

THE COPENHAGEN CALL

Presented at the World Business Summit on Climate Change

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As global business leaders assembled at the World Business Summit on Climate Change, we call upon our political leaders to agree an ambitious and effective global climate treaty at COP15 in Copenhagen. Sustainable economic progress requires stabilizing and then reducing greenhouse gas emissions. Success at COP 15 will remove uncertainty, unleash additional investment, and bolster current efforts to revive growth in a sustainable way.

By addressing the magnitude of the climate threat with urgency, a powerful global climate change treaty would help establish a firm foundation for a sustainable economic future. This would set a more predictable framework for companies to plan and invest, provide a stimulus for renewed prosperity and a more secure climate system. Economic recovery and urgent action to tackle climate change are complementary – boosting the economy and jobs through investment in the new infrastructure needed to reduce emissions.

Business is at its best when innovating to achieve a goal and the goal of reducing greenhouse gas emissions is vital to our common social, economic and environmental future. At the Summit we agreed that this will require¹:

1. **Agreement on a science-based greenhouse gas stabilization path with 2020 and 2050 emissions reduction targets.**

We support the scientific evidence of the IPCC's 4th. We are concerned that some recent scientific evidence suggests the problem may be worse than many of the IPCC estimates.

An effective global climate treaty must establish an ambitious goal and set emission targets that protect us and future generations from the risks of climate destabilization. Limiting the global average temperature increase to a maximum of 2 degrees Celsius compared to pre-industrial levels would entail abatement of around 17Gt versus business-as-usual by 2020. This will require an immediate and substantial change in the current global greenhouse gases emission trend: it must peak and begin to reduce within the next decade. Longer-term targets must be informed by the evolving science, but the IPCC's 4th Assessment Report indicates that global emissions must fall by at least half of 1990 levels by 2050. We believe that working to reduce emissions now is less costly than delaying our efforts. There is nothing to be gained through delay. The deepest reductions should initially be made by developed economies though global emissions reduction will require all nations to play a part.

Emissions reduction at this scale will profoundly affect business, and business is already taking action to drive down greenhouse gas emissions. We are ready to make those changes and support ambitious political decisions to address the climate challenge wherever we operate. If policies are well designed and implemented, the benefits of early action will outweigh the short-term adjustment costs. This early action can only be achieved by setting an ambitious 2020 target.

2. **Effective measurement, reporting and verification of emissions.**

Achieving and tracking greenhouse gas emissions reduction is vital to measuring convergence towards the objectives of an effective climate treaty. As businesses we can set an example by contributing to a unified, coherent and reliable measurement, reporting and verification discipline leading to mandatory reporting. Accounting for the emissions we are responsible for will provide the basis for emissions reduction beyond what may be required by regulation and allow our performance to be properly judged and rewarded by investors and the public.

¹ The views expressed here have been informed by discussions at the World Business Summit on Climate Change. They do not necessarily reflect the views of all participants.

3. Incentives for a dramatic increase in financing low emissions technologies.

To promote effective, efficient, equitable and ambitious action to address climate change the world will need to mobilize the scale of investment necessary to achieve the emissions reduction required. Properly established, an international carbon market framed around ambitious reduction targets can enable both cost-effective abatement and create the carbon price stability to drive the deployment of technologies that will deliver large-scale emissions reductions. The first steps to establishing a global market will be to enable linkage between national and regional carbon markets. An international agreement will help secure investor confidence in the carbon market, and national actions will help generate new financial flows for climate investment.

The new climate treaty must “push” the development of new technologies through the use of public funds to leverage private finance in early stage demonstration and deployment. This will require policy measures that create clear, predictable, long-term incentives to stimulate private investment and enable the global diffusion of capital and technology.

4. Deployment of existing low-emissions technologies and the development of new ones.

The private sector is already the source of over two-thirds of the world’s investments in clean technology innovation, and is the most effective source of know-how and technology dissemination and transfer. Many low carbon technologies already exist and can significantly reduce global emissions. Significant emissions reduction can be achieved through energy efficiency, much of it with positive financial returns. Standards and regulations are the best way to achieve this. A new treaty must support deployment of low carbon solutions by encouraging incentives for public and private purchasers to choose the lowest emissions infrastructure and technologies and for investors to account for climate risk in their decisions.

Government and business must work together to ensure that all nations have equitable access to new clean energy technologies and other innovations by, among others, working with developing countries to improve the infrastructure required for effective deployment.

An effective global climate treaty must provide the means to fund research, development and the deployment of new clean energy technologies. Pricing can help “pull” these technologies through the innovation chain, generate revenue and enhance the flow of investment to developing countries. Governments should strive to end the current perverse subsidies that favour high emissions transport and energy infrastructure and promote deforestation.

A shift to a low-carbon economy, supported by private sector participation and government, has the potential to drive the next generation of technological innovation, address the environmental and economic challenges that climate change presents, and contribute to global development.

5. Funds to make communities more resilient and able to adapt to the effects of climate change.

We recognize that adaptation is as important as mitigation in an effective global climate treaty. Adaptation planning will require a holistic and long-term planning perspective, which will require different levels of activity at the international, national and local levels. Businesses will be responsible for building much of the infrastructure needed to protect us from climate impacts. An effective global climate treaty will mobilize funding that supports public private partnerships to enhance development, adaptive capacity, climate resilience and management of risk.

6. Innovative means to protect forests and balance the carbon cycle.

Because a significant proportion of the CO₂ reduction required by 2020 comes from the sequestration of carbon in forests and agriculture lands, an effective climate treaty must facilitate such sequestration. If emissions reductions targets are to be met, there is an immediate need to protect forests and enhance carbon sequestration. The private sector can

play an important role in reducing deforestation, particularly in developing countries, through mechanisms structured to value conservation.

We believe these elements should form the core of the international climate change treaty agreed at Copenhagen. As business leaders we stand ready to innovate and operate within the framework established through that treaty and national policies.

Reducing the emissions that until now have been so linked to our economic growth and betterment will be an enormous, unprecedented global challenge but will also provide significant opportunities for sustainable growth, development and innovation. Acting together, we owe it to future generations to meet this challenge. Now is the time to create the foundations for long term, low carbon prosperity. We are willing to work with government to do so.

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