Draft report of the Trade and Development Board on its fifty-sixth session

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II. President’s summary (continued)

Development strategies in a globalized world: Meeting the development challenge of climate change

1. Delegations noted that many countries which had contributed least to climate change were amongst the countries hardest hit by its effects. This was especially true for many of the least developed countries and small island developing States. It was emphasized that unabated climate change posed serious threats to the economic and social development of many countries. However, climate change mitigation was considered to be only one of several major challenges for developing countries, and it was felt that it must not come at the expense of economic growth and poverty reduction. In line with the Trade and Development Report, it was noted that the reduction of greenhouse gases through a more efficient use of conventional fuels was not only good economic policy, but also good environmental policy. The shift towards renewable energies in developing countries was also identified as an important way to mitigate climate change.

2. Delegations welcomed UNCTAD’s balanced assessment of the microeconomic and macroeconomic costs of climate change mitigation, as well as UNCTAD’s emphasis on climate change mitigation as a process of structural change, which had previously been neglected. It was recognized by many delegations that the process of structural change, which was associated with a shift from carbon-intensive to carbon-saving technologies, provided enormous economic opportunities not only for developed economies but also for developing and transition economies. However, delegations also noted that, for developing and transition economies to seize these economic opportunities, they would require more proactive industrial policies. In that context, delegations also recognized the need for appropriate trade and investment policies, as well as the potential benefits of foreign direct investment with respect to technology and knowledge transfers. In addition, however, delegations emphasized that successful climate change mitigation in developing countries depended on a sizable increase of financial and technological assistance by developed countries.

3. It was widely recognized that, for development and poverty reduction strategies to be sustainable, they would need to include climate change mitigation and adaptation efforts. Many delegations felt that there was a large but so far underutilized potential for climate change mitigation in developing countries. In those countries, the largest source of greenhouse gas emissions, and thus the largest potential for their reduction, was found in agriculture. The protection of forests and reforestation were also seen as major sources of potential reduction of greenhouse gases. Delegations therefore suggested that projects in those sectors be included in the Clean Development Mechanism. Furthermore, several delegations were concerned about the high administrative and financial costs of project approval in the Clean Development Mechanism and recommended that the mechanism allow for a bundling of small-scale projects and consider sector-wide efforts to reduce greenhouse gases.

4. Delegations recognized the need for a strong and inclusive international agreement on climate change mitigation, and stressed that all countries would need to continue to intensify their efforts to reduce greenhouse gas emissions. At the same time, all delegations

1 The discussion of agenda item 7 was based on chapter V of the Trade and Development Report 2009, which discusses the compatibility of development and poverty reduction strategies with the imperative of climate change mitigation.
noted that efforts to reduce greenhouse gases would need to take due account of the common but differentiated responsibilities and capabilities of countries. It was recognized that developed countries had the ethical responsibility, as well as the technological and financial capabilities, to lead climate change mitigation efforts. They were encouraged to set and work towards more ambitious targets for greenhouse gas emissions at home, and to provide developing countries with additional financial resources for climate change mitigation and adaptation. The current mechanisms to finance climate change mitigation in developing countries were described as inadequate and in need of reform. It was suggested that international policy on climate change mitigation should seek to prevent global warming in excess of 2°C, and provide considerably more transfers of financial resources to developing countries.

5. There was wide consensus that technology and knowledge transfers to developing countries were necessary to facilitate a shift towards renewable sources of energy, the introduction of greener methods of production, and the local development of green technologies and goods. However, delegations also discussed the controversial idea of exempting “green technologies” from the Agreement on Trade-Related Aspects of Intellectual Property Rights, similar to the case of life-saving medicines. Whereas many delegations argued that international agreements should provide developing countries with appropriate policy space to encourage access to, as well as the local development of, new technologies, others emphasized that access to numerous green technologies was currently not restricted by intellectual property rights and that a weakening of intellectual property rights could discourage the future development of green technologies, as well as access to these technologies.

6. While two delegations expressed their disagreement with some of the conclusions and recommendations of the Trade and Development Report with regard to international climate change policies, many found that UNCTAD’s analysis put forward in that report made a valuable and timely contribution to the global debate on climate change and development. Delegations encouraged UNCTAD to continue its examination of climate change issues from a development perspective, in line with its mandate as provided by the Accra Accord. Delegations requested UNCTAD to consider the issue of climate change in its work on productive capacities, trade, investment and technology, as well as, more broadly, its work on South–South cooperation and development strategies. Furthermore, several delegations requested that UNCTAD cooperate more closely with other international agencies, in particular the United Nations Framework Convention on Climate Change (UNFCCC), without duplicating ongoing work in UNFCCC and other bodies.