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BusinessEurope expectations for COP28

International climate negotiations are happening in times of geopolitical tensions and crises. On-going military conflicts in several regions or increasing unilateral actions from many important players with an impact on global value chains mean that COP28 can be challenged by increasing scepticism concerning multilateral agreements. To strengthen international climate cooperation in the coming years, it will be crucial to honour existing commitments, adhere to agreed processes, and show diplomatic tact in dealing with partner countries.

COP28 in Dubai will deal with the first global stocktake (GST). It is the main mechanism through which progress under the Paris Agreement will be assessed from now on every five years. Other critical issues include getting the loss and damage fund up and running, agreeing on a framework for the Paris Agreement's global goal on adaptation (GGA), the market and non-market mechanisms under article 6 of the Paris Agreement and negotiations on climate finance.

The European business community fully supports the Paris Agreement and stands firmly behind the EU's climate neutrality ambition. COP28 will be important to set the course of strengthened collective actions. Businesses are indispensable partners to make this deep transformation environmentally, economically, and socially successful.

Our priorities and expectations for COP28

→ INCREASING GLOBAL AMBITION AND ACTION TOWARDS CLIMATE NEUTRALITY

COP28 will conclude the first five-years cycle of the GST. During this 'political' phase, governments will discuss and consider the finding of the GST's technical phase and what these mean for strengthening climate action. The UN's global stocktake [synthesis](#) report published last September shows that the Paris Agreement has galvanised climate action globally. However, it also makes clear that much more must be done to keep global average temperature rise to well below 2°C, let alone 1.5°C above pre-industrial levels.

Closing the often very significant ambition and action gaps with non-EU countries is without alternative. The objective for the next round of Nationally Determined Contributions (NDCs) until 2025 - based on this first GST - must be at least for all G20 countries to agree to similarly ambitious 2030 targets and to start implementing concrete, transparent and reliable transformation measures. Without more concrete action on the



ground globally we will not be able to get anywhere near achieving the Paris Agreement goals.

→ SCALING UP INTERNATIONAL CLIMATE FINANCE

Given that many developing countries have conditional NDCs which are based on the provision of financial support, the EU should seek to leverage climate finance to reach more ambitious targets and implementation measures. Existing funding arrangements need to be strengthened and the \$100 billion annual climate finance target must be achieved as soon as possible. It is essential that these financing commitments are well-targeted, with a particular focus placed on Least Developed Countries (LDCs).

It is critical that the phase-out of fossil fuel subsidies is coordinated internationally, and is effectively managed to not exacerbate energy security and energy poverty challenges.

→ GROWING EFFORTS TOWARDS CLIMATE ADAPTATION

It is evident that climate change consequences are already a reality in several regions with droughts, heavy rainfalls, and extreme weather events. Climate change adaptation is therefore becoming more urgent to address on the global climate agenda. Private sector investments in climate change adaptation must be mobilised, and it is necessary to unveil the business case in adaptation and outline the needs of the private sector for investing in concrete projects.

It is in the very own interest of businesses to adapt their installations and processes to the changing climate and to increase their resilience against extreme weather events. Regulatory measures on adaptation must not generate disproportionate bureaucratic burden. However, it will be crucial to get all actors (industries, municipalities, authorities etc.) involved in close cooperation to adapt effectively and efficiently to varying individual circumstances.

→ OPERATIONALISING GLOBAL CARBON MARKET MECHANISMS

With more and more low-hanging fruit having been reaped in terms of GHG mitigation, meaningful international carbon pricing is bound to become much more important soon. A speedy and well-managed process to get the Article 6 mechanisms working will undoubtedly support the introduction of international carbon pricing regimes and become major drivers for investments in GHG mitigation.

More and faster progress is therefore needed in the implementation of mechanisms under Article 6 of the Paris Agreement. Efforts should be placed on the operationalisation of the central mechanism under Art. 6.4. Further guidance on corresponding adjustments, the administrative infrastructure of the market mechanism and the rules for the supervisory body will be important. All carbon removal technologies must be covered, including both natural and technical carbon removals. While all decisions regarding Article 6 must respect environmental integrity and the goals of the Paris Agreement,



reducing barriers to the use of the new mechanism and increasing its attractiveness for private sector participation are important to deliver the commitments.

→ SECURING ENGAGEMENT WITH ALL INDUSTRIES AND SECTORS

To meet these collective climate mitigation and adaptation goals, it is essential that governments have access to expertise from a broad range of stakeholders. Experts from all industries and business sectors should be able to continue to give their valuable insights in their function as recognised observers as providers of the solutions need to accomplish the targets. Given the all-en-compassing nature of the challenges posed by global climate change and the actions across all sectors that are needed to address these challenges, no industry or sector should be excluded from active participation, including fossil fuel-based industries that are adapting to a net-zero ambition.

→ CLOSING CARBON CYCLES

To achieve the Paris Agreement goal, emission reductions must be the priority. Policymakers, industry and civil society must however use all cards available. Even with a completely renewable energy sector, CO₂ emissions cannot be fully removed because some sectors of the economy, such as some manufacturing industries will continue to have process-based unavoidable emissions. A sustainable approach to unavoidable residual emissions and negative emissions is required. Carbon capture and utilisation (CCU) and carbon capture and storage (CCS) will play a decisive role to establish carbon cycles that are as close as possible. In the vein of IPCC AR6, COP28 should therefore promote CCS and CCU for hard-to-abate emissions on an international level.

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