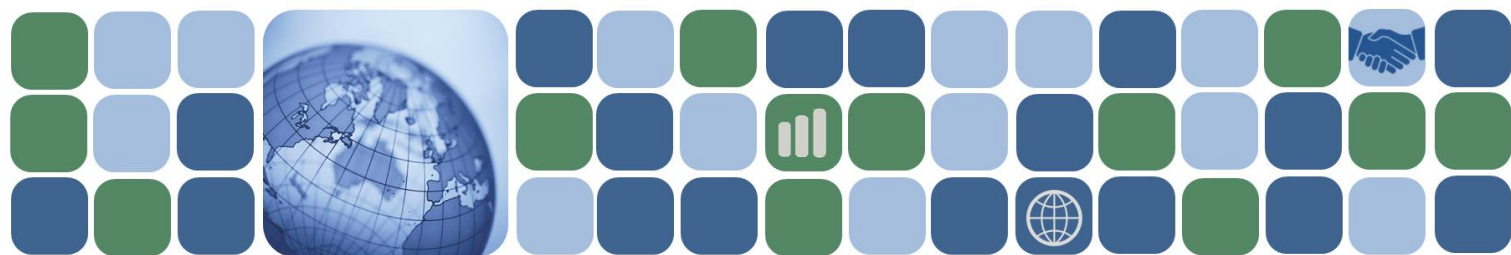


A BUSINESS PERSPECTIVE ON INTERNATIONAL CLIMATE CHANGE POLICY



POLICY STATEMENT

Prepared by the ICC Commission on Environment and Energy

A business perspective on international climate change policy

ICC is committed to a successful outcome at the 20th Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC COP20) this year in Peru, and at next year's milestone conference in Paris. ICC supports an ambitious, worldwide agreement that fully engages the private-sector over the short and long-term.

Businesses around the world 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;
- engage and educate the public on climate change;

Significant though these actions and contributions are, much more needs to be done to mitigate and adapt to global climate change while addressing the lack of access to energy and meeting the growing demand for energy.

All states as well as all private and non-governmental sectors should help to ensure, and participate in the new UNFCCC agreement to be delivered in Paris in 2015. We believe that solutions to climate change are best achieved multilaterally. Governments must craft policies that create true incentives for private investors to scale up and accelerate their investments in low emissions and climate-resilient growth options. Global investment in clean energy and energy efficiency – which is currently falling drastically short – is one critical factor to address climate change. Among the major barriers that impede further appropriate action ranks prominently regulatory uncertainty about the future treatment of carbon emissions, which in turn affects energy pricing and the adoption of climate friendly technologies, products and services.

We believe in shared and lasting prosperity for the world.

This can best be achieved through low emissions, climate resilient, and sustainable growth supported by macroeconomic stability.

We call for strong political leadership to make this happen.

We strongly support continued action and call on all countries to demonstrate leadership to build a global and flexible climate change agreement through the UNFCCC.

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 by:

- Setting high ambition into targets.
- Establishing a stable, predictable, simple, consistent, and transparent regulatory framework.
- Allowing flexibility to bring together the “top down” internationally coordinated and cooperative approaches that ensures a fair distribution of efforts needed (e.g. 2015 climate agreement) with bottom-up complementary Parties’ driven approaches (e.g. expressed in the “Intended Nationally Determined Contributions -INDCs).
- Providing international assistance to those countries that need support in implementing their adaptation and/or mitigation actions (e.g. least developed countries).

- Pursuing transparency, accountability, and facilitative compliance through the INDCs and elsewhere which will strengthen mutual trust and intensify cooperation on all levels among countries.
- Developing an inclusive and forward looking approach which
 - reflects current and expected future economic realities and developments in environmental science.
 - recognizes that governments alone cannot deliver solutions; and that mitigation and adaption actions are required by all – governments, private sector, and society.
- Creating opportunities for sustainable development and climate-friendly growth in the most cost-effective ways via trade and investment.
- Avoiding unilateral measures and working as much as possible in line with multilateral agreements and with due attention to the global marketplace.

To be fully effective, this new agreement should be coherent with other international frameworks on sustainability and development, such as environmental agreements, e.g. the Montreal protocol; trade agreements, such as World Trade Organization agreements; and on-going work under the G20 or the UN General Assembly (e.g. UN Post 2015 Development Agenda and Sustainable Development Goals). Furthermore, consistency with regional, national and sub-national legislation will be critical for businesses of all sizes to act decisively.

Business Recommendations for International Climate Policy

The UNFCCC Paris 2015 Agreement will rely on national implementing measures to make it meaningful and concrete. The recommendations below apply both to the Paris 2015 Agreement itself, as well as to the measures countries enact to advance climate policy and carry out their commitments in the Paris 2015 Agreement.

Given the vast scale and long timeframes of the required investments for climate benefits, effective and predictable policy and legal frameworks are critical to ensure that adequate and appropriate investment occurs now and over the coming decades. To enable these massive investments, ICC looks to the UNFCCC outcomes and to governments to:



Work in synergy with global markets to deliver policies that are cost effective



Foster adaptation and long-term resilience



Promote inclusive and mutually reinforcing approaches to address climate change challenges



Work in synergy with global markets to deliver policies that are cost effective

- **Eliminate tariff and non-tariff barriers on trade in environmental goods and services**, as currently envisaged under WTO and regional trade agreements to facilitate the deployment and development of solutions for climate mitigation and adaptation.
- **Encourage and implement predictable and robust carbon pricing mechanisms**, recognizing carbon pricing is one important but not the only market-based climate policy tool to enhance financial flows towards climate friendly investments. Carbon prices can be implemented through taxes, markets, or other instruments; carbon pricing should help to achieve global net emission reductions and minimize societal and economic costs for the required large scale mitigation actions. Governments should avoid market distortions for businesses already working with national or regional carbon pricing systems.
- **Remove market distortions such as unilateral barriers to trade and investment or subsidies**, in order to enable more rapid and efficient dissemination of important climate-friendly technologies, goods and services.
- **Establish internationally accepted and rigorous accountability, and standardized systems for measuring, reporting and verification (MRV)** of national emissions.
- **Remove inefficient environmental subsidies.**



Foster adaptation and long-term resilience

- **Create financially efficient and well-targeted support mechanisms** to de-risk and scale up pre-commercial technologies and new financial mechanisms to boost existing technologies.
- **Foster the development and protection of intellectual property - a key driver of innovation.** Policy frameworks should support research and development and the successful commercialization and deployment of promising technologies across borders and at scale.
- **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 transportation¹.
- **Support the opening of energy markets** and reform of fiscal and regulatory policies to stimulate cross-border energy infrastructure investment.
- **Utilize the enabling potential of ICT-technologies** by promoting the adoption of advanced emissions-saving technologies.

¹ See also ICC ENABLING FRAMEWORK TO SCALE UP INVESTMENTS IN ENERGY EFFICIENCY, [http://www.iccwbo.org/Advocacy-Codes-and-Rules/Document-centre/2014/ICC-policy-statement-on-enabling-framework-to-scale-up-investments-in-energy-efficiency-\(2014\)/](http://www.iccwbo.org/Advocacy-Codes-and-Rules/Document-centre/2014/ICC-policy-statement-on-enabling-framework-to-scale-up-investments-in-energy-efficiency-(2014)/)



Promote inclusive and mutually reinforcing approaches to address climate change

- **Identify, assess, and overcome market failures that inhibit deployment of otherwise commercially viable, low emission, energy and resource efficient solutions at scale** including by building 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. In particular, the Green Climate Fund (GCF) and its private sector facility should contribute to advancing such efforts.
- **Create new and extend existing platforms for research and education cooperation, and public-private partnerships.**
- **Provide frameworks, processes and tools for capacity building and awareness raising** in order to enable national governments and businesses to incorporate mitigation and adaptation measures and develop the necessary climate strategies, for example on existing technologies.
- **Consult with business to identify priority areas where mitigation action has the greatest net benefit** and helps achieve large scale climate change benefits as well as easy to implement small scale climate action.
- **Provide opportunities for business to inform policy makers about their technical expertise** in mitigation and adaptation options, technology, research and finance.

Outlook: Strengthening Business Engagement

The development of the Post 2015 Agreement is an opportunity to take experiences gained in the UNFCCC, the GCF, the Technology Mechanism and the Climate Investment Funds (CIFs), and take them to a next level. We have been encouraged by recent steps in the UN to increase and upgrade private-sector participation in the climate deliberations. We applaud these efforts and urge all UN members to recognize the essential contributions that business makes in addressing climate change at all levels – including in informing international agenda setting, providing technical advice on policy and in joining in implementation.

We encourage the UNFCCC to strengthen existing channels, and develop new ones, to foster substantive engagement of the business community as an integral part of the Paris 2015 UNFCCC agreement. While the limited business advisory participation in the GCF and CTCN is a good starting point, it will not be enough for the broadened ambition of the Paris agreement. The new climate agreement must include a recognized substantive role for representative business organizations, and ICC is ready to work with governments and the UN to develop such a mutually beneficial interface.

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The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice. ICC also offers specialized training and seminars and is an industry-leading publisher of practical and educational reference tools for international business, banking and arbitration.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on relevant technical subjects. These include anti-corruption, banking, the digital economy, marketing ethics, environment and energy, competition policy and intellectual property, among others.

ICC works closely with the United Nations, the World Trade Organization and intergovernmental forums including the G20.

ICC was founded in 1919. Today its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.

INTERNATIONAL CHAMBER OF COMMERCE

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