POLICY BRIEFING

2 November 2011

INTERNATIONAL CLIMATE CHANGE NEGOTIATION AFTER CANCUN

KEY MESSAGES

1 Climate change can only be successfully tackled if the EU's major economic partners get involved.

2 European industry is committed to doing its share in reaching the EU greenhouse gas reduction target of - 20% by 2020. In the absence of international action, however, the EU should not unilaterally change this target.

3 International financing schemes and technology mechanisms should be set up or strengthened to involve the private sector and leverage the amounts of private financing that are required to deliver climate mitigation in developing countries and emerging economies.

WHAT DOES BUSINESSEUROPE AIM FOR?

- With only 6.5% of global emissions and falling, European industry alone cannot solve the climate change challenge. All developed countries and advanced developing countries should go for binding emission targets to tackle climate change in a fair manner and create a level playing field for industry. In the current situation, the competitiveness of European industry and the risk of carbon leakage are a source of strong concern.

- The COP-16 Climate Conference in Cancun in December 2010 managed to re-establish trust in the international climate negotiation process. It achieved important progress such as bringing elements of the Copenhagen Accord in a UN framework and establishing a Green Climate Fund with a vital role for the World Bank. However, these achievements did not substantially change the state of play, with the real decisions on international emission reduction action post-2012 still pending.

KEY FACTS AND FIGURES

The EU emitted 4.05 billion t CO_2 in 2010
The US emitted 5.24 billion t CO_2 in 2010
China emitted 9.94 billion t CO_2 in 2010

- Europe is moving towards a low-carbon economy and has already obtained significant results through tools like the EU Emission Trading Scheme (ETS). Indeed, many European companies are market leaders in carbon-efficient products and solutions. Further low-carbon investments of the private sector need a predictable policy framework and support from public authorities.

- Policy-makers should work to ensure that the first commitment period under the Kyoto protocol, now close to expire, is followed up by an international agreement committing all large economies. In any case, the **clean development mechanism (CDM) should be maintained**, improved and expanded. International offsets must continue to be a credible means to limit emissions efficiently by taking advantage of lower cost opportunities and should be used in conjunction with effective measurement, reporting and verification systems.

- A **global carbon market** is needed for investments in innovative low-carbon technologies and solutions to take place in locations where they deliver the greatest possible climate benefits. Political efforts must be deployed to establish such a global carbon market. For needed project investments in climate actions to be made available, political **financial instruments such as the Green Climate Fund (GCF) should act as catalysts** and promotion measures must seek to encourage the greatest possible release of further private investments.

- The **Technology Mechanisms** created by the Copenhagen Accord must urgently be defined and specified, **to trigger development, transfer and deployment of technology**. These mechanisms should consider national and regional needs. A strong involvement of the private sector at all levels, in particular, the regional networks, will be vital to their success.

- **Effective IPR protection** must have top priority in the technological sphere. Only where companies operate in a legal framework which secures protection of intellectual property and WTO-compatible rules apply can new technologies be developed and technology transfer take place. Global rules on IPR have proved their worth and should not be discussed and weakened in the framework of UN climate negotiations.

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