

# Major Economies Business Forum

on Energy Security and Climate Change



[www.majoreconomiesbusinessforum.org](http://www.majoreconomiesbusinessforum.org)



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## Major Economies Business Forum COP-23: Vision, Engagement, and Implementation

### Key Messages

- At the UN Framework Convention on Climate Change (UNFCCC) COP-23 meeting, negotiators should work to complete preparations for the Facilitative Dialogue in 2018 and make progress towards agreement on guidelines to implement the Paris Agreement, notably those for transparency.
- Development of guidelines should include participation by non-state actors, especially the full range of businesses, which have important perspectives and experience to share and a significant interest in seeing that implementation is efficient and credible.
- The Major Economies Business Forum (BizMEF) partners are committed to sharing insights, experience, and expertise to promote the most effective ways to mitigate and adapt to climate change. Parties to the Paris Agreement therefore should establish a more effective channel to solicit the full range of business input.
- As nations undertake the Facilitative Dialogue in 2018, BizMEF recommends that:
  - Assessments should examine progress in the context of each nation's Nationally Determined Contribution (NDC);

- NDCs and national reports should address mitigation, adaptation, and means of implementation, including finance and capacity building, and should include performance metrics.
  - Future NDCs should reflect progress to achieve national goals and agreed procedures in light of political and economic circumstances.
  - The Paris Agreement should recognize and support the opportunity for nations to use co-operative approaches to fulfil their NDCs.
- BizMEF partners welcome the openness of the Fijian Presidency to work with the business community. BizMEF intends to be a resource across the stated priority themes of the Fijian presidency, as well as more specific topics of technology and energy innovation, energy security, job creation, and capacity building.
  - The Paris Agreement adds to the already large expectations of business. UNFCCC institutions must engage in substantive dialogue with business of all sizes, sectors, and nationalities at every step of the implementation process. The Global Action Agenda, while welcome, cannot be expected to catalyse the broader business community.
  - Nations will need to develop procedures to measure progress on their NDCs, including for transparency, that respect national circumstances.
  - The Paris Agreement should recognize and support the opportunity for nations to employ mutually agreeable co-operative approaches in their NDCs.
  - Emissions reductions generated through co-operative approaches should be quantified and have environmental integrity, and care should be taken to avoid double-counting.

## Introduction

BizMEF members look for Parties at the COP-23 meeting in Bonn to make progress in developing implementation guidelines—the essential methodologies and procedures needed to monitor progress and guide future actions. While the spectrum of issues being added or considered for COP attention is expanding, at COP-23, BizMEF recommends prioritizing and making progress on the guidelines called for to implement the Paris Agreement and to

outline the conduct and timing of the Facilitative Dialogue.

Two years after being agreed at COP-21, the Paris Agreement remains incomplete. To implement the agreement fully, Parties must pick up the pace and stay focused if they are to complete new processes at COP-24. In particular, the Agreement should be elaborated to deliver agreed tools to measure, report, and review national progress toward meeting their NDCs and to take stock of overall progress to deliver global outcomes. Developing these tools,

especially those for transparency and taking stock of progress, will be essential to demonstrate real progress, maintain momentum for the Agreement, and build the trust necessary to take on ambitious future efforts.

While the focus is on developing and adopting technologies and systems to mitigate emissions, BizMEF partners believe greater attention should be dedicated to adaptation and resilience. Good governance, infrastructure investment, energy diversity, multi-stakeholder partnerships, and planning are essential ingredients to improve resilience to climate change risks now and in the future. This will allow Parties to deliver more practical and meaningful outcomes, especially before the facilitative dialogue has been designed, let alone delivered.

**Transparency, National Priorities, and Circumstances:** NDCs and associated transparency processes should reflect national circumstances, capabilities, priorities, and, as needed, sectoral assessments and roadmaps. A one-size-fits-all approach is neither appropriate nor desirable.

BizMEF does not envisage a single, comprehensive set of all-encompassing rules and approaches to measuring, reporting, and verification (MRV). Rather, MRV guidelines need to help Parties assess progress in achieving national commitments in the context of national circumstances. Allowing Parties to tailor their procedures to their circumstances should help them reliably and efficiently track and report progress and trends towards achieving contributions as specified in their NDC.

- BizMEF urges Parties to establish and implement the transparency regime as soon as possible and to improve it over time based on experience

**Assessment and Improvement of NDCs:** While nearly all nations have submitted NDCs, many do not describe the policies they will use to achieve state goals, and those not based on economy-wide outcomes—and even some that are—lack clarity on metrics to evaluate outcomes. Moreover, few NDCs provide any information on finance: neither the amounts to be supplied nor how they will measure concepts such as “mobilizing” from public and private sources. It is clear that over time many NDCs will need to be revisited, updated, and clarified. In that regard, the actions of many developing nations, especially least developed nations, will depend on aid. It is difficult to see how they can plan long-term response without better information on finance.

- BizMEF members encourage all nations to engage business, academia, and other stakeholders to provide informed input concerning NDCs, their environmental, economic and social consequences, and progress to achieving goals.
- BizMEF members intend to develop and participate in forums to help inform national and international processes, regarding not only domestic but also international implications of NDCs.

**Assessing Global Progress through the Facilitative Dialogue:** The Paris Agreement calls for a Facilitative Dialogue in 2018 to assess collective progress. This will be followed by a series of global stocktakes at

five-year intervals. Going forward, business will need to account for domestic and international effects of the entire portfolio of NDCs (and other developments) on their operations, investments, and supply and value chains. Consequently, business has unique insights relevant to this assessment.

- BizMEF recommends that the Technical Expert Meetings process and in-session workshops should request this information from representative business groups on specific topics. Major representative business organizations accredited to UNFCCC should be invited to co-organize such workshops, whether in-session or inter-sessionally between COP-23 and COP-24.

BizMEF intends to continue working with a range of entities within our network to provide such input both through processes under the Paris Agreement and in complementary, less formal processes convened by credible, authoritative institutions.

**Clarify Approaches for Cost-Effective Mitigation:** The Agreement should support and promote a range of bilateral or multilateral approaches that might be used to address mitigation among voluntarily cooperating nations. Currently, it is unclear, even bewildering, for businesses to understand how the wide variety of existing approaches under the Kyoto Protocol and those being developed under the Paris Agreement and other initiatives will fit together.

- BizMEF intends to share views on those approaches and processes that may be most effective and efficient in allowing

business to contribute to solutions and those that may be inefficient. BizMEF has provided governments with [consensus views](#) on a broad array of topics, including on such issues as carbon pricing, new mitigation options, and GHG markets in Article 6 of the Paris Agreement.

**Build Capability for Technology Adoption:**

BizMEF members are encouraged by the interfaces for business to work with new institutions, including the Green Climate Fund, Climate Technology and Centre and Network, and the Technology Executive Committee, and we are participating in those activities.

BizMEF believes the most effective way for business to engage with these and other entities that will emerge as part of the Paris Agreement is through a single business channel through which businesses around the world could interact with the UNFCCC (see the section on enhanced business engagement below).

**Work with Existing Processes to Promote more Resilient Development:**

Achieving the ambitious long-term goals in the Paris Agreement will require that efforts to address climate change become mainstreamed business practices involving small and medium companies, as well as multi-national enterprises, across the entire spectrum of suppliers, producers, and customers in a globalized economy. Multiple existing domestic and international processes already provide capabilities and support that can help in achieving the objectives of the UNFCCC in both mitigation and adaptation.

Overall, the Paris Agreement must not try to build a separate, comprehensive framework that encompasses every aspect of dealing with climate change and sustainable development. Rather, it should work to complement and leverage ongoing mainstream approaches that are already used by business and governments every day to address environmental protection and development needs (see especially BizMEF's 2013 issue paper on [finance](#)).

**Enhanced Business Engagement:** Business appreciates the opportunities provided to interact with the UNFCCC and associated institutions. Business has unique experience and insights that can help to inform processes to assure transparency of action and to understand implications of the overall portfolio of actions in NDCs. These insights, together with various technologies for mitigation and adaptation, can assist in identifying more efficient and effective ways to implement the Agreement through domestic and global actions. See, for example results of a 2016 [survey](#) of BizMEF member's interactions in the preparation of NDCs, and a workshop at the Organisation for Economic Co-operation and Development (OECD) convened jointly with the Business and Industry Advisory Committee to the OECD.

This is a moment to widen and upgrade the circle of stakeholder engagement and discussion in support of the Paris Agreement and the UNFCCC. Arbitrary categories for discrimination and disqualification have no place in this historic framework. All aspects of good governance matter in the UNFCCC, and we are ready to exercise stewardship and good governance to ensure comprehensive inclusion,

transparency, self-selection, self-organization, and accountability.

To contribute more effectively to the Paris Agreement, BizMEF members continue to encourage Parties to create ways to improve business input to the process through enhanced, recognized, distinct channels, rather than as one component of vastly inclusive multi-stakeholder consultations. Business does not wish to participate directly in negotiations-that is the obligation and prerogative of governments. The fundamental concept is that business itself would establish a forum based on national affiliates open to all business groups involved in the international climate process. This would provide a means to develop responsible, representative business views across the full range of relevant issues, and to provide and exchange business views more efficiently and comprehensively with the many actors and activities within the UNFCCC, including parties, regional groups and the Secretariat, as well as associated institutions.

Business is also interested in working with "champions" to contribute to their work program: in particular, how to monitor progress of voluntary initiatives by non-state actors and ways to enhance their effectiveness.

**Simplify and Encourage Flexibility:** Business is concerned that the UNFCCC process has become far too complex. Flexibility and streamlining the implementation-related elements will be essential to involve the broadest possible range of sectors and actors in diverse political and market settings, and to support the need for rapid action.

Circumstances have changed considerably since the 1990s, and they continue to evolve. The global economy and roles of various nations have shifted dramatically. Unanticipated changes in technologies and resource availability have made clear our limited ability to forecast changes; these underscore the need for flexibility to take advantage of real-world developments. Certainly, in coming decades, innovation, evolving scientific understanding, and experience with policies will provide us insights in ways to address climate change.

**Protect Intellectual Property Rights:** The success of the Paris Agreement will be influenced to a large degree by the pace and extent of technology innovation. Innovation requires substantial investment and risk-taking by the private sector and researchers that can occur only under stable legal and regulatory regimes that include, among other things, respect for Intellectual Property Rights (IPR). There is overwhelming evidence that effective IPR protection is a key enabling factor for this investment, making it worthwhile for

companies to develop technologies of broad social value, use them commercially, and share them with others in global technology value chains and through trade and foreign direct investment.

Successful technology transfer will be stimulated where companies can operate within a legal framework which secures the protection of intellectual property and the application of rules compatible with the World Trade Organization (WTO). The Paris Agreement envisions rapid global adoption of technology. Global rules on IPRs have proved their worth, and Parties at COP-23 should resist proposals to weaken IPRs in the Paris Agreement. The UNFCCC should rely on existing competent institutions to ensure that IPRs are fully protected within the current and future climate change agreements. In instances where IPR is seen as a potential obstacle, it will be important to bring together the owners of the IP, national governments, and different climate financing mechanisms to identify means to accelerate the transfer consistent with national law and global IPR rules.

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National Confederation of Industry Brazil (CNI)  
Swiss Federation of Small & Medium Enterprises  
U.S. Council for International Business  
World Coal Association  
World Steel Association

## ABOUT BizMEF

The Major Economies Business Forum on Energy Security and Climate Change (BizMEF) is a partnership of major multi-sectoral business organizations from major economies and international sectoral associations. Modeled after the government-to-government Major Economies Forum, BizMEF is a platform for these groups to:

- promote dialogue and exchange views on climate change and energy security across a broad spectrum of business interests including major developed, emerging, and developing economies;
- highlight areas of agreement among participating organizations on the most important issues for business in international climate change policy forums; and
- share these views with governments, international bodies, other business organizations, the press, and the public.

Organizations that have participated in BizMEF meetings represent business groups in Australia, Brazil, Canada, China, the European Union, Denmark, France, Germany, India, Italy, Japan, Mexico, Morocco, New Zealand, South Africa, South Korea, Turkey, the United Kingdom, and the United States, as well as five international sectoral associations. Collectively, BizMEF organizations represent more than 25 million businesses of every size and sector. Because BizMEF partnering organizations represent a broad range of companies and industries—including energy producing and consuming companies as well as energy technology and service providers—the partnership is able to provide robust and balanced views on a range of issues.

For more information on BizMEF, please visit our website at:

[www.majoreconomiesbusinessforum.org](http://www.majoreconomiesbusinessforum.org).