

Sustainability

INNOVATION  
Economic growth Transparency  
**CLIMATE AGREEMENT**

Level playing field **2015**

Market-based approaches  
political will  
COST-

EFFECTIVENESS Technologies

Competitiveness

Financing

Dialogue with business

EUROPEAN BUSINESS KEY MESSAGES

FOR PRE-COP Meeting

Warsaw, 2nd October 2013

# CLIMATE AGREEMENT

Level playing field 2015

Market-based approaches

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- / Pursue sustainable economic development
- / Mainstream climate action
- / Reduce competitiveness concerns
- / Facilitate stronger engagement of business through more comprehensive communication and participation approaches
- / Finance and markets are key to stimulating investment
- / Establish a coherent enabling framework to allow deployment and scaling up of technology and finance
- / Protect effectively Intellectual Property Rights (IPR)

Dialogue with business

## EUROPEAN BUSINESS KEY MESSAGES FOR PRE-COP Meeting

### FOREWORD

There is an urgent need for Governments to find sufficient political will to resolve the highly complex, but not insurmountable issues and create a new global, legally-binding climate regime under the UNFCCC in 2015. Warsaw can lead the way by fostering an environment conducive to a true collaboration on climate action.

Business is a significant part of the solution to addressing the impacts of climate change. Companies are taking actions that address these impacts and reduce emissions of greenhouse gases through investment, research and deploying innovative technologies, processes products and services.

That is why a positive engagement of policy makers in discussions with all business sectors can be instrumental in reaching a workable global climate agreement.

Business has consistently shared its expertise and views in this vital policy deliberation, and will continue to do so and stands ready for constructive engagement and dialogue in Warsaw and beyond, recognizing the important role for business, alongside governments to tackle challenges associated with climate change in a sustainable manner.

Business also underscores the importance and viability of promoting implementation of current commitments with the right enabling frameworks in policy and market.

In Warsaw, Business urges governments to:

- / Provide clarity on scope and the legal form of the 2015 agreement.
- / Deepen the trust among Parties and to ensure a transparent and workable mode of action.
- / Enable a global level playing field by addressing major economies' competitiveness concerns, fostering efficiency measures, and pursuing market-based approaches.

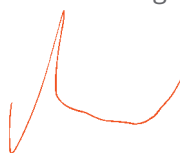
At present, the lack of clarity on the provisions of a new 2015 agreement makes it impossible to assess how the agreement should work in practice. Decisions taken by policy makers must allow such an assessment by those affected - governments, society, and business. The 2015 framework must include clear, sustainable signals to enable businesses to plan their future directions and investments. There should be clarity on the role and responsibilities of national governments that will implement these signals.

For this reason, business calls for the rapid conclusion of a comprehensive international climate change agreement committing all large economies to the measurement, monitoring, reporting, control and reduction of greenhouse gas emissions.

On behalf of the European business community and Polish Confederation Lewiatan a co-host of the Pre-COP Ministerial Meeting on Climate Change.



Emma Marcegaglia  
President of *BUSINESSEUROPE*



Henryka Bochniarz  
President of Polish Confederation *Lewiatan*

## A WORKABLE INTERNATIONAL AGREEMENT CONDITIONS TO SATISFY:

### Pursue sustainable economic development ○

Governments must find ways to ensure that actions taken to address climate change can assist economic growth and development. This can only be achieved by a transparent and thorough assessment of the effectiveness, costs induced and positive impacts of climate policies over the economy and society at large.

As an example, the setting of realistic targets should be built up by consensus and through the interaction with those that are required to take the actions to meet such targets also in consideration of technology developments.

Free and open markets play a crucial role in achieving climate adaptation and mitigation goals. The international climate negotiations should work to facilitate open trade and investment; global business encourages governments to work within the World Trade Organization to eliminate tariff and non-tariff barriers and avoid protectionism linked to climate change.

### Mainstream climate action ○

It should be assessed case by case whether mainstreaming of climate change into other policy areas brings positive effects and help reaching determined policy goals and is not counter-productive as has been demonstrated by the negative interaction between the EU's climate, renewables and energy efficiency targets.

National circumstances and competences should be taken into account when deciding on the most appropriate policy mix.

It is also important that the mainstreaming of climate change into other policy areas undergoes a transparent impact assessment. When including climate change into other policy areas, one has to ensure this is done in the most cost-effective, predictable way without imposing unnecessary administrative burden on companies. Market-based approaches should be preferred.

Adaptation: Enhancing adaptive capacity will require analysis, setting priorities, planning, and action at all levels of government and requires participation by local communities and business. In particular, business could play a role through technology transfer and best practice sharing.

Climate adaptation and mitigation actions are increasingly taken outside the UNFCCC due to slow progress and lack of clarity on a new global climate agreement. To reduce emissions and adapt to climate change, policies and actions developed under both work streams of the UNFCCC Durban Platform (near term and post-2020) should recognize the experience and initiatives outside the Convention. Effective interaction with other inter-governmental initiatives and partnerships, such as the G20 and Major Economies Forum, should be facilitated.



## Reduce competitiveness concerns ○

A number of mechanisms can be considered to minimise competitiveness concerns between economies. These include:

- / A clear, transparent and standardized system for the monitoring, reporting and verification and emission reductions is essential to enable the comparison of the implementation of pledges at both sectoral and national level.
- / The Agreement should build up on the creation of the market-based approach of the current Convention and Kyoto Protocol as it gives an economic incentive for sectors to reduce their emissions in a technology-neutral way.
- / In order to reduce the potential risk of carbon leakage, the 2015 Agreement should encourage the linking of the various carbon pricing schemes as a way to achieve global playing field through a unified carbon price.
- / Any approaches must seek to avoid affecting the competitiveness between sectors. Different countries and regions have very different profiles of sectors and hence a simple comparison of country-wide emissions reduction commitments may be misleading or not informative. In order to carefully analyse the impact of national commitments, it is necessary to take a view at a sector level and explore sector approaches.

## Facilitate stronger engagement of business through more comprehensive communication and participation approaches ○

Parties' and UNFCCC decisions have repeatedly addressed the importance of the private sector in achieving climate goals. Business is a critical provider of solutions in tackling climate change. It is vital that more comprehensive communication and participation avenues for the manifold UNFCCC sub-groups and new bodies should be developed in cooperation with business. For the 2015-Agreement and beyond, business is looking forward to discuss and elaborate effective ways to contribute to the UN process and implement actions.

## Finance and markets are key to stimulating investment ○

The development of a global carbon market will help stimulate investments in innovative technologies. Installations and products are to be made in locations where they deliver the greatest possible climate benefits at the lowest economic cost.

International offsets must continue to be a credible means to limit emissions efficiently by taking advantage of lower-cost opportunities. The Clean Development Mechanism (CDM) should be maintained, improved and expanded. Consideration must be given to re-initiating the Joint Implementation mechanism after 2012. New mechanisms should be developed rapidly and be available for voluntary use by governments depending upon their national requirements. Sectoral mechanisms should be developed, they must be designed so as to avoid as far as possible distortion of competition between regions for globally traded goods. Furthermore, for market-based mechanisms, both the environmental integrity of credits used for compliance (e. g. in the EU ETS) must be assured and double-counting must be avoided.

Crediting mechanisms associated to Nationally Appropriate Mitigation Actions (NAMAs) should offer adequate incentives to encourage the direct involvement of private entities.

In order for needed project investments in climate actions to be made available, political financial instruments such as the Green Climate Fund (GCF) should act as catalysts and promotion measures must seek to encourage the greatest possible release of further private investments. Business' participation will depend in large part on the investment environment and the effectiveness of institutional arrangements which should be evaluated by independent experts. Eligibility for finance should be determined using results-based criteria such as the contribution to transformational change in the recipient region. The GCF should be designed so that its initiatives do not crowd out existing successful development cooperation projects.

### Establish a coherent enabling framework to allow deployment and scaling up of technology and finance ○

Technological solutions, investments and financial resources to tackle climate change will mainly be provided by the private sector. The Technology Mechanism and its Technology Executive Committee (TEC) and Climate Technology Centre and Network (CTCN) must trigger development, transfer and deployment of technology. It must be structured and operated in such a way as to encourage investment in and deployment of technology; provide expert analysis of technologies and enable nations to have full access to information to enable them to select the most appropriate technologies; and should focus on giving advice on and providing recommendations regarding key enabling factors, as well as education, training, and capacity building.

This mechanism should consider national and regional needs. Strong involvement of the private sector at all levels, in particular, the regional networks, will be vital to their success.

Policies and instruments in the field of climate technology and finance, as well as new dedicated bodies, such as TEC, CTCN and the Green Climate Fund (GCF), should contribute to a favourable business environment. Key drivers include to:

- / Assure open trade and investment.
- / Comply with and promote existing frameworks of intellectual property rights (IPR).
- / Establish a coherent and predictable framework amongst the different policy areas and on national and international level, as well as across the different UNFCCC sub-bodies to allow deployment and scaling up of technology and climate finance.
- / Abolish subsidies that lead to market distortions.

### Protect effectively Intellectual Property Rights (IPR) ○

IPR protection is a key enabling factor for technology to be developed, deployed and shared with others in global technology value chains and through trade and foreign direct investment. IPR protection is critical for Europe's advanced manufacturing and clean technology sectors. IPR provides a key incentive for companies to invest in these markets and offers European companies a critical competitive and first-mover advantage that our global trade. It also allows companies to work with business partners, suppliers, and customers around the world. Successful technology transfer will be stimulated where companies can operate within a legal framework which secures the protection of intellectual property and WTO-compatible rules apply. Global rules on IPR have proved their worth and should not be weakened in the framework of UN climate negotiations. BUSINESSEUROPE calls on the EU to ensure that Intellectual Property Rights (IPRs) are fully protected within the current and future climate change agreements.

## BUSINESSEUROPE



BUSINESSEUROPE is the leading advocate for growth and competitiveness at European level, standing up for companies across the continent and actively campaigning on the issues that most influence their potential.

BUSINESSEUROPE speaks for all-sized enterprises in 35 European countries, whose national business federations are its direct members.

The organisation is also a European social partner, recognised as the continent's leading business voice.

The current President of BUSINESSEUROPE is Ms Emma Marcegaglia, chief executive of Marcegaglia Group, a leading international steel processing company headquartered in Italy.

The Director General is Mr Markus J Beyrer, who leads a team of 45 advocacy professionals at the BUSINESSEUROPE offices in Brussels.

For full information, visit the corporate website at [www.businessseurope.eu](http://www.businessseurope.eu).



Lewiatan is a nation-wide representation of employers to the state and trade unions. Today it is an organization of more than 60 sector and regional associations of private employers and 28 individual members. Thus in total there are about 3900 companies employing over 750 000 workers.

Lewiatan runs its offices in Warsaw and Brussels and employs professionals experienced in a wide range of issues such as: labour relations, macroeconomics, small and medium-sized enterprises sector and the European Union. The confederation participates in social dialogue, taking part in the Tripartite Commission for social and economic issues. Polish Confederation Lewiatan contributes to many international activities and as a member of BUSINESSEUROPE is able to influence regulations at the international level.

Lewiatan supports day-to-day activities and interests of its members and provides trade organizations with expert reviews. It facilitates business contacts and owing to the membership in international institutions, offers its members an access to international standards and know-how.

For full information, visit the corporate website at [www.konfederacjalewiatan.pl](http://www.konfederacjalewiatan.pl).

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