

BUSINESS AND INDUSTRY MAJOR GROUP

CLIMATE CHANGE TALKING POINTS for the IPM (26 Feb – 2 Mar 2007)

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Business recognizes that climate change presents risks of serious environmental and economic consequences. Addressing these risks is clearly a high priority, long-term concern for governments and business. All countries face the challenges of mitigating and adapting to the potential impacts of climate change. Both developed and developing countries will have to pursue integrated and harmonious sustainable economic growth and climate change policies, recognizing that developing countries are particularly vulnerable to climate change.

Business would like to highlight the following:

- Evolution of the world's energy systems will be at the core of efforts to reduce GHG emissions. **All primary energy resources will need to be considered, and existing and new technologies will be directed to more efficient and less greenhouse gas emitting performance.** This will involve widespread implementation of energy efficiency and a broad mix of energy sources including cleaner fossil fuels, nuclear power, hydro power and renewables as well as the development of sequestration approaches, including land use changes, afforestation, and carbon capture and storage.
- While industrialised countries have been primarily responsible for GHG emissions over the last century, emissions from large developing countries such as China, India, Brazil and South Korea are increasing rapidly. Hence, **addressing climate change internationally will take the commitment of all major actors to succeed.**
- **Business supports energy efficiency to help reduce energy costs, energy consumption and negative environmental impacts, in particular climate change.** Business will continue to play a role in both demand and supply orientated policies and approaches. In order to promote and enhance energy efficiency, business supports the following actions:
 - The establishment of energy efficiency programmes and partnerships through international cooperation.
 - The adoption of energy efficiency strategies by Government, business and civil society in their own operations.
 - The promotion and enhancement of energy efficiency along value chains.
 - The provision of incentives for actions where the direct benefits of energy efficiency improvements are not gained.
- **Well designed long term policy frameworks are essential to addressing the challenges of climate change:**
 - Realistic long-term frameworks and cooperative approaches will ensure that both business and governments can make investment and planning decisions that will help mitigate and adapt to climate change.
 - Addressing climate change requires the commitment and participation of all major emitters.
 - Principles of fairness, equity and cost effectiveness are crucially important, particularly for developing countries with their own economic development priorities.
 - Barriers to investment should be addressed and incentives created to promote diffusion of new and existing technologies.

- Market mechanisms should be improved to maximize impact, reduce costs and avoid distortions in competition between companies and nations.
 - Rapid deployment of sustainable energy production and efficient end-use technologies, systems and practices is essential.
 - Transfer of technology between developed and developing countries should be promoted, while protecting intellectual property rights. Barriers to technology transfer should be identified and eliminated.
 - Consumer education and demand side management policies will help provide consumers with options for energy efficient products and services.
 - Substantial investment by government and business will be required. Investors and financiers need to be attracted to allocating capital to low greenhouse gas infrastructure, products and services.
- **Significant investment is required to maintain, grow and deliver the energy supplies required to meet future demand in a sustainable manner and to address climate change mitigation and adaptation.** Many business and investment decisions, particularly in energy and industrial sectors, are considered over long time horizons (e.g. 20-50 years). Investment decisions, for example in new infrastructure, that are taken now will effectively set emission pathways for many years. Current prioritization and allocation of funds will influence technologies, infrastructures, and energy options for decades to come.
- **Business is investing resources towards technology advancement and deployment of lower carbon, renewable and more efficient technologies.** Developing and utilizing both existing and new energy technologies are critical to improve access to energy, promote energy efficiency and reduce greenhouse gas emissions. Governments need to support business technological development and deployment activities by:
- Funding R&D activities directly (research centers) and indirectly (universities);
 - Assisting in capacity-building initiatives by streamlining processes for international cooperation and participation;
 - Supporting R&D and technology transfer across borders, by lowering tariffs, maintaining strong intellectual property right protection and establishing trade agreements;
 - Providing an R&D friendly environment by guaranteeing a workable effective patent system;
 - Engaging major stakeholders in discussions on the advancement of innovation and new technologies.
- **Business believes that voluntary multi-stakeholder partnerships can address climate change challenges.** Successful partnerships allow the strengths and areas of participants to be combined for practical and visible results. The business community works with partners to identify, develop, commercialize and deploy technologies suited to individual national priorities, resource availability and development strategies. Governments, business and civil society need to partner to leverage resources to provide training, share knowledge and skills, share more sustainable energy technologies and cooperate to accelerate their dissemination. Business will continue to play an important role in finding solutions, within its sphere of responsibility, in partnership with other stakeholders. Further, Governments need to continue to support partnerships by:
- Participating in partnerships and offering local expertise as well as financial resources and infrastructure;
 - Establishing a regulatory environment that supports the formation of partnerships.