



**Carbon Forum Asia
Bangkok, 24 September 2013**

**Statement by John Kilani, Director
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United Nations Framework Convention on Climate Change**

Ladies and gentlemen,

I want to thank the organizers of Carbon Forum Asia, IETA and Koelnmesse, for inviting me here today. I am pleased to join you and to read this statement on behalf of UNFCCC Executive Secretary Christiana Figueres, who regrets she is unable to be here with us today.

This forum convenes during a difficult period for the current international carbon market. Times are tough, but market instruments remain critical in meeting the climate challenge.

Markets are markets, for carbon or any commodity. Prices in markets fluctuate, and markets have both uncertainty and certainty.

Today, I'd like to explore carbon market certainties, how they relate to Asia and how markets accelerate climate response.

Let's look at three certainties in global carbon markets:

- First, while carbon prices have declined, new markets at the national level are sprouting up everywhere.
- Second, markets represent a crucial tool for cost effectiveness in the move to a low-carbon global economy.
- Third, markets are only one part of climate response and we must explore how they fit into the broad financial context.

Those certainties lay a foundation for greater future carbon market action. Asia is responding, and it can respond faster if it links these three certainties together, a trend we already see.

Asia's response is seen in the region's participation in the Clean Development Mechanism, or CDM; in national market exploration; and in the broader context of climate finance.

The CDM is the world's only international carbon credit and accounting mechanism with more than 7,200 projects. Approximately 85 percent of these projects are in the Asia Pacific.

This includes projects in 33 countries, and represents more than 790 million tons of avoided CO2 emissions per year.

Asia Pacific leads the CDM in Programmes of Activities, or PoAs, with 52 percent of all registered PoAs. Under this innovative mechanism, a single programme can register unlimited small projects that collectively lead to social transformation.

Clean cookstove distribution, energy from waste management and small-scale renewable energy can fundamentally alter cooking and energy supply conditions at the community level. PoAs bring these projects to market and credit their emission reductions.

In addition to the international carbon market, countries are exploring national markets to meet emission reduction targets.

This year, the first markets in China came online, with more in development. In the Asia Pacific region, market work is underway in South Korea, Vietnam, Thailand, India, Indonesia and Kazakhstan, just to name a few.

To support nascent markets, four new CDM regional collaboration centers have been set up in Colombia, Grenada, Togo and Uganda. The final center will be in Asia, but the location is not yet known.

Building on what we have learned, including lessons from the CDM, new markets promise to be effective, stable and flexible enough to meet the needs of the changing global economy.

Beyond the market instruments, broader financial response indicates businesses in the Asia Pacific are seizing the opportunity created by an emerging low-carbon economy.

Consider that in 2012, China became the biggest investor in renewable energy with record investment of \$67.7 billion dollars and Japan posted an 75 percent rise in investment to \$16.3 billion.

This shows investors recognize returns from clean energy.

Added to potential gains from energy efficiency and climate-friendly institutional investment, a powerful trend emerges.

This is a trend where existing and new carbon markets work together with other low-carbon investments to change the global economy, to innovatively transform it to low-carbon.

This brings me to my challenge to you. It is clear that these trends positively affect the international climate change process, and that the international process positively affects these trends. This action is mutually reinforcing, but they need to be accelerated.

My friends, that is why you are here. This forum brings together actors with experience, capital and knowledge of market realities to chart the course forward.

This forum is a venue to identify opportunities and engage in solution-oriented dialogue that creates a world of well connected, profitable, market-based climate responses.

I challenge you to share your knowledge, to learn from others' experience, to strengthen carbon markets and to accelerate market-based action. We must give the generations to come a world where low-carbon growth is the new normal – and markets are a big part of that.

You can help make it happen. I am counting on you and more importantly, future generations are counting on you.

Thank you.

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