

E. Possible impacts on developing countries of new commitments
in the new instrument/socio-economic injuries
sustained by developing countries

Proposal 1

42. *The commitments in Article 4.2(a) and (b) of the Convention for developed country/other Parties included in Annex I should be strengthened by establishing a concrete compensation mechanism for damage arising from implementation of response measures on developing countries referred to in Article 4.8, in order to provide them with the necessary safeguards.*⁴⁸

Proposal 2

43.1 [A compensation mechanism shall be established to compensate social and economic losses arising from implementation of the present instrument sustained by Annex III Parties. The functions of this compensation mechanism are as follows:

(a) Analyses and assessments of socio-economic impacts of any proposed response measures on developing countries, particularly oil exporting developing countries;

(b) Provision of material, equipment and technologies, on concessional terms, to Annex III countries;

(c) Establishment of a compensation fund; and

(d) Contributions made to this fund by Annex I Parties shall be replenished biannually. These contributions, being compulsory upon Annex I Parties, shall be paid directly to the affected claimant developing country Party/Parties.

43.2 Other details of this mechanism should be decided by the Conference of the Parties.]

43.3 Any developing country Party to the Convention shall have a claim against all Annex [I][] Parties, jointly and severally, for loss of income from export of fossil fuels, fossil fuel products, raw materials other than fossil fuels or finished or semi-finished goods in any given year after adoption of this Protocol by the [Conference of the Parties that is a direct or indirect consequence of the] inclusion in this Protocol of commitments by any or all of such Annex _ Parties for QELROs or for policies and measures, or performance or attempted performance by any or all of such Annex _ Parties of any such commitments. For purposes of this paragraph [1], "loss of income" shall be liberally interpreted. Not in limitation of the foregoing, "loss of income" may be estimated by taking into account estimates of gross revenue [from the aforesaid exports, which reasonably could be expected to have been received] by the claimant in the absence of the inclusion of the aforesaid commitments in this Protocol, less reasonably estimated costs of

⁴⁸ Proposal from the G-77 and China