BUSINESSEUROPE

POSITION PAPER

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BUSINESSEUROPE POSITION ON TECHNOLOGY DEPLOYMENT FOR COMBATING CLIMATE CHANGE IN VIEW OF THE INTERNATIONAL NEGOTIATIONS FOR A POST-2012 CLIMATE CHANGE AGREEMENT

BUSINESSEUROPE strongly supports the global development, deployment and dissemination of environmentally sound technologies and products, which have the potential to reduce greenhouse gas emissions. The most cost-efficient abatement opportunities must be explored with highest priority and deployed at an unprecedented scale and speed. This and massive ongoing investment towards the development of new technologies will be key to achieving European and global climate change goals.

BUSINESSEUROPE would like to ask the Swedish Presidency to take into consideration the following aspects related to technology deployment, which we believe are of particular importance in the light of the current international negotiations for a post-2012 climate change agreement.

1. Foster free trade within a WTO framework

Free trade within a WTO framework is crucial to further encourage technology deployment without endangering the intellectual property rights of companies.

The WTO Doha Round Declaration calls for negotiations on the reduction or elimination of tariffs on environmental goods. The objective is to encourage trade in goods which are beneficial for the environment and thus to encourage the diffusion of environmental goods in the global economy. BUSINESSEUROPE has voiced strong conceptual and practical concerns with this approach.

First, there is no agreed definition of an “environmental good” and the result could lead to unjustified discrimination between products. Second, the debate on environmental goods could lead to new WTO trade requirements on non-product related process and production methods (PPM) by allowing a WTO member to distinguish at the border between products on the basis of their non-product related PPM. Third, any WTO Environmental Goods Agreement will inevitably lead to classification problems as customs authorities will need to judge whether or not a good is “environmental” or whether it is on the WTO list of environmental goods. In either case, the beneficial contribution to the environment of such a list of goods would likely be negligible if measurable at all.

In the worst case scenario a WTO Agreement on Environment would lead to new trade complications requiring exporters to produce environmental certificates with their exports – although this would help various certification schemes and well-intentioned NGOs with their own certification schemes to prosper.

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In the best case scenario, a WTO Agreement will contain a pragmatic list of agreed "environmental goods" whose contribution to the environment will be limited but which BUSINESSEUROPE can support as a trade liberalising measure. However, business expects the European Commission to provide more information on the list of products that will be liberalised to ensure that the leading European products will also be included. If the latter scenario develops, BUSINESSEUROPE also believes that the list should be regularly updated through mandatory review negotiations to address inevitable classification problems.

BUSINESSEUROPE reiterates, however, that its priorities for the industrial market in the Doha Round are an ambitious tariff cutting formula, sectoral initiatives for willing sectors and real progress on non-tariff barriers.

2. Protect Intellectual Property Rights (IPRs)

The protection of Intellectual Property Rights (IPRs) is fundamental to the development, dissemination and deployment of new environmentally sound technologies. BUSINESSEUROPE therefore opposes the compulsory licensing of IPRs. Effective IPR policies, which ensure predictability and legal certainty for all stakeholders, are vital to facilitate joint ventures, licensing agreements and other commercial arrangements, which are effective methods for technology diffusion, innovation sharing and the exchange of knowhow and best practices.

Besides other factors that are critical for companies to make investment decisions and long term commitments, the link between intellectual property protection and investment is critical. IPR owners will always be reluctant to develop and deploy their technology to countries with weak intellectual property protection regimes. In a world where countries compete with each other for investment, IPR protection determines the investor's perception of the attractiveness of a location and will encourage technology deployment and lead to significant increases in R&D since companies will invest more where they can expect an adequate return on their investment.

3. Create enabling environments, especially in Least Developed Countries (LDCs)

While the clean technology revolution has the potential to offer the poorest and most vulnerable countries a real chance for further development and integration into the world economy, support is needed to help these countries to realize this potential. Government- and multilateral funding and joint research projects will be key. Robust private sector involvement and effective enabling environments for both technology deployment and diffusion are important and detailed needs assessments should be performed to identify unique challenges these countries may face.

4. Encourage international offset mechanisms

The Kyoto Protocol has created mechanisms which allow developed countries to finance emission reductions in developing countries and thus produce credits which can be used to meet their own reduction obligations. These mechanisms have played important roles in initiating technology deployment between developed and developing

countries. “Joint Implementation” (JI), and especially the “Clean Development Mechanism” (CDM) constitute very important vehicles for cost-efficient emission reductions. The use of these mechanisms, as well as the development of future mechanisms, must be encouraged and not limited or restricted to certain countries or projects.