

April 2009

BIAC key messages on climate change

Business remains committed to addressing climate change as a top priority

The financial and economic crisis has already had severe impacts in OECD and non-OECD countries, which need to be urgently addressed. However, despite the crisis, business remains committed to addressing climate change as a top priority, recognising the importance of tackling this long-term global challenge. Resolute and concerted international action is urgently needed, which must be undertaken in a way that fosters innovation and technology dissemination and supports sustainable growth in both OECD and non-OECD countries.

In light of the crisis, it is more important than ever to carefully target investments and to seek ways to enhance efficiencies. The role of cost-effective policy instruments and cost-benefit analysis of policy measures deserve full consideration. Integrated approaches within and among governments seeking to identify win-win solutions for climate change, energy security, and economic recovery must be encouraged. Opportunities for addressing both economic and climate objectives should be given the highest attention, taking into account energy, water, and food security considerations.

Business supports a successful outcome of the Copenhagen conference

Business supports a successful outcome of the UNFCCC climate change conference in Copenhagen, at which a climate change agreement is expected to be finalised in December 2009. The post-2012 framework should include all countries and set achievable objectives, recognising common but differentiated responsibilities that take into account national circumstances. Equitable burden sharing needs to be pursued in a constructive and balanced manner. A successful global climate change framework taking into account business realities should help avoid distorting impacts from uncoordinated efforts to reduce carbon emissions and provide business with clarity and predictability for future business investments. We encourage G8 leaders to give due attention to the following issues:

- The future framework should support long-term innovation and investment in clean technologies. In the light of rising emissions, there is a need for breakthrough technologies, which require global cooperation and support for research and development. Public-private partnerships for technology cooperation and capacity building should be encouraged. We call upon G8 leaders to foster dialogue with the business community on the development and dissemination of technologies in order to reach practical solutions.

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- We encourage the G8 to consider the potential of all energy options to achieve emissions savings. This includes helping to accelerate the demonstration of carbon capture and storage with a view to gain public acceptance and demonstrate technological feasibility.
 - As illustrated by a number of IEA studies, including those in response to several G8 requests, energy efficiency holds a major potential and should remain a top priority for policy makers. Due consideration should be given to improving energy efficiency in the major consuming sectors, including buildings, appliances, transport and industry.
 - Trade and climate objectives should not be seen as opposing each other. Open trade enables the dissemination of environmentally friendly technologies not only within OECD countries, but also to emerging and developing economies. Until competing industry faces equivalent constraints, environmental and competitiveness impacts will occur, which should be addressed in ways that are compatible with open trade. If trade and climate policies are set against each other, this would fuel protectionism and complicate the task of reaching a global agreement.
 - Both mitigation and adaptation will need to be considered. Adaptation to climate change, which is particularly important in some developing countries, is now recognised as a complementary response to mitigation. Particular attention must be paid to the interactions between climate change, energy and water, which are linked in many ways.
 - We encourage policy makers to recognise the important role of market-based approaches in conjunction with other policy instruments. Approaches that maximise the dynamism of the private sector will be essential for making lasting progress.

A key role for the OECD and its sister organisations

In BIAC's view, the OECD and its sister organisations, including the International Energy Agency (IEA), have a key role to play both in the G8 and UNFCCC processes. Rigorous economic analysis will be necessary to provide the foundation for formulating and implementing future climate policies for the wider goal of sustainable development. In particular, BIAC highlights their role in the following areas:

- **Economics of climate change:** As a multi-disciplinary organisation with economic focus, the OECD can make an important contribution by shedding further light on the economics of climate change, by assessing the economic impacts of policy options, by underlining the importance of cost-benefit analysis and by analysing how open trade and climate objectives are mutually supportive.
- **Energy efficiency:** The IEA has made a major contribution to recent G8 summits and has carried out groundbreaking work in the area of energy efficiency, which business greatly values. It will be particularly important to identify the right framework conditions to spread energy efficient solutions around the world.
- **Innovation:** Business supports the need for innovation as a primary tool for climate change mitigation and sustainable economic growth. BIAC believes that the work of the IEA, as well as the OECD Innovation Strategy, can play an important role in advising countries on how to set an overall beneficial innovation framework.