

## **Business and industry Recommendations – UNFCCC ADP 2.8 February 8 – 13, Geneva**

Business is optimistic that here in Geneva, governments can and will take the outcomes of Lima last year and move to the serious task of preparing the basis of the Post-2020 agreements in Paris.

Business and industry groups represented here believe that the risks and impacts of climate change must be addressed urgently and with great ambition by all governments. This must take place practically and cost-effectively, working in synergy with existing trade and commercial regimes, and while furthering energy access and economic growth. In the brief ten months before COP21, we encourage a prioritized, pragmatic and ambitious approach, zeroing in on what we view as the fundamentals of implementation

### **1) INDCs**

Business sees strong potential value in the Intended Nationally Determined Contributions (INDC). This new, innovative, and flexible process will enhance the likelihood of a greater range of emission reduction options coming forward from a broader set of nations.

The focus on INDCs has, to date, been appropriately dominated by a technical discussion about their characteristics, such as their scope, supporting information, and methods of assessment. But the time has come to move beyond the technical discussions to what INDCs can actually be.

Business has a wealth of knowledge and experience to offer in the research and commercialisation of innovative approaches, and it should be at the very heart of these discussions—formal and informal, domestic and international—about what practical, cost-effective initiatives the INDCs will comprise. As the date for submission of INDCs rapidly approaches, we are concerned that business has not yet been tapped for this valuable input in many national settings

Early involvement of business and other interested stakeholders will ensure a greater chance of buy-in to the options tabled and ensure that they are supported by domestic capability and capacity, strategies, policy agendas, and legal and regulatory frameworks that give businesses the confidence to plan, innovate and invest. Business engagement will also help provide insight on implications for global commerce and aggregate consequences that will be essential for the international agreement.

Business can not only help to develop a transparent understanding of the potential of the INDC options to deliver on their promise, but also assist with best practices for carbon pricing and designing the framework for measuring, reporting, and verification (MRV). Both are important to understanding impact, environmental integrity, and comparative effort between nations and the potential impacts on international competitiveness.

## **2) Innovation**

It is crucial that the Paris outcome will animate all countries to make ongoing improvements to achieve the widest possible diffusion of appropriate efficient technologies. It will be vital to create an environment that facilitates the diffusion of such technologies as widely as possible by removing trade barriers, enhancing R&D cooperation and maintaining IPR. Public and private sectors in both developed and developing countries should work together, including through the Technology Mechanism (TEC and CTCN).

Negotiations are currently under way in the World Trade Organization (WTO) to eliminate or reduce tariff and non-tariff barriers to trade in environmentally responsible goods and services, and a number of proposals have been put forward to do this. We hope that those negotiations can be accelerated and an agreement reached that encourages international commerce in efficient and clean energy products and services, enhancing the deployment of technologies that will be needed to attain Paris outcome ambition.

## **3) Investment**

To mobilize private investments at the needed scale, financial support from the Green Climate Fund (GCF) should “crowd-in” private sector investments and assist in providing information and promoting enabling frameworks that encourage deployment of advanced and efficient technologies. Business looks to GCF to play a leading role in eliminating barriers to investment in all countries and increasing the attractiveness of the projects by providing appropriate risk reduction supports. GCF can also help in reducing regulatory risk. More effort is needed by all Parties to ensure that sufficient funding is guaranteed.

## **4) Carbon Pricing**

The Paris Summit occurs at an interesting juncture: nearly 40 Parties have either implemented or are developing carbon-pricing policies at national or sub-national levels. Given this progress, the Agreement should provide support for those Parties (and others) to build and expand these systems. A fundamental assurance could support Parties in efforts to cooperate in achieving ambitious, cost-effective mitigation contributions through use of market based pricing systems.

To that end, we recommend that Parties assure that a unified international transfer system is in place for use by interested Parties. This provision should provide that when Parties transfer portions of their contributions to one or more other Parties for compliance with the Agreement, the transfers and receipts will be reported accurately. It would also support national systems where Parties seek to devolve emissions mitigation responsibility to private sector firms. With such a formulation, this provision would support all trades of international units in a single authority.

We believe that standardized accounting and reporting provisions are essential to establish systemic integrity and protect against “double-counting.” We also believe that availability of an international registry system would help guard against unauthorized credits entering the transfer system. This registry system could track transfers and receipts, and it could simplify the ability of the total transfers and receipts to be accurately recorded in national reports to the UNFCCC.

For countries and regions interested in achieving carbon finance through flexibility mechanisms, a unified project crediting mechanism should be established under the Convention. It would

draw together the array of crediting systems under negotiation (such as the CDM, JI, New Market Mechanism and REDD+ crediting systems). This mechanism should make high-quality project-based reductions broadly available for Parties' use in their national contributions. The Agreement should accelerate work on firm deadlines to produce detailed guidelines, modalities and procedures for this facility to assist in enabling early action.

Finally, tools for market infrastructure should be made available through the UNFCCC Secretariat for Parties to enhance their capability of participating in offset transfer mechanisms or emissions trading systems. These could be available for those who choose to develop independent systems. The availability of these tools could further enhance system quality and harmonization. This infrastructure should include tools, such as standardized sectorial benchmarks, a model registration and issuance process, measurement and verification protocols, a system for accrediting verifiers and a registry to establish ownership of units and track international transfers. Operational details for these tools should be elaborated in future COP Decisions.

We call on you to foster substantive and recognized engagement of the business community as an integral part of the Paris 2015 UNFCCC outcomes, including by providing recognized opportunities for business to inform international policymaking at all stages, offer technical expertise, and undertake voluntary additional measures.

Such an on-going recognized interaction will serve as a resource to governments and the Secretariat, and encourage and enable business to:

- deliver further emissions reductions and create innovative solutions,
- contribute to capacity building and involvement of business communities in all countries
- stimulate investment in and deployment of existing and new efficient technologies for mitigation and adaptation.

We encourage you all to spare no efforts in reaching a successful conclusion to these discussions, and we are looking forward to working with you throughout this year.

Thank you very much.