

# Major Economies Business Forum



on Energy Security and Climate Change

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## Major Economies Business Forum Business Input, “Conflict of Interest,” and Implementation of the Paris Agreement

### Key Messages

- The Paris Agreement cannot succeed without the meaningful participation of business at every step. Business and industry has distinct valuable experience and capabilities to share and ultimately will be largely responsible for delivering on a lower-carbon economy.
- With the Paris Agreement having entered into force, it is important for business to serve as: (1) an integral part of domestic consultations regarding national commitments; and (2) a key resource of expertise to the international negotiation process.
- At the national level, experience has shown that Nationally Determined Contributions (NDC) are likely to be more durable and predictable when business is a full partner in their development.
- The many facets of Paris Agreement implementation will require Parties to create effective and credible engagement and transparency systems that include a role for business. This will be especially important, in particular, for the facilitative dialogue that will take place in 2018 and the global stocktake beginning in 2023.

- Given the important role of business, BizMEF is concerned about calls for banning business groups from the UN Framework Convention on Climate Change (UNFCCC) because of supposed “conflicts of interest.” BizMEF recommends instead building on the progress within the UNFCCC and its institutions for engagement with business and other stakeholders.

## **Introduction**

With the entering into force of the Paris Agreement, the focus now turns to implementation and all that entails for government—and business. Effective implementation of the Paris Agreement should provide opportunities for global cooperation in mitigation, adaptation, and the development, financing and commercial use of lower-emitting technologies. Its bottom-up structure offers flexibility that allows Parties to develop, in consultation with business and other stakeholders, commitments that reflect their priorities and circumstances. This individualized approach is much different than that taken by the Parties in the Kyoto Protocol.

In addition to these features, the Paris Agreement also incorporates institutional innovations, reflecting the extraordinary challenge of climate change as well as the recognition by most, but by no means all, Parties that the UNFCCC should strengthen its interactions with business and other non-state actors. To a degree, it is already happening. As the UNFCCC has grown and evolved, so too have the business interactions with it and its appendages, such as Technology Executive Committee, Climate Technology Centre and Network, Green Climate Fund, and the Adaptation Committee.

It is unfortunate, then, that the Paris Agreement fails to recognize explicitly business in any way (although the Paris Decision does). We see this as a lost opportunity. Stimulating ambitious efforts to make the Paris Agreement a success cannot be accomplished without the business community. Of all the stakeholders, at the end of the day it will be the business community that will do nearly all of the heavy lifting—mobilizing the resources, making the investments, developing the advanced technologies, building and operating the new infrastructure—that will make or break the commitments made by Parties.

## **Need for Business Input**

Climate change is one of the most complex issues facing governments and business, with issues cut across every economic sector. National and international programs have the potential to impact economies in significant and often unpredictable ways, affecting operations, supply and value chains, planning, trade, and investment.

The advantages of greater interactions with the business community are many. Business has relevant, unique experiences and insights that can help ensure that emerging challenges and opportunities can be shaped to benefit and preserve more competitive, clean, and efficient energy and industrial

sectors, necessary precursors to economic growth and poverty eradication.

All of business will be affected by decisions taken under the Paris Agreement and all have an interest in contributing their views and expertise on its implementation and development. With the Paris Agreement having entered into force, it is important for business to serve as: (1) an integral part of domestic consultations regarding national commitments; and (2) a key resource of expertise to the international negotiation process.

BizMEF members interact with their respective governments in their capitals and internationally. At the national level, engagement with the business community has been uneven, as a [survey of BizMEF partners](#) conducted by the U.S. Council for International Business revealed. Many governments have done a reasonably good job of consulting with business in developing their NDCs. NDCs developed through an inclusive and open process, with significant consultation with their legislatures, will prove to be more durable both economically and politically.

This is important because business is intrinsic to NDC implementation at the national level. In general, NDCs implementation often will require legislative and regulatory measures to achieve pledged outcomes. Each national business community is expected to comply and implement those government policies. In addition, many governments already require business to report emissions and disclose other climate-change relevant data and information through regulatory channels.

Moreover, current NDCs are just the first of a series of pledge envisaged by the Paris Agreement. The Paris Agreement establishes a process to assess progress and for Parties to update their NDCs at five-year intervals. In such a constantly-evolving landscape, it will be very important to build trust among Parties and stakeholders that nations are implementing their pledges and considering new commitments that set realistic and ambitious goals, attract investment, and build thriving, competitive economies.

To do this, Parties will need to create effective, efficient, and credible engagement and transparency systems—both domestically and internationally—including with business. In particular, the UNFCCC should consider ways to invite and incorporate the perspectives of business (and other stakeholders) into the facilitative dialogue that will take place in 2018 and the global stock-take in 2023.

While we have been encouraged by the reception this idea has received by some Parties, there is still a long way to go to make this a reality.

### **“Conflict of Interest”**

Considering the increased need for business input into the UNFCCC and its processes, we are concerned by efforts of some Parties and non-governmental organizations to restrict or even ban business access to the UNFCCC talks based on claims of “conflict of interest.”

We are confident that UNFCCC Parties recognize the irreplaceable role of the private sector and understand that, ultimately, it will be the private sector that

develops, finances, builds, and operates the new energy and other technologies of the future.

Business should be invited to provide governments with a broad array of responsible views on matters such as greenhouse gas markets, transparency, technology, finance, national pledges, collective progress, and adaptation, among other issues. Governments should seek out the value of this input, even if they do not always agree with it. As the experience with NDCs has shown, decisions arrived at with business input are more informed and more enduring.

We should also note that the business community has championed the greater input from all stakeholders—even those who may not agree with us—because we believe that a truly open process leads to better outcomes.

Considering the important role of business, BizMEF believes a productive approach would call on the extensive experience and knowledge in the business community and build on the progress made thus far within the UNFCCC and its institutions for greater engagement with business and other stakeholders. BizMEF recommends that reforms should be implemented so that the international process can take better and more explicit advantage of the range of technical expertise and policy advice that business can provide.

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BizMEF has [called](#) for a more formal role in the UNFCCC similar to the role that the Business and Industry Advisory Committee plays in the Organisation for Economic Co-operation and Development. The establishment of such a "multi-tasking" business channel could consolidate current channels of communication with existing and emerging UNFCCC institutions and function as a resource for work across the entire UNFCCC process, and related international institutions. This would be especially important as implementation of the Paris Agreement begins in earnest on such items as transparency, implications of collective actions, markets, finance, and technology. This also provides access to business-led processes to improve outreach to the enormous range of businesses that lack the means to participate directly in UNFCCC processes. This includes literally millions of small and medium sized enterprises that are affiliated with BizMEF members.

We urge UNFCCC Parties, therefore, to work with BizMEF partners and other business groups to establish a formal platform where business can share its valuable experience and capabilities. In the meantime, BizMEF and its partners will continue to build confidence, identify areas of shared understanding, generate innovative solutions, and provide valuable and practical input to the international negotiations.

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## **ABOUT BizMEF**

The Major Economies Business Forum on Energy Security and Climate Change (BizMEF) is a partnership of major multi-sectoral business organizations from major economies. Modeled after the government-to-government Major Economies Forum, BizMEF is a platform for these groups to:

- promote dialogue and exchange views on climate change and energy security across a broad spectrum of business interests including major developed, emerging, and developing economies;
- highlight areas of agreement among participating organizations on the most important issues for business in international climate change policy forums; and
- share these views with governments, international bodies, other business organizations, the press, and the public.

Organizations that have participated in BizMEF meetings represent business groups in Australia, Brazil, Canada, China, the European Union, Denmark, France, Germany, India, Italy, Japan, Mexico, Morocco, New Zealand, South Africa, South Korea, Turkey, the United Kingdom, and the United States, as well as five international sectoral associations. Collectively, BizMEF organizations represent more than 25 million businesses of every size and sector. Because BizMEF partnering organizations represent a broad range of companies and industries—including energy producing and consuming companies as well as energy technology and service providers—the partnership is able to provide robust and balanced views on a range of issues.

For more information on BizMEF, please visit our website at:  
[www.majoreconomiesbusinessforum.org](http://www.majoreconomiesbusinessforum.org).