

13th Conference of the Parties to the UNFCCC (United Nations Framework Convention on Climate Change)

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BUSINESSEUROPE PERSPECTIVES FOR CLIMATE DIPLOMACY IN BALI

Climate change is a global challenge that requires a global solution. COP-13, in Bali, is an important opportunity to gain global consensus on the way forward to achieving a comprehensive global agreement. The development of a “roadmap” detailing the timetable for the negotiation of a future regime is a vital first step in providing business with the clarity that it needs that governments are truly committed to agreeing a comprehensive, global; transparent, stable, regulatory framework for the post-2012 regime. Only through such an outcome can business be provided with the predictability that it requires to continue investments in research, development and deployment of technologies to reduce emissions of greenhouse gases and improve energy efficiency thus protecting the competitiveness of EU Industry and safeguarding the environment.

Any future post-2012 agreement should be under the UNFCCC; it will need to be multi-faceted in order to take into account national circumstances, development needs, economic growth etc. It should be based on a market framework which includes mitigation, adaptation, technology and financing. However, no option should be disregarded without detailed analysis of environmental, economic and political benefits.

Climate policy must be flexible and realistic and take into account energy security, cost-effectiveness and the needs of developing countries, including the use of available resources and technologies. EU business is taking actions to use energy ever more efficiently and to reduce greenhouse gas emissions, and is committed to continue to do so in a fair and equitable framework.

Business is part of the solution to climate change, it can make the investments necessary to help provide technologies, products and services to meet society's needs. To continue EU development in a sustainable manner it is vital that EU business remains viable and competitive in line with the goal of the Lisbon strategy.

Energy efficiency must be further improved in households, industry, transport and commerce, where cost-effective. Technological cooperation must be fostered, aiming at sustainable development and energy use in industrialised as well as developing regions. Capacity-building is needed to spread awareness and state-of-the-art solutions increasing energy efficiency globally.

Key elements for the international post-2012 climate change strategy

- ➔ Search for a post-2012 cooperation architecture guided by the 2°C objective set by European governments and the understanding that reductions of such magnitude can ultimately only be achieved through joint global effort. Such architecture has to be economically feasible, based on respective capabilities and fair in order to avoid carbon leakage and to safeguard the level playing field for all the actors competing on the same global markets. Climate and development diplomacy must aim to persuade key developing countries also to open themselves to an international climate protection, adaptation and mitigation policy with clear objectives.
- ➔ For this post-2012 architecture a realistic long-term global goal for reductions in the emissions of greenhouse gases should be set based upon an analysis of credible scenarios that is flexible in order to respond to new scientific assessments and that will encourage innovation and technological development. Such a goal should include medium-term non-binding milestones against which achievements and future needs can be reviewed and assessed. International sectoral approaches may help in achieving this goal.
- ➔ Establish a long-term, well functioning, market-based policy framework with participation of all large emitter nations extending through to 2030 that will give investors in climate change mitigation confidence in the long-term value of their investments. A significantly improved version of the EU Emission Trading Scheme (ETS), particularly on allocation methodology and harmonised implementation of rules, may provide the basis for such a framework.
- ➔ Significantly increase public support for research, development and demonstration to encourage solutions to the problem, including public private partnerships and the removal of barriers to market-driven innovation.
- ➔ Ensure a significant increase in the deployment of low carbon and energy-efficient technologies. International technical product standards have a key role to play here. Deployment should also be improved through public procurement based on fairness and transparency. For the consumer, eco-labelling is a possible way forward to help improve deployment of cleaner technologies.
- ➔ Expand and expedite the use of flexible tools such as JI (Joint Implementation) and CDM (Clean Development Mechanism) for post-2012 for the transfer and deployment of new and existing technologies. To this end, nations should ensure that official development assistance (ODA) is consistent and supportive of voluntary technology transfer to developing countries, respecting Intellectual Property Rights (IPR).
- ➔ Actively support low-carbon energy technology in EU, and partnership with other developed countries and industrialising countries including renewable energies, carbon capture and storage (CCS), clean coal with CCS and nuclear. Access to modern and sustainable energy is the key to poverty alleviation in developing countries as referred to in the Millennium Development Goals of the Johannesburg Summit.