

# Major Economies Business Forum

## on Energy Security and Climate Change



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Keidanren  
Policy & Action



BUSINESSEUROPE



## Major Economies Business Forum on Energy Security and Climate Change: Perspectives on COP-21, Paris France

### Key Messages

- At COP-21 in Paris the UNFCCC aims to conclude a comprehensive post-2020 agreement with participation by all nations. To be successful, the Paris Agreement will need to be transparent, encourage innovation leading to more effective and less costly low-carbon technologies, reflect national priorities and circumstances, and take advantage of the expertise and experience of the business community.
- Transparency requires that an effective framework should include: (1) clear goals; (2) credible measuring, reporting, and verification (MRV) procedures taking into account different national circumstances; and (3) a review process applicable to all parties to ensure timely and accurate reports of national efforts.
- Developing innovative low-carbon technologies and enabling their commercial use on a global scale will be essential. The new agreement must not weaken intellectual property rights and should encourage effective use of the technology and finance mechanisms, including the Green Climate Fund (GCF), the Climate Technology Centre and Network (CTCN), and the Technology Executive Committee (TEC). The recognition of market mechanisms as a mitigation option chosen voluntarily by governments/regions should also be anchored in the new agreement.
- To be effective, national contributions should reflect national circumstances, capabilities, and priorities. A one-size-fits-all approach is neither appropriate nor

desirable. Ideally, nations in similar circumstances should put forward comparable efforts.

- The expertise of the business community will be essential to achieve successful outcomes and implementation of the new regime. Institutionalized channels for engagement with the private sector and other actors should be formally recognized in the UNFCCC.

### **Build a Fair & Effective Agreement for All Economies**

The Kyoto Protocol established an important international framework. However, since the Protocol was agreed in 1997, the geopolitical and economic landscape of the world has changed dramatically. While some emerging economies still face various development challenges, their capabilities have evolved. Deep global cuts in emissions cannot occur without a global effort, especially involving all major emitting nations.

To build fair, effective and durable international agreement, all economies should be expected to participate in line with their current capabilities and to acknowledge that efforts must evolve as respective capabilities change.

### **Establish Credible, Effective and Efficient MRV**

To ensure the effectiveness of the new framework and to achieve the necessary confidence among parties, the new agreement must include: (1) clear descriptions of proposed efforts; (2) comparable, credible, effective, and efficient MRV for all national contributions; and (3) a review process, applicable to all parties, that ensures that reports of national efforts are timely and accurate.

A common regime of MRV will be essential to provide assurance that all parties are using appropriate criteria not only to measure emissions but also to assess comparability of effort among similar sets of nations. Over time transparency and MRV should recognize different and changing national circumstances. To ensure comparable participation of each country and the effective implementation of their efforts, a common international review and assessment should be conducted periodically among developed countries, emerging countries, and developing countries.

### **Establish Effective Technology & Finance Mechanisms**

Development and widespread commercial use of innovative low-carbon technologies and products and widespread deployment of them on a business basis is key to driving emission reductions on a global scale.

Technologies and products featuring high environmental performance often initially require significant investments, which is an obstacle to international dissemination. The Climate Technology Center and Network (CTCN), which seeks to promote the transfer of climate technologies, and the Global Climate Fund (GCF), the purpose of which is to provide appropriate financing for mitigation and adaptation projects in developing countries, can play

important roles in helping to overcome these challenges. To do so they must work together to be effective, and they must act to help mainstream and leverage other existing mechanisms to promote more resilient development.

BizMEF as a representative of business is ready to work with these new institutions. We believe that it would contribute to create more efficient and effective communication, if the efforts toward the establishment of a single business channel to them are further explored in the post-2020 agreement.

### **Protect Intellectual Property Rights**

Considerable further innovation will be required to develop, refine and make affordable the carbon management technologies on a sufficient scale to reduce global greenhouse gas emissions. This innovation requires substantial investment and risk-taking by the private sector and researchers that are possible only under stable legal and regulatory regimes. One tool innovators use to manage the risks involved are Intellectual Property Rights (IPR). There is overwhelming evidence that effective IPR protection is a key enabling factor for this investment, making it worthwhile for individual organisations to develop technologies of broad social value, deploy them and share them with others in global technology value chains and through trade and foreign direct investment. IPRs provide a key incentive for companies to invest in these R&D and market development efforts with confidence. They also allow companies to work effectively with business partners, suppliers, and customers around the world by enabling more comprehensive exchanges of information, thereby

accelerating development and dissemination of much needed solutions.

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). Global rules on IPRs have proved their worth and should not be weakened in the framework of UN climate negotiations. Indeed, IPRs are already well regulated through the WTO TRIPS Agreement and elsewhere. Consequently, their inclusion in the Paris Agreement could very well be counterproductive from both a trade and environmental perspective. The UNFCCC should rely on existing competent institutions to ensure that IPRs are fully protected within the current and future climate change agreements. At the same time, governments should address how the technology and financial mechanisms can facilitate greater commercial deployment of advanced technologies in developing countries.

### **Promote Effective Implementing Tools Aligned with National Circumstances**

To be effective, implementing tools for national contributions should reflect national circumstances, capabilities, and priorities, in accordance with UNFCCC principles. A one-size-fits-all approach is neither appropriate nor desirable. The most useful and cost-effective tools to implement each national contribution may vary from country to country. It is thus important to ensure a diversity of policy approaches in keeping with the circumstances, capabilities, and priorities of each country.

## **Institutionalize Business Engagement with the UNFCCC**

The expertise and active participation of the business community is essential to design effective approaches and to achieve successful outcomes and implementation of the new regime. An institutionalized channel for private sector engagement should be formally recognized in the UNFCCC. Over the years individual countries and COP Presidencies have sought ways to enhance private sector participation in the UNFCCC process, as has been the case recently for Poland, Peru and now France. Continuing to enhance and deepen private sector participation in this process requires creating a channel for enhanced engagement and active involvement.

In the spirit of the solutions agenda, a channel for meaningful business participation within the UNFCCC would improve communication and information sharing and enhance dialogue between the public and private sectors. It should be established in a manner that enables broad business participation by associations and companies through affiliates in all nations. The OECD Business Industry Advisory Committee is a helpful model in this regard.

Besides enhancing routine interactions, a formal channel to business would lay the foundations of an official business dialogue to ensure a transparent engagement of the private sector in the UNFCCC's effort to design and implement effective policies and procedures.

Advanced Manufacturing Coalition for Technology & Innovation  
The Australia Industry Group  
BusinessEurope  
BusinessNZ  
Confederation of British Industry  
Dansk Industri  
Federation of German Industries – BDI  
Iniciativa para el Desarrollo Ambiental y Sostenible — IDEAS (Mexico)  
International Organisation of Employers  
Mouvement des Entreprises de France  
Keidanren Japan Business Federation  
TÜSİAD—Turkish Industry and Business Association  
U.S. Council for International Business

### **ABOUT BizMEF**

BizMEF is a voluntary coalition of major multi-sectoral business organizations from major economies. 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, New Zealand, South Africa, South Korea, Turkey, the United Kingdom, and the United States. 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).