

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

(Agenda item 5)

29. In accordance with its work programme and the conclusions adopted at the first part of its sixth session, the AWG-KP continued its work on 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).

30. The AWG-KP welcomed the constructive exchange of views on potential consequences and took note of further information and views submitted by Parties<sup>17</sup> in response to its invitation at the first part of its sixth session.<sup>18</sup>

31. The AWG-KP noted that further work on this issue should build on the relevant decisions of the Conference of the Parties and of the CMP, and the work under way in other bodies and processes under the Convention and its Kyoto Protocol, with a view to maintaining a coherent approach with other work in the UNFCCC process.

32. The AWG-KP agreed that its work on potential consequences should be guided and informed by Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol, and by the best available scientific, social, environmental and economic information, and be based on evidence of actual impacts and consequences. In noting that there could be both negative and positive potential consequences, the AWG-KP also recognized the need to broaden its understanding of aspects related to them.

33. The AWG-KP acknowledged that tools, policies, measures and methodologies available to Annex I Parties could have potential consequences for all Parties. It recognized that the level of impact of potential consequences will vary among Parties and that attention should be given to the negative consequences on developing countries.

34. The AWG-KP noted the complexity of this issue, including in the assessment of the consequences of tools, policies, measures and methodologies available to Annex I Parties. It agreed that any future work on the assessment of, and possible action to address, such consequences, in particular in developing countries, should focus on the causes and effects.

35. The AWG-KP acknowledged that the issue of potential consequences is multi-faceted and includes the consideration of both the scope of potential consequences and possible actions to address them. In this context, the AWG-KP noted that Parties have highlighted several potential consequences and possible actions that could be considered further. Some Parties also suggested possible approaches to grouping actions, taken by Annex I Parties, including actions leading to changes in technologies; switching from international to local sourcing; the adoption of standards; and tariffs, taxes and subsidies or other trade-distorting policies. Some Parties also noted that consideration of potential consequences would need to take into account national circumstances and capacities.

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<sup>17</sup> FCCC/KP/AWG/2008/MISC.5.

<sup>18</sup> FCCC/KP/AWG/2008/5, paragraph 51.

36. The AWG-KP also noted that consideration should be given to the potential role of relevant actors, including international organizations, outside the UNFCCC process.

37. Acknowledging that understanding of potential consequences should be enhanced, the AWG-KP noted that Parties will continue discussing the issues mentioned in paragraphs 32–36 above at the workshop referred to in its work programme for 2009 as mentioned in paragraph 55 (b). This workshop could be held back-to-back with the workshop on the consideration of economic and social consequences of response measures, under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.

38. The AWG-KP requested the secretariat to prepare an information note to facilitate deliberations at this workshop, taking into account the submissions referred to in paragraph 30 above, additional views submitted by Parties in accordance with its work programme for 2009 and other relevant documents and reports from relevant organizations. The AWG-KP agreed to continue consideration of this issue at its seventh session.