

Major Economies Business Forum

on Energy Security and Climate Change



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MAJOR ECONOMIES BUSINESS FORUM PERSPECTIVES ON COP-24: IMPLEMENTING THE PARIS AGREEMENT¹

KEY MESSAGES

- **Take decisions on essential rules and procedures for the Paris Agreement in Katowice and establish a workplan to complete any unfinished business.** Business wishes to see outcomes on required Measuring, Reporting, and Verification (MRV) and procedures for key issues. Decisions taken in Katowice also are likely to affect actions and reporting required of business going forward. Because it seems certain that not all aspects of the Rulebook will be decided in Katowice, it will be important to establish a clear process to address remaining issues.
- **Start now using existing approaches and improve them based on experience.** Rules should build from years of experience using and improving existing methods, such as those by IPCC to measure and report national and sectoral greenhouse gas (GHG) emissions inventories and decades of business experience measuring and reporting emissions. New methods also will be needed to address new concepts and commitments—such as those to improve performance with respect to “business as usual” and to “mobilize finance”—and to measure and report progress and trends on ill-defined aspects of Nationally Determined Contributions (NDC).

¹ This issue paper is an update based largely on BizMEF’s 2017 paper [Building Foundations: Rules, Reporting, Progress Reviews and Implementation of the Paris Agreement](#).

- **Strengthening future ambition.** For governments and their citizens to increase ambition in the future, they must gain confidence that the Paris Agreement is functioning well, and that more effective, affordable, and efficient options, especially for mitigation, will become available in the future as national circumstances evolve.
- **Involve business.** Business and other non-state actors have valuable experience and information to inform domestic and international processes such as those relating to transparency and the global stocktakes. Parties and the UN Framework Convention on Climate Change (UNFCCC) secretariat should encourage input and participation by business to inform these procedures and to help assess and improve them. BizMEF intends to continue our efforts to share experience and views through parallel activities and platforms that can inform negotiators, national governments, business and other non-state actors. In particular, we plan to promote discussion of the barriers and opportunities to achieving long-term goals.

INTRODUCTION

In most cases NDCs provide little or no information on domestic obligations for business. With the Paris Agreement now in effect, and another year gone by, we encourage international negotiators and national policy makers swiftly to establish initial rules and procedures so that business can understand and act under the Paris Agreement with confidence and clarity. Previously, BizMEF provided views and recommendations with respect to [Transparency, Measurement, Reporting and Verification](#) and, where they are instituted, future [GHG markets](#). We recognize that complete solutions to establish rules and procedures will take time and will need to be improved based on experience. There is an opportunity, then, to build foundations for MRV, transparency, and other procedures (e.g. for GHG markets) in stages, starting soon and improving them as experience is acquired going forward.

RULES, REPORTS AND ASSESSING PROGRESS

As an Agreement based on progressive voluntary contributions from all Parties, progress under the Paris Agreement must rely on trust among Parties and encouragement and support from stakeholders to take on ever more ambitious efforts. This will require credible, effective domestic and international procedures that provide timely information on national and overall progress and effort. Besides information on fulfilment of NDCs, the system also requires procedures to assess global progress from the entire portfolio of all Parties' NDCs, to renew and extend NDCs, and in developing countries to consider finance and technology mobilization that can help overcome obstacles. The time to implement effective procedures is now.

Some key issues to consider are:

➤ **Timing in reports and transparency.**

The availability of properly vetted information to inform the official transparency framework and broader transparency regime for governments and stakeholders may not align with expectations or current practice. For example, official national inventories for a given year are typically not available until 16-18 months after a reporting year ends, *e.g.* spring 2018 for year 2016. It will be important to account for these lags in five-year cycles to review and renew NDCs. This challenge provides an opportunity for business, academics, and other non-state actors to contribute more up-to-date information on progress and trends that can help fill that void with authoritative, albeit unofficial input.

➤ **Contributing to progress assessments.**

Business has important information and experience to contribute to assessments of national and global progress and options for future steps. Through reports, publications, workshops and dialogues, business (and other non-state actors) can contribute information on trends and progress and provide perspectives that will inform governments and citizens. Experience can also help to improve national efforts and the transparency framework under the Paris Agreement. For example, BizMEF has undertaken surveys of our members of the ways that governments worked with business both to develop and implement their NDCs. Results have been published and discussed in

dialogues organized by BizMEF at recent UNFCCC meetings and the Organisation for Economic Cooperation and Development. Dialogues involved delegates from business, academia, negotiators, the UNFCCC secretariat and national governments to discuss national and global progress and business engagement.

➤ **Methodologies for means of implementation.**

Parties have not yet agreed how they will measure means of implementation, especially regarding finance, but also technology transfer and capacity building. One of the core deliverables of the Paris Agreement has been the commitment by developed countries to mobilize \$100 billion annually from public and private sources for climate finance by 2020. This poses several difficult methodological questions. NDCs of most developed nations provided no information on their contribution of future aid. Clearly, the actions of many developing nations, especially least developed nations, will depend on aid. It is difficult to see how they can plan their long-term response without better information on finance. Of course, information on aid—how much and by what means—is also important to citizens and taxpayers of donor nations. It will be challenging to resolve these issues by 2020 when next pledges are due.

➤ **Environmental integrity and double counting.**

Parties must develop ways to assure environmental integrity and avoiding double counting in mitigation efforts, especially through cooperative

actions between nations. Issues that may give rise to double counting can be in the form of “double claiming” (whereby several signatories claim the same emission reduction to comply with their NDCs) and “double issuance” (whereby signatories register the same emission reduction under several mitigation mechanisms). International transfers that involve markets established by sub-national entities, present additional challenges. It is difficult to see how they can be compatible with the Paris Agreement unless national procedures explicitly recognize and account for the actions of sub-national participants in international exchanges.

- **Accounting for differences among nations.** NDCs provided a creative way for nations voluntarily to submit contributions based on national priorities and circumstances, and to self-describe why their commitments were appropriate. Although the use of one universal global emissions accounting system is the ideal, BizMEF appreciates that not all nations have adequate capacity now to adopt common MRV practices. Consequently, we recommend that the Paris Agreement should actively seek to build capacity so that all nations can follow similar standards for MRV as soon as practical. This will be essential to promote transparency and for governments and stakeholders to assess comparability of efforts to address climate risks while taking account of differing capacities for action.

- **Long-term strategies to manage risks and accelerate change.** The Paris Agreement contains ambitious aspirations to limit climate risks (limiting global temperature rise, peaking national emissions as soon as possible, and achieving net zero emissions in the second half of the century) and invites Parties to communicate mid-century strategies for low-GHG development. Achieving these goals will require extraordinarily large and difficult changes in technologies, facilities, infrastructure, and supply chains across multiple sectors of the economy. Indeed, success will require literally tens of thousands of multibillion-dollar investments in technologies, facilities, and infrastructure sustained over many decades, involving many technologies that are not currently economic. Both as actors and sources of information, business will be an essential participant in discussions concerning realistic and effective approaches to drive change, and their potential consequences for the environment, economy, and society. BizMEF members intend to promote the discussion of opportunities and barriers that can stifle change.

THE ROLE OF BUSINESS

With other stakeholders, business will be an important producer and consumer of information through national and international processes. Like Parties, business has an essential interest in assuring credibility and integrity of plans and actions in all nations. As well, business has significant experience and insight

concerning both national and international transparency procedures and MRV, and of the magnitude of the effort required for deep emission reductions. For example, in many nations business must file reports on emissions and other activities, such as emissions trading, as part of national procedures.

For business, it is important to assure that procedures are efficient as well as reliable. Many companies have direct experience undertaking emissions offset projects under the Clean Development Mechanism and Joint Implementation; they are likely to participate in activities under the Paris Agreement, including those like the Joint Crediting Mechanism based on voluntary agreements among nations. Moreover, businesses conduct or support a large share of the research, development and demonstration (RD&D) being done on new energy and other technologies, and many advances occur in the private sector. Through their own RD&D and planning processes and extensive links to academic and national laboratories, businesses are deeply immersed with, and affected by, issues concerning RD&D of advanced technologies and associated infrastructure.

In many nations, business and other stakeholders participate directly in consultative processes to develop NDCs and to assess progress. They also contribute by producing relevant, independent information based on well-established methods, *e.g.*, through company reports and trade associations, and by organizing

and participating in workshops and other activities, *e.g.* with government officials, academia, other stakeholders and think tanks. These provide valuable input and perspectives to inform official transparency processes—information that also may be more up-to-date than official government sources.

CONCLUSION

BizMEF supports the prompt establishment of procedures and methods to underpin efficient, credible transparency processes and other elements of the Paris rule book. These will be essential for business to prepare and act to meet obligations and identify opportunities under the Agreement. Parties and business have decades of experience and well-established procedures for many elements that support MRV, especially for GHG emissions, and the transparency regimes of nations and the Paris Agreement. These should provide a sound basis to underpin a prompt start to energize early actions and develop markets consistent with national circumstances.

Through these efforts and experience business will be active contributing to and assessing progress and options for future effort. The UNFCCC and governments should encourage and value these contributions to help assure the credibility of transparency processes and to improve them in the future.

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Mouvement des Entreprises de France (MEDEF)
Swiss Federation of Small & Medium Enterprises
Turkish Industry and Business Association
U.S. Council for International Business
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. Modelled 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.