

ADVANCE DRAFT



Department of Policy and Business Practices

**ICC PERSPECTIVE ON THE
2015 UN CLIMATE AGREEMENT
AND INTERNATIONAL
CLIMATE CHANGE POLICY**

ICC perspective on the 2015 UN climate agreement and international climate change policy

The International Chamber of Commerce recognizes that it is now time to take urgent action to tackle climate change on all fronts. The consequences of not reducing greenhouse gas emissions in line with IPCC recommendations will create significant risks for people, the environment, and our economies.

ICC, as the world business organization, understands that addressing climate change is an imperative for the business community in all countries — and across every business sector. ICC considers that, with the appropriate policy frameworks, it is possible to meet the climate challenge while also advancing economic opportunity, creating jobs, and safeguarding energy access and security.

Business is keen to further deploy its solutions in all their diversity and will continue making significant contributions to:

- lower greenhouse gas emissions;
- use resources more efficiently;
- plan for, build-in and share good practices on adaptation and resilience;
- invest and undertake research and development into climate-friendly technologies, products and services; and
- engage and dialogue with the public on climate change;

Significant though these actions and contributions are, much more can be done by both business and government to mitigate and adapt to global climate change while addressing the lack of access to energy and meeting the growing demand for energy. With the right policy and market frameworks in place, business will further deploy climate solutions and will continue to make significant investments in the transformation towards a low-carbon economy.

It is essential that COP21 sends a clear signal to the private sector about the future direction of global climate policy through a long-term agreement that protects competitiveness, accelerates investment and unleashes the deployment of existing and new technologies and finance in the near and long term. A new climate agreement must work with and for business to maximise the potential of a new global regime and deliver the scale of investment and action required.

COP21 is an opportunity to build a shared agenda of solutions and actions. Achieving ambitious global goals will require participation by all nations and concerted effort over many decades by all countries, international institutions, commercial and economic entities, and societal partners. Moreover, the UNFCCC Paris 2015 Agreement will rely on national implementing measures (such as “INDCs¹”) to make it meaningful and concrete, and therefore those must also be well designed in order to stimulate business action and innovation, and involve and consult with the business community as INDCs come forward, evolve and are assessed.

To enable the massive investments and deployment for climate measures that by and large will be provided by business, ICC has identified four priority areas around innovation, collaboration, and smart regulation for national and international attention and action:

¹ Intended nationally determined contributions

1. IMPROVE INVESTMENT AND TRADE CONDITIONS FOR EXISTING AND NEW CLIMATE MITIGATION AND ADAPTION MEASURES

All countries will benefit from a climate agreement that improves conditions for innovation, trade and investment to facilitate worldwide adoption of environmentally sound technologies and climate-friendly solutions that contribute to sustainable development. ICC recommends that UNFCCC parties should:

- Encourage the implementation of market-based approaches that will promote cost-efficiency for countries reducing their emissions. We encourage all governments to seek links between national market-based systems, including through reforming existing market mechanisms and determining new modalities for the New Market Mechanism under the UNFCCC. All parties, based on their INDCs, should be able to participate in international market systems.
- Establish a GHG price signal that can help to achieve emissions reductions at the needed scale and pace at the lowest possible economic cost. For those countries that choose to use them, such mechanisms should be carefully designed and implemented – in consultation with business – to preserve a levelplaying field, avoid competitive distortions and keep markets for goods and services open. ICC considers that creating links between nationally optimized country-specific mechanisms and international flexibility mechanisms can enhance the potential to mitigate GHG emissions globally. This requires careful political and technical attention to the design of market-based approaches.
- Assure a unified international transfer system for market based pricing systems for use by interested countries to provide the necessary support for all trades of international emission units in a single competent authority. Such a system should also support national systems where countries seek to devolve emissions mitigation responsibility to private sector firms.
- Ensure that business is enabled to make the long-term investments in research and development that are essential to promote the technological innovation to address climate change, including by fostering the development and protection of intellectual property rights – a key driver of innovation.
- Allocate public funds and pursue public-private sector partnerships to support and scale up RDD&D of climate friendly and energy-efficient technologies.

2. DE-RISK AND CATALYSE TECHNOLOGY DEVELOPMENT AND DEPLOYMENT

Improving conditions for climate finance, technology development and deployment, and new business models is essential to spur economic growth, emissions reduction, resilience building to climate impacts, and job creation. ICC recommends that UNFCCC parties should:

- Create supporting mechanisms that leverage private sector finance and investment and ensure adequate risk/return to redirect investment towards low carbon assets.
- Continue support for financial support mechanisms adopted within the UNFCCC process to de-risk and scale up pre-commercial technologies and to boost the uptake of existing technologies.
- Eliminate tariff and non-tariff barriers on energy and environmental goods and services, as envisaged under WTO and regional trade agreements.
- End consumption-based energy subsidies.

- Introduce forms of support for the poorer population and consumers.
- Support energy efficiency uptake by establishing market-oriented incentives schemes, government-led standards and instruments, and partnership approaches, notably in major energy consuming sectors such as industry, buildings, housing and transportation.
- Create long-term opportunities for technologies in closing the carbon cycle by inclusion in the scope of mitigation. This can be achieved by providing adequate regulatory frameworks on international and local level and in MRV² rules and by supporting required R&D, infrastructure and deployment using mechanisms such as climate funds.

3. STIMULATE DIALOGUE AND STRONGER PRIVATE-PUBLIC COOPERATION

Business is ready and willing to scale up and accelerate the deployment of climate-friendly solutions. Business has a key role to play in sharing its considerable knowledge and experience in the research and commercialization of innovative approaches—as well as practical, cost-effective initiatives to enhance emissions reduction options through the new, innovative and flexible process of INDCs. ICC recommends that UNFCCC parties should:

- Foster substantive and recognized consultative engagement of the business community as an integral part of the Paris 2015 UNFCCC outcomes.
- Launch lasting and constructive Private-Public Dialogues – nationally, and internationally through the UNFCCC COP Presidency.
- Develop and offer incentives to cooperate on research and education, as well as to share knowledge and good practices.
- Encourage international cooperation for the development and deployment of existing and new technologies.
- Explore means of innovative financing – for instance for R&D, technology, and infrastructure investments facing significant risks or having very long time horizons.
- Build interfaces with and opportunities for business to collaborate with local governments on innovative business concepts and feasibility studies; ensure adequate financing mechanisms are in place to build compelling commercial cases for a low-emission, climate resilient future.

4. STRENGTHEN THE GLOBAL CLIMATE GOVERNANCE FRAMEWORK

Action to tackle climate change will require significant long-term investments on a vast scale. Effective and predictable policy and legal frameworks are critical to ensure that adequate and appropriate investment occurs now and over the coming decades. ICC recommends that UNFCCC parties should:

- Agree a global, long-term, inclusive, forward-looking and flexible climate change agreement through the UNFCCC, including adoption of ambitious emission reduction targets (“INDCs”).

² Measurement, Reporting, Verification (MRV)

- Mainstream climate change in all relevant policy areas; ensure reinforcing frameworks for energy and climate policies, working in synergy with existing trade and commercial regimes.
- Pursue flexibility and synergy between internationally coordinated approaches (e.g. a 2015 climate agreement) with local, regional and national driven approaches (e.g. INDCs).
- Build a reliable international accounting and reporting framework (monitoring, reporting and verification) to establish systemic integrity, promote transparency, and avoid double counting to provide the basis for confidence in international markets and for compliance with country commitments.
- Develop processes within the Adaptation Framework to incorporate good business practices, such as risk planning, management and cooperative responses.

KEY BUILDING BLOCKS FOR A SUCCESSFUL GLOBAL CLIMATE REGIME

INNOVATION

- Improve investment and trade conditions for climate mitigation and adaptation measures
- De-risk and catalyse technology development and deployment

COLLABORATION

- Stimulate dialogue and stronger private - public cooperation

SUSTAINABLE GROWTH

SMART REGULATION

- Strengthen the global climate governance framework



INTERNATIONAL
CHAMBER
OF COMMERCE

The world business organization

33-43 avenue du Président Wilson, 75116 Paris, France
T +33 (0)1 49 53 28 28 **F** +33 (0)1 49 53 28 59
E icc@iccwbo.org www.iccwbo.org