

# **Forum on the impact of the implementation of response measures**

**Views by G77 and China on  
Area (e) - Economic Modeling  
and Socio-economic Trends**

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# Significance of Economic modeling and socio-economic trends

- Economic modeling has to be understood in the context of the principles and provisions of the Convention, in particular, among others, articles 3.1, 3.4, 3.5, 4.3. 4.5. 4.7. 4.8, 4.9, and preambular paragraphs 17, 21, and 23
- Preambular paragraph 17 – “Recognizing that steps required to understand and address climate change will be environmentally, socially and economically most effective if they are based on relevant scientific, technical and economic considerations and continually re-evaluated in the light of new findings in these areas”

# Significance of economic modeling and socio-economic trends

Economic modeling needed in the context of full consideration to what actions are necessary under the Convention to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures

# Significance of Economic modeling and socio-economic trends

- Economic modeling can provide **accurate and objective assessment** of the **observed and potential** economic and social consequences of response measures taken by developed country Parties on developing country Parties
- Produce **specific assessment on different sectors** of the economy such as **tourism, industry, agriculture**, etc., and on consequences of response measures of developed country Parties` on, inter alia, **trade, investment, income, employment, economic growth rates of developing countries.**

# Economic modeling features

- Important to take social and socio-economic factors and specific national priorities, conditions and needs of developing countries into consideration.
- Models need to reflect the circumstances and contexts of developing countries, by accommodating variables that capture the uniqueness of national characteristics.
- Economic modeling can produce quantitative assessment which will be complemented by qualitative assessment in different areas of the work program of the forum

# Economic modeling features (cted.)

- Be able to examine elements and indicators including welfare, GDP, employment, investment, trade, all in the context of the first and overriding priorities of developing countries of economic and social development and poverty eradication
- Applicable to regional and sub regional levels, as well as grouping and sub-grouping countries with similar economic profile

# Modeling system

- *Ex ante* assessment of **proposed** response measures by developed countries, including unilateral ones, and their expected economic and social consequences on developing countries.
- *Ex post* assessment of **current** response measures of developed countries, including unilateral ones, in order to analyze economic and social consequences of those response measures on developing countries.
- This **assessment by developed countries** then has to be **analysed in the forum**
- Need for a **continuous evaluation of existing economic modeling tools to investigate whether uncertainties and risks**, as well as if **specific conditions of developing countries** are addressed adequately in the methodologies

# Activities that could be carried out under the Convention

- Dissemination of modeling tools
- Ensuring increased collaboration on modeling developments on an ongoing basis
- Exchange of views, sharing information and expertise to inform policy choices of response measures by developed country Parties (and which ones minimize economic and social consequences of response measures on developing countries)
- Share assessments by developed countries in the forum, through analysis of economic and social consequences of response measures and ways to minimize the negative impacts on developing countries

# Domestic Activities for Modeling

- Foster initiatives and programs to develop and create modeling tools that take into account national special economic and social conditions of developing countries
- Measure negative impacts of response measures taken by developed countries on developing countries, including unilateral ones
- Identify vulnerable sectors and needs in terms of technology transfer and funding (related to for eg art. 4.3., 4.5, 4.7, 4.8 of UNFCCC)

# Advancing the Work

- Continuous engagement and coordination under the Convention to improve the quality of models
- Need for developed countries to undertake socioeconomic assessments of the impact of response measures and for analysis in the forum of these assessments
- Academic research and development on the know-how of conducting modeling

# Advancing the Work

- Development of methodologies to assess welfare loss of developing countries in relation to the negative economic and social impacts of response measures taken by developed countries
- Encourage cooperation of modeling teams among Parties, to seek consensus on methodology development and scenarios setting and for models to take into account the specific national economic and social conditions of developing countries
- Facilitate future planning of policies

Thank you very much!