

SUBMISSION BY THE STATE OF QATAR

Matters relating to Articles 3.14 and 2.3 of the Kyoto Protocol

(21 February 2011)

1. The State of Qatar welcomes the invitation by the Subsidiary Bodies, contained in FCCC/SBSTA/2010/L.16 and FCCC/SBI/2010/L.23, to submit views on matters relating to the Kyoto Protocol Articles 3.14 and 2.3. It is noted that the Parties' views will be considered in a joint SBI/SBSTA workshop to be held before their thirty-fifth sessions. The views will also be compiled by the Secretariat into a miscellaneous document and a synthesis report to be considered at the thirty fourth meetings of the SBs. It must be noted that further views on Article 3.14 relating to the potential environmental, economic and social consequences, including spill over effects of tools, policies, measures and methodologies available to Annex 1 Parties, are found in Qatar earlier submission included in document FCCC/KP/AWG/2009/MISC.4.

2. Article 3 paragraph 14 of the Kyoto Protocol calls on Annex 1 Parties to strive to implement their mitigation commitments stipulated in the Kyoto Protocol in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Articles 4.8 and 4.9 of the Convention. Article 2.3 of the Protocol goes further by calling on Annex 1 Parties to implement policies and measures to minimize adverse effects, including the adverse effects of climate change, effects on international trade and social, environmental and economic impacts on other Parties, especially developing countries classified under Articles 4.8 and 4.9.

3. Being one of the developing country Parties listed under Article 4.8 (h) of the Convention (countries whose economy depends entirely on the production and export of fossil fuels) Qatar is pleased to make this submission on this important issue to the SBs.

4. As a result of the policies and measures adopted by Annex 1 Parties, in meeting their Kyoto Protocol commitments, Qatar economic welfare will be adversely impacted. Based on energy-economy models, the IPCC (IPCC TAR 2001) and others* estimated the short and longer term economic impact on developing country Parties including Qatar ("Article 4.8 (h)"). Findings include reductions in GDP and oil revenues compared to those under "business as usual" projections ranging between 0.05%-13% and 0.2%-25% with emission trading and no trading by Annex B Parties, respectively. Modeling results suggest that under the Kyoto Protocol and three scenarios including "no flexibility", "tax cut" and "flexibility with CDM", compared with "business as usual", Qatar export of oil may decrease during 2010-2030 by 10%, 5% and 6% respectively. Qatar oil revenue loss is estimated between 200-800 million USD annually depending on whether carbon trading with CDM is employed or not.

5. To fulfill their Kyoto and post-Kyoto commitments, Annex 1 Parties have a portfolio of tools, policies and measures (TPM) available at their disposal to choose from. The chosen TPM must take into consideration provisions in Articles 3.14 and 2.3 of the Kyoto Protocol as well as provisions in Article 4.8 and 4.9 of the Convention.

6. Since, there is a general consensus that transition to a carbon free global economy can only be achieved gradually, the selected TPM must promote lower greenhouse emitting fuels and technologies. As such, the TPM will yield "win-win" sustainable development benefits in addition to climate change mitigation. The ancillary benefits may include better air quality and cleaner technology diffusion e.g. combined cycle gas turbines for electricity and heat production.

7. Based on findings in AR4, significant market & economic potentials for mitigation are available at the disposal of Annex1 Parties through energy conservation and efficiency, fossil fuel switching to lower carbon fuels, carbon capture and storage, non-carbon dioxide greenhouse gases and the flexibility mechanisms. Some of these mitigation opportunities are at no net cost. In order

to capture the above opportunities, the energy policies and measures selected by Annex 1 Parties (TPM) to lower their carbon emissions and mitigate climate change must be based on the carbon content of the fuels. Preferential subsidies, fiscal incentives, tax and duty exemptions to certain energy sources over others must also be discontinued to remove the economic distortion in the domestic energy market.

8. There is a need to enhance practical approaches and capacities within Non Annex 1 Parties to address the needs for economic diversification in the context of sustainable development. Additional enhancement and support from Annex 1 country Parties will also be needed to utilize modeling approaches to assess the impacts of the implementation of response measure.

9. The Kyoto Protocol Articles 2.3 and 3.14 reflect primarily the central theme and spirit of the UNFCCC which are enshrined in Article 3 and Article 4 on the principles and commitments. As such, Articles 2.3 and 3.14 were meant to focus specifically on the disproportionate adverse impact on the developing countries resulting from policies and measures adopted by the developed country Parties while implementing their responsibilities under the UNFCCC. The notion by Annex 1 Parties of the need to assess the positive and negative impacts of policies and measures is an attempt to negate their responsibilities stated clearly in the Convention and Protocol.

10. There is an urgent need for Annex 1 Parties to enhance reporting on their responsibilities under Article 3.14 and 2.3 in accordance with Article 7 of the Protocol (supplementary information).