

21 November 2012

BUSINESSEUROPE'S EXPECTATIONS FOR THE 2012 INTERNATIONAL CLIMATE CONFERENCE IN DOHA

KEY MESSAGES

- 1** BUSINESSEUROPE calls for the COP 18 in Doha to develop and adopt a clear and binding roadmap that will lead to the adoption of a comprehensive international climate change agreement in 2015 for entry into force by 2020.
- 2** BUSINESSEUROPE supports the EU's conditional offer to increase the EU 20% emission reduction target in case other major industrialised countries commit to comparable reductions.
- 3** BUSINESSEUROPE calls on the EU to continue the implementation of the Green Technology Fund and the Technology Mechanism in cooperation with business to promote technology deployment. It also calls on the EU to ensure that Intellectual Property Rights are fully protected within the current and future climate change agreements.

European companies support action to combat climate change and are committed to taking their share of responsibility by reducing emissions, by investing in modern and innovative technologies and by delivering products helping customers to reduce emissions.

For this reason, **BUSINESSEUROPE calls for the rapid conclusion of a comprehensive international climate change agreement committing all large economies to the measurement, monitoring, reporting, control and reduction of greenhouse gas emissions.** To promote this aim, COP 18 in Doha must build on the agreement in Durban and move forward the work under the Durban Platform through the development and adoption of a streamlined, efficient, and transparent work plan leading from now to 2015.

BUSINESSEUROPE supports work towards outcomes in Doha that provide more clarity on the international climate regime under existing frameworks and the emerging, comprehensive agreement post 2020. We expect that the Ad Hoc Working Group on the Kyoto Protocol (AWG-KP) will finish its work so that the outstanding issues concerning a second Kyoto commitment period can be settled, which could contribute to a more predictable business environment.



Furthermore, we hope that the resolution of the many complex issues under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) will enable its closure and the creation of a single negotiating track under the Durban Platform focused on the development of the comprehensive climate agreement.

International climate negotiations must lead to a fair division of climate protection efforts to not distort the international competitiveness between companies and nations. **BUSINESSEUROPE therefore supports the conditional position taken by the European Council whereby a decision to increase the 20% EU reduction target will be taken in case other industrialised countries commit to comparable emission reductions** and emerging countries put in place appropriate measures to fight climate change in line with their respective capacities. Equally, while many businesses have made good progress reducing emissions, it is important that ambition is matched by all sectors, including agriculture, transport and private and public buildings.

BUSINESSEUROPE wishes to underline the overall need for the UNFCCC secretariat and COP hosts to make an enhanced effort of securing effective private sector engagement. Some good examples have been seen from the Mexican Dialogues in the run up to COP 16 and from the private sector engagement in the GCF and technology mechanism. COP 18 should adopt processes for continuity and the systematic engagement of the private sector in the UNFCCC's decision-making and implementation.

FINANCE AND MARKETS

- The development of a **global carbon market will help stimulate** investments in innovative technologies, installations and products are to be made in locations where they deliver the greatest possible climate benefits at the lowest economic cost. BUSINESSEUROPE urges that political efforts are deployed to establish such a global carbon market. To enable this, clarity must be established on the future of the Clean Development Mechanism (CDM), a timeline for the development of the new market mechanism as well as the role and scope of the framework for various approaches.
- International offsets must continue to be a credible means to limit emissions efficiently by taking advantage of lower-cost opportunities. The **Clean Development mechanism (CDM) should be maintained**, improved and expanded. Consideration must be given to re-initiating the Joint Implementation mechanism after 2012. New mechanisms should be developed rapidly and be available for voluntary use by governments depending upon their national requirements. Should sectoral mechanisms be developed, they must be designed so to avoid as far as possible distortion of competition between regions for globally traded goods.



- Crediting mechanisms associated to **Nationally Appropriate Mitigation Actions (NAMAs)** should offer **adequate incentives** to encourage the direct involvement of private entities.
- In order 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. Business' participation will depend in large part on the investment environment and the effectiveness of institutional arrangements which should be evaluated by independent experts. Active private sector involvement must be encouraged in the GCF by continuing the development of modalities and procedures for "active observers" that can represent the wide breadth of knowledge and experience in the private sector. Eligibility for finance should be determined using results-based criteria such as the contribution to transformational change in the recipient region. The GCF should be designed so that its initiatives do not crowd out existing successful development cooperation projects.
- All parties involved in the Doha negotiations should work **for the GCF to be effectively linked with the new Technology Mechanism**. The GCF should be a convener of concessional loans, risk-sharing financing instruments and other sources of financing such as carbon financing and that from Multilateral Development Banks. This would provide a basis for the GCF to leverage the huge amounts of private financing that are required to deliver climate mitigation and adaptation in developing countries and emerging economies. The GCF should be results-oriented and closely monitored even when implementation of projects is left to accredited entities. These funds must be used in strict compliance with pre-defined robust transparency, additionality and environmental integrity principles.

TECHNOLOGY

- The **Technology Mechanism** and its Technology Executive Committee (TEC) and Climate Technology Centre and Network must trigger development, transfer and deployment of technology. It must be structured and operated in such a way as to encourage investment in and deployment of technology; and should focus on giving advice on and providing recommendations regarding key enabling factors, as well as education, training, and capacity building.

This mechanism should consider national and regional needs. Strong involvement of the private sector at all levels, in particular, the regional networks, will be vital to their success.

Companies play a prominent role in the development and dissemination of technologies. The Technology Executive Committee has **welcomed business input in its meetings** and we hope that this will continue and likewise be reflected in the operation of the Climate Technology Centre and Network.



- **Effective Intellectual Property Rights (IPR) protection** is a key enabling factor for technology to be developed, deployed and shared with others in global technology value chains and through trade and foreign direct investment. IPR protection is critical for Europe's advanced manufacturing and clean technology sectors. IPR provides a key incentive for companies to invest in these markets and offers European companies a critical competitive and first-mover advantage that our global trade. It also allows companies to work with business partners, suppliers, and customers around the world. Successful technology transfer will be stimulated where companies can operate within a legal framework which secures the protection of intellectual property and WTO-compatible rules apply. Global rules on IPR have proved their worth and should not be weakened in the framework of UN climate negotiations. BUSINESSEUROPE calls on the EU to ensure that Intellectual Property Rights (IPRs) are fully protected within the current and future climate change agreements.
