from the streamlined version.

The **European Union (EU)** called for the deletion of the activities on unilateral measures proposed by developing countries, saying that unilateral measures are no different from any type of measure by definition that are used to combat climate change. This was also echoed by the **United States (US)**.

## A DIVERGENCE OF VIEWS ON THE STREAMLINED TABLE

Reacting to the non-paper released by Co-Chairs dated June 8, **Saudi Arabia** for the **G77 and China** suggested streamlining the list as a way forward. It also stated its general view that there should be more focus on addressing the negative impacts of implementation of mitigation policies and action, as “looking at how to address the negative impacts will help us move towards our goals, not only on co-benefits.” It also reiterated the need to minimize the negative and maximize the positive impacts of the implementation of mitigation policies and actions. This sentiment was echoed by other developing countries including **Ghana** for the **African Group**, **Kuwait** for the **Arab Group**, **Chile**, **South Africa**, **China**, **India**, and **Saudi Arabia**,

A total of 20 new activities were proposed by **Canada**, **EU**, **US** and the **United Kingdom (UK)** focussing only on the positive impacts and co-benefits of the implementation of response measures or aspirational and ambitious mitigation policies, citing para 28 of the first global stocktake (GST) outcome from Dubai last year. (Para 28 of relates to global mitigation efforts, including the transitioning away from fossil fuels).

The **EU** proposed 12 activities on building awareness of the co-benefits, exchanging experiences and best practices in maximising the positive impacts and identifying, assessing and analysing the impacts of the implementation of response measures around 4 main themes: (1) health; (2) intergenerational equity, gender considerations and the needs of Indigenous Peoples and local communities, youth and other people in vulnerable situations; (3) human rights and (4) biodiversity and pollution.

The **UK** proposed a new activity to “Facilitate,

exchange and share experiences and best practices in the assessment of the environmental, social, economic and health co-benefits of aspirational and ambitious mitigation policies implemented in order to achieve the GST outcomes...”, including that referred to in para 28. In a similar vein, **Canada’s** proposal laid out the details to assess and analyse the positive impacts in relation to para 28 of the GST.

**China** said many countries including itself are concerned with the negative impacts of unilateral measures, and this is an important issue. It recalled the mandate from para 154 of the GST decision that unilateral measures “should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade”. With regards to the positive and negative impacts of the implementation of climate actions in the forum, it viewed that there is a need to prioritise as Parties came here to address the negative impacts of policies and actions to reduce resistance to climate actions and improve the efficiency of achieving the Paris Agreement goals.

(Para 154 of the GST decision reads, “Recognizes that Parties should cooperate on promoting a supportive and open international economic system aimed at achieving sustainable economic growth and development in all countries and thus enabling them to better to address the problems of climate change, noting that 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”).

The Co-Chairs released a new iteration of the non-paper dated June 10 which saw a streamlined table, from 88 activities reduced to 60 activities.

On June 11, with just 2 days left before the closing plenary, **Canada**, the **EU**, **US**, **UK** viewed that the June 10 version had failed to reflect the activities put forward by them. **Canada** commented that the table did not reflect the activities it put forward, in particular on coal phase out, ocean-based mitigation, transition away from fossil fuel and fossil fuel subsidies.

**Canada**, **EU** and **US** also said that they could not agree with the inclusion of para 154 from the GST

in relation to unilateral measures.

With much wrangling among Parties, the negotiations appeared deadlocked and several Parties were seen suggesting some possible way forward, in trying to find consensus, so as to capture the progress of work in Bonn and not allow the discussions to be in vain.

On the morning of June 12, the **US** proposed 3 options: (a) forward the earlier June 8 version (which is the compilation of all 88 activities) to Baku for further work; (b) nothing will be forwarded to Baku; or (c) edit the streamlined table (June 10 version) to make sure all the proposals from EU and others are reinserted into the list. This was echoed by **Switzerland, Canada, EU and UK**.

**Honduras** then suggested allocating some time for Parties to huddle to find convergence. The huddle resulted in a proposal to merge both tables (both June 8 and June 10 versions) into the same document and forward it as an informal note for further consideration in Baku.

When Parties reconvened the contact group in the afternoon of June 12, the **US** came in very strongly and suggested deleting the “taking into account of the non-paper prepared by the Co-chairs” This was supported by the **EU**.

**Saudi Arabia** for the **G77 and China** reacted strongly that the Group had addressed the concerns and had compromised, adding that the “merged tables” came after multiple compromises from the G77.

**Ghana** for the **African Group** also expressed it disappointment.” **Kenya** said the Co-Chairs have done what is possible but there was no willingness on the part of developed countries to compromise and remarked that this is like a “systematic attempt to kill the Response Measures track”.

The Co-Chairs then closed the session and said it would report to the SB chairs for next steps. In one last push by the Co-Chairs, a final “15-minute” contact group was convened at 11 pm, late into the night of June 12.

The Co-Chairs proposed some options with regards

to para 4 of the conclusions text for Parties consideration. After much wrangling, the adopted conclusion in this regard reads:

“The SBSTA and the SBI agreed to continue work on this matter at SB 61 (November 2024), taking into account the non-paper prepared by the co-chairs for this agenda item at these sessions available on the UNFCCC website, with a view to recommending a draft decision on the matter for consideration and adoption... (COP 29).

Some highlights of the activities proposed by developing countries, as seen in the final non-paper, are:

- “Promote the availability and use of guidelines and policy frameworks to assist Parties in promoting just transition of the workforce and the creation of decent work and quality jobs, including the development of indicators and criteria for assessing the transition of the workforce, just transition finance taxonomy and indicators to assess flow of finance to developing countries, among others.”
- “Assess the global socio-economics impact of the implementation of Article 2.1c of the PA for developing countries.” (Article 2.1c of the PA refers to refers to “making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”).
- “Country case-studies on social and economic impacts of economy-wide nationally determined contributions (NDCs) on developing countries.”
- “Develop a toolbox, including standardized methodologies and reporting tool, to facilitate enhanced capacity of Parties to conduct their own assessments, analyses and reporting of impact of implementation of response measures”.

Whether these activities proposed will be on the table remains to be seen in Baku.

As seen above, the issue of unilateral measures has been a contentious subject of discussion since the

beginning of the KCI's work plan in 2020. It will be a rough ride in Baku and how the proposed activities on unilateral measures feature in the new work plan will be closely watched.