



This submission is made by Stand.earth on behalf of the Fossil Fuel Non-Proliferation Treaty Initiative.

Mitigation Work Programme: 2023 Global Dialogues

We note with appreciation the invitation from the Co-chairs of the Mitigation Work Programme for Parties, observers and other non-Party stakeholders to submit their views on opportunities, best practices, actionable solutions, challenges and barriers to accelerating the just energy transition, ahead of the first global dialogue to be held ahead of the SB58 intersessional meetings in Bonn.

Ending expansion & equitably phasing out fossil fuels

Keeping 1.5°C in reach will require urgent action to tackle the main cause of the climate emergency — fossil fuels. The fossil fuel industry is responsible for around three-quarters of all historical carbon dioxide emissions since the Industrial Revolution. In 2015 — the year the Paris Agreement was signed — the fossil fuel industry and its products accounted for over 90% of industrial emissions, and roughly 70% of all human GHG emissions.

The UNEP has shown that despite the climate emergency, governments are planning production that will result in more than double the emissions by 2030 than is consistent with limiting warming to 1.5°C and averting catastrophic climate disruption. Emissions from existing production capacity alone would make it impossible to stay within that threshold. To limit warming to below 1.5°C, the world will need to decrease fossil fuel production by at least 6% per year between 2020 and 2030, according to the UNEP Production Gap Report.

Negotiations under the UNFCCC have focused on reducing emissions rather than the production of fossil fuels. To stay below 1.5°C, we need to complement measures to reduce emissions and the “demand” for fossil fuels, with measures to reduce production and the

“supply” of fossil fuels. Doing so is cost effective, prevents “lock-in” of future emissions for technical, economic, legal and political reasons, and reduces the risks of delaying action

Fossil fuels are nowhere mentioned in the Paris Agreement. Additional measures are needed to complement the Paris Agreement in three areas:

1. **End new exploration and production.** A world-wide moratorium on the development of all new oil, gas and coal reserves is needed to prevent expansion of unburnable fossil fuel inventories; to protect workers, communities and assets from becoming stranded; and avoid locking in catastrophic and irreversible global heating. The International Energy Agency confirms the world has a “viable but narrow” pathway to 1.5°C, but this pathway “includes, from today, no investment in new fossil fuel supply projects, and no further final investment decisions for new unabated coal plants.”
2. **Phase out existing stockpiles and production of fossil fuels.** Phasing out fossil fuel production in line with 1.5°C will require limits on extraction, removal of production subsidies, dismantling unnecessary infrastructure and shifting support to safer and more sustainable alternatives. As noted, the UNEP Production Gap Report confirms that fossil fuel production must decline by at least 6% per year to avoid more than a one-third risk of exceeding 1.5°C — or roughly 50% by 2030.
3. **Accelerate a just and equitable transition.** The scale of the challenge demands urgent collective action that addresses the needs of dependent workers, communities and countries. In particular, this requires support for poorer and more dependent countries to help workers and communities, transition towards 100% renewable energy access for all, and diversify their economies. This includes countries dependent on imports and exports of fossil fuels.

International cooperation necessary for a Just Transition

A successful transition from fossil fuels will address the needs of affected workers and communities, transition energy systems away from fossil fuels to renewable energy, and enable fossil-fuel dependent countries to develop more diverse, resilient and inclusive economies and pathways for development.

Policies and norms, rules, compliance and support mechanisms (including effective international cooperation modalities) to accelerate the global just transition must effectively address:

- The design and rapid implementation of transformative pathways and real solutions across sectors to allow economic diversification, sustainable development and poverty eradication;
- An energy transition with ambitious deployment of people-centred, socially and environmentally appropriate renewable energy systems;
- Equity and a just transition for workers and communities in both the fossil fuel industry and other sectors affected by fossil fuel production phase out.

Renewable energy technologies need to be made available to developing countries. Rapid deployment of renewable energy in developing countries requires removal of economic and policy barriers such as high access fees, high capital acquisition costs, royalty fees, and patent enforcement (more than 85% of climate and environmental goods are applied for and patented in OECD countries). Renewable energy related technology transfer would need to be promoted beyond market-based approaches, which tend to increase dominance of developed countries and make developing countries import dependent. Non-market-based international cooperation arrangements for both domestic manufacturing and direct transfer and acquisition of relevant technologies can promote renewable energy technologies in developing countries

While renewables might be most affordable over their lifetime, investments must be made up front. While there are no running fuel costs, wind turbines and solar panels need to be bought at the outset. This presents a different set of barriers and risks that require specialised solutions, especially for small and less experienced actors. It will therefore be essential to set in place measures that enable all kinds of entities – households, farmers, communities, cooperatives, schools, hospitals, small as well as larger companies – to overcome the hurdles and risks associated with such upfront costs. Provision of subsidies, access to credit and long-term, public guarantees (such as feed-in tariffs) can make investments in renewables safe and straight-forward for everyone. Paired with training and access to the most appropriate renewable energy technologies, such interventions can catalyse a formidable expansion of renewable energy deployment through both public and private investments, everywhere.

Socioeconomic effects and economic diversification

The UNFCCC defines economic diversification as the process of shifting an economy away from a single income source towards multiple sources from a growing range of sectors and markets. Traditionally, it has been applied as a strategy to encourage positive economic growth and development. In the context of climate change adaptation, it takes on a new

relevance as a strategy to diversify away from vulnerable products, markets, and jobs towards income sources that are low-emission and more climate resilient.¹ The UNFCCC has long recognized the importance of addressing the economic and social consequences of the implementation of climate change response measures undertaken by Parties.

Enabling a just transition of communities and energy systems will be essential for all countries. For countries heavily dependent on fossil fuel production a rapid fossil fuel phase out will only be possible if paired with economic diversification. Numerous developing countries depend on fossil fuel production for more than half of their national budget, and in some cases more than 80%. In many cases, schools, hospitals, roads and other public goods are dependent on fossil fuel production.

Poor and dependent countries would need finance, technology and capacity building, and be allowed more time for their phase out. More wealthy but heavily dependent countries may not require financial support, but still require more time and access to technologies to diversify their economies. Parties must explore ways to support economic diversification for both fossil fuel producing and consuming countries. Some of these would be applied domestically while others would require collective action and multilateral agreements.

Issues that can be further considered as part of the global dialogues on accelerating the just energy transition include:

- *International financing mechanisms.* Funding needs to be mobilised at scale to resource the transition and economic diversification for less wealthy fossil fuel producers. New instruments would be needed to scale up transfers from wealthy countries, and could include use of funding sources such as IMF “Special Drawing Rights”, which were drawn on during the Covid pandemic crisis to provide significant public funds on short notice. The provision of funds should be supportive and on a needs- and country-driven basis, toward efforts to undertake sustainable and equitable energy and economic just transitions.
- *Ensuring access and ability to manufacture relevant technologies.* Broad-based access to technologies is key for countries to diversify their economies. How can international trade rules facilitate, not undermine through intellectual property rules, the establishment of domestic manufacturing capacity of both renewable energy and other technologies?

¹ <https://unfccc.int/topics/resilience/resources/economic-diversification>

- *Establishment of price stability measures.* Turbulence and price volatility of oil, gas and coal makes it difficult to plan for an orderly phase-out, leads to social unrest and makes economic diversification more difficult. What kind of multilateral arrangements can be established to stabilise prices and avoid turmoil?

Many measures for promoting economic diversification away from fossil fuel dependence will need to take place domestically. The international community needs to ensure there is both financial and political support for such actions. Examples of domestic measures include:

- *Redirecting fossil fuel subsidies.* Countries can redirect subsidies from fossil fuel production to renewables and public investments for economic diversification.
- *Redirecting state-owned fossil fuel companies.* Governments are in position to redirect their state owned fossil fuel companies to instead contribute to the transition to renewable energy and zero-carbon societies. COVID-19 and the response to the invasion of Ukraine have shown governments capable of even nationalising private companies in the interest of the common good. This can be likewise applied to fossil fuel companies that resist the transition to renewables.
- *Enabling production of renewable energy technologies.* Currently only a few countries produce renewable energy equipment and technologies. A renewable energy revolution offers an opportunity for most countries and regions to actively produce equipment for their own needs. With access to technology and appropriate safeguards this can provide an important basis for sound industrialization and economic diversification.
- *Reducing export dependence and achieving tax justice.* Countries dependent on fossil fuel extraction for significant parts of their government revenues will need to find other ways of generating government revenue as fossil fuels are phased out. This necessitates, among other measures, tax reforms and tax justice reforms for both foreign companies and domestic populations and companies that can help diversify economies and provide social services.
- *Prioritising energy and food sovereignty.* Agroecology and decentralised renewable energy can help build local and national resilience and strengthen local economic development. Such measures avoid costly imports of fuels and agricultural inputs that are keeping many developing countries perpetually indebted, and can hence free up space for productive, domestic investments.

Response Measures

Climate change response measures are the actions that countries take to combat climate change at the global, regional, and national levels. These include measures for the protection and stabilisation of the climate, emissions leakages and/or the costs of environmental compliance. They may have unintended and adverse economic and social consequences for developing countries' economies, most often on the poorest and most vulnerable sectors of those economies. A variety of response measures are already being implemented by developed countries. But there has not yet been any systematic global or national assessment and analysis of the impact of such measures on developing countries. In this context, the key question is which measures promote (or at least do not prevent) sustainable development? Response measures with multilateral impacts should be assessed multilaterally before deployment.

The rapid introduction of new sectors and products that expand the use of clean energy and improve efficiency is in both the national and global interest. But their rapid propagation could be hindered by response measures that obstruct development of the same sectors by other countries. For example, when strong intellectual property protections prevent adaptive activities and reverse engineering or when the prices of goods incorporating the new technology are subsidised in the same way that agricultural products from developed countries are today.

Addressing the impacts of the implementation of response measures will require taking into consideration the following obstacles to sustainable development that often are present in developing countries:

- *Old technologies and low levels of technological capability.* Because of their lower income levels, developing countries use older technologies more heavily as both the technology and the inputs in the use of these technologies cost less and are more widely available. Developing countries often have less well-developed educational sectors and suffer from an inadequate supply of skills in advanced technologies; there may, however, be developing countries, such as Persian Gulf countries, that have developed their educational sectors.
- *Low incomes and small domestic markets.* Lower skills lead to lower wages and incomes in most non-OECD countries (there are some developing countries that have high incomes per capita due to the exploitation of their natural resource endowments, such as Gulf countries). These make domestic markets in developing countries generally significantly smaller and often more vulnerable to external shocks. Response

measures should not obstruct the ability of countries to increase domestic incomes and the size of their economies.

- *Dependence on exports on a few commodities*, often with high carbon content and oriented towards markets that require long-distance transportation by air or sea. Response measures must be assessed in terms of whether they have a negative impact on the efforts of developing countries to diversify their exports. This is particularly relevant to oil dependent developing countries.
- *Low level of productivity and wages and vulnerable livelihoods*. To achieve sustainable development in developing countries, the working population must move from low-productivity jobs to higher-productivity jobs, from vulnerable livelihoods to secure, dignified jobs. Response measures should not obstruct the possibility of introducing new, more productive jobs in an economy and the pursuit of just transition of the workforce and the creation of quality jobs, taking into consideration gender and youth issues.
- *Low level of diversification of economic activities*. Developing countries seeking to achieve sustainable development are characterised as having a limited number of economic sectors and thus a more limited variety of occupations and jobs. They will require support to transform the economy and to increase socio-economic resilience.
- *Low level of technology development and facility with tools, methodology and frameworks for the assessment of impacts and modelling*.

An actionable solution: The Fossil Fuel Non-Proliferation Treaty

Additional measures to accelerate the Just Transition are needed to complement the Paris Agreement in three areas:

1. **End new exploration and production.** A world-wide moratorium on the development of all new oil, gas and coal reserves is needed to prevent expansion of unburnable fossil fuel inventories; to protect workers, communities and assets from becoming stranded; and avoid locking in catastrophic and irreversible global heating.
2. **Phase out existing stockpiles and production of fossil fuels.** Phasing out fossil fuel production in line with 1.5°C will require limits on extraction, removal of production subsidies, dismantling unnecessary infrastructure and shifting support to safer and more sustainable alternatives.
3. **Accelerate a just and equitable transition.** The scale of the challenge demands urgent collective action that addresses the needs of dependent workers, communities and countries. In particular, this requires support for poorer and more dependent countries to help workers and communities, transition towards 100% renewable

energy, and diversify their economies. This includes countries dependent on imports and exports of fossil fuels.

A Fossil Fuel Non-Proliferation Treaty should be considered as a necessary complement to the Paris Agreement and could include:

- Substantive obligations requiring countries to end expansion of fossil fuels and phase out existing production, based on equity and common but differentiated responsibilities;
- Provisions relating to transparency and compliance with the Treaty;

Provisions relating to international support, including support for a Global Just Transition.

Provisions around international support could take a variety of different forms. For example, the Fossil Fuel Treaty could do one or more of the following:

- Establish a new Global Just Transition Fund;
- Create a new 'Global Marshall Plan' or Global Financial Plan for the Just Transition, with wealthy countries to provide support for Global South countries to transition through taking actions such as those outlined in this brief, potentially also including provisions around debt cancellation;
- Require capacity building support to Global South countries to facilitate just transition planning;
- Require technology transfer to support economic diversification and the transition to renewable energy;

The Treaty text, as negotiated by governments, could take many forms. It may be a relatively brief framework agreement or include extensive detail, but would in either case need to be grounded on fundamental principles of justice and equity and include provisions to set up relevant institutions to enable a global just transition. The Treaty should be established building on a strong foundational evidence base that can inform its design.

A Fossil Fuel Treaty could embody or support different forms of international cooperation to accelerate the renewables transition world-wide. A treaty could entail principles, safeguards and common rules that ensure renewable energy developments are environmentally and socially appropriate, and minimises resource use and negative impacts of extraction. Civil society and frontline communities would need to play key roles in developing any such standards.

A global financial plan to facilitate a Global Just Transition could build on prior ideas for a Global Renewable Energy and Energy Access Transformation programme which may include commitments and support to formulate transition roadmaps for ultimately 100% renewable energy, facilitated by mutual sharing of best practices, and calibrated to reflect countries different levels of responsibility, current dependence on fossil fuels and capacity to transition rapidly.

As part of its support package, a Fossil Fuel Treaty could also establish ambitious support mechanisms that provide financial, technological and other forms of support at scale to less wealthy countries in ways that enable them to implement ambitious renewable energy plans. Globally funded feed-in tariffs and subsidies can for example minimise upfront investment risks and cater to large numbers of diverse energy producers – public, private companies as well as households, communities and cooperatives.

Direct public support towards establishment of smart grids and off-grid, distributed solutions as well as unprecedented capacity building efforts would also need to be catered for, which would in turn lay the ground for further crowding in of large renewable energy investments. In contrast to initiatives and partnerships that target single or smaller groups of countries without overarching governance and accountability frameworks (such as the G7's proposed 'Just Energy Transition Partnerships) a Fossil Fuel Treaty would ensure a comprehensive, transparent, and inclusive approach encompassing all members of the Treaty.

The proposed Fossil Fuel Treaty has gained significant momentum in the past 3 years, with support from over 2000 civil society organisations from every continent and almost every country including Indigenous Nations, trade unions, debt and trade justice advocates, development agencies, human rights campaigners, faith communities, health institutions, youth climate activists, and ordinary citizens.

The Treaty proposal has also been endorsed by close to 100 cities and sub-national governments including the Chair of C40 Cities Mayor Sadiq Khan of London; 250,000+ individuals including prominent scientists like Michael E. Mann and Katherine Hayhoe; Right Livelihood Laureates including Greta Thunberg and Vandana Shiva; senior faith institutions and individuals; political leaders including Mary Robinson, Humberto de La Calle, José Ramos-Horta, the European Parliament, and 400 current parliamentarians from 70 countries. UNFCCC Parties Tuvalu and Vanuatu have also called for a Treaty within the UN.

There is clear appetite to discuss serious and achievable proposals for accelerating the just transition, such as the Fossil Fuel Treaty.

References

- Fossil Fuel Non-Proliferation Treaty Initiative (2022) [Briefing Note: The Global Just Transition Pillar Of The Fossil Fuel Non-Proliferation Treaty.](#)
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