

Summary of CEO Statement on Climate to the G8

1. The CEOs urge governments to agree on a long-term goal. They also offer support to G8 leaders, both domestically and internationally, if they take the first step toward deep cuts.

- *“We urge governments to seek consensus on a long-term goal of at least halving global emissions against current levels by 2050.”*
- *“We seek leadership from the G8 to agree to deep cuts by 2050.”*
- *“Deep absolute cuts in GHG emissions in richer countries are fair and will be required as a first step.”*
- *“An aspiration to at least halve global GHG emissions by 2050 ... would be in line with the IPCC 4th Assessment and the statement issued at last year’s Heiligendamm Summit, which G8 leaders agreed to consider seriously.”*
- *“In light of their greater historic contribution to climate change, and their stronger capacities, G8 and other developed country governments should show leadership in sharing the burden of addressing climate change. We would support such an outcome.”*

At the World Economic Forum Annual Meeting 2008 in Davos, Prime Minister Fukuda of Japan said *“First, the post-Kyoto Framework. The Intergovernmental Panel on Climate Change, or IPCC – the scientific panel that was awarded last year’s Nobel Peace Prize – has warned that if we are to avert a catastrophe, it would require global greenhouse gas emissions to peak in the next 10 to 20 years and be reduced by at least half by 2050. I call on the United Nations to examine at the earliest possible time strategies and measures to bring about this peak and halving of emissions.”*

2. The CEOs (which include many from developing countries) make clear that developing economies will have to commit to emission reductions too, but perhaps not right away. Policy based commitments are acceptable in the short run.

- *“Leaders of major developing economies will also ... have to set out their plans to achieve emissions mitigation consistent with sustainable economic development, including, ultimately, absolute cuts that could take effect on a delayed basis.”*
- *“In developing countries, plans to achieve emissions mitigation consistent with sustainable development and, ultimately, plans for emissions to peak in the future and then fall, will need to be translated into measurable, verifiable and reportable internationally recognized commitments.”*
- *The new framework should “enable those developing countries which may not be able to assume absolute emission targets in the short run, to commit instead to implement national policies that also produce measurable, verifiable emission reductions. Such policies could include energy intensity goals, non-fossil fuel energy targets, energy and fuel efficiency standards or measures to reduce deforestation.”*

3. The CEOs urge governments to negotiate the new deal by the end of the Copenhagen Summit in December 2009, and they stand ready to contribute to the process.

- *“It is urgent that governments ensure a smooth post-2012 transition by fulfilling the Bali Action Plan and concluding a new global agreement at the UNFCCC Conference of the Parties in Copenhagen in 2009. We stand ready to work immediately (as part of the Bali Action Plan) with governments and international organizations to help this process.”*

4. A practical public-private initiative to identify an achievable short-run goal by focusing on most cost-effective GHG abatement options and identifying the combination of public-private actions that can achieve them.

- *“The new framework should construct an ambitious, but achievable, emissions reduction strategy for the short to medium term a bottom-up quantification of the overall potential for an intermediate emissions reduction milestone would, we believe, be a useful and practical exercise for the international business community and governments to engage in ... perhaps under the auspices of the IPCC. [It] would encourage a joint focus on where realistic abatement potentials can be found in the short to medium term. It would also provoke a practical public-private dialogue on how the framework can best be designed to ensure that these abatement potentials will likely be achieved.”*

5. Demand for tighter carbon regulations to drive forward an economic value for carbon emission reductions.

- *“The new framework must be designed so that clear and predictable incentives (both positive and negative) are created to enable obvious economic value to be created over the short and long run from emission reductions.”*

6. Call for flexibility in the policy options different countries use to constrain carbon provided the agreed environmental goals are met overall.

- *“The new framework should respect the prerogative of national governments to employ the domestic policies best suited to their own national circumstances by allowing variation in the magnitude and timing of countries’ commitments, providing that the overall framework is capable of meeting the agreed intermediate and long-term environmental goals.”*

7. Desire for a framework that allows an international market for carbon to emerge from various national/regional policies. Public-private research can help identify definitions and metrics for tradable carbon commodities to allow links between schemes to grow.

- *“The framework should facilitate the linkage of explicit or implicit carbon values established at various national and regional levels, with the ultimate aim of establishing a deep and liquid international market for carbon that takes into account international competitive pressures. To enable the framework to be market-based at the international level, a key early action must be to establish a common definition and metric for the tradable carbon commodity to allow for the fullest possible fungibility between schemes. Public-private dialogues could help to develop these tools.”*

8. Call to scale up the Clean Development Mechanism

- *“The post-2012 framework should move beyond project-based crediting to sector or policy-based crediting, either by modifying the Clean Development Mechanism (CDM) or through developing alternative mechanisms, in order to encourage and reward reductions on a broader scale.”*

9. Strong focus on energy efficiency as a low cost GHG abatement option in the short run. Recognition of achievements of energy efficiency in Japan and potential transfer of lessons and policies. Public-private research to link energy efficiency gains to measurable/tradable emission reductions units. International Energy Agency identifies energy efficiency as the single largest potential contributor to CO₂ emission reductions. 5% of a 20% reduction by 2030 could be met through energy efficiency alone (McKinsey).

- *“Energy efficiency initiatives must be a core feature of the new framework’s emissions mitigation strategy. To link national activities on energy efficiency to the international framework, standardized ways to translate different kinds of energy efficiency improvements into measurable and verifiable emission reductions need to be developed and used by all parties undertaking energy efficiency strategies.”*

At the World Economic Forum Annual Meeting 2008 in Davos, Prime Minister Fukuda of Japan said *“For the time being, until innovative technologies that will drastically reduce the emissions of greenhouse gas become practically available, the whole world must make efforts to maximize the improvement of energy efficiency.”*

10. Potential of sector approaches, but not as mutually exclusive activities. They must be linked to the broader framework.

- *“Collaborative research on the potential contribution of some practical sector approaches should be encouraged and supported by governments during the Bali Action Plan time frame and in the early years of the new framework. Sector approaches should not be seen as mutually exclusive to the goals and targets for emission reductions that are set as part of the framework negotiations; sector approaches must link to the market-based environmental objectives of the new international framework.”*

11. Potential for supply chain approaches – standardized carbon footprint labels for a selection of goods that are mass produced on a global basis – to give consumers more information and choice. Public-private research to generate a standardized methodology.

- *“Encourage supply chain approaches by seeking standardization on GHG supply chain calculation methodologies and disclosure processes. International agreement on the labelling of the carbon footprint for goods mass produced on a global basis would be one approach. This would inform the final consumer about GHG emissions in the supply chain for a given product and would create a level playing field for all companies and manufacturers to encourage further acceleration of GHG reduction programmes within their various supply chains. We would be happy to work with governments and other experts to help create such a programme.”*

12. Public-Private Partnerships on Adaptation so as to drive forward the economic case for adaptation activities, for example in the financial sector for risk-pooling/risk-reducing instruments (e.g. weather derivatives for small farmers in Africa).

- *“In partnership with governments, international business can do much more, particularly if the economic case for adaptation activities or markets for adaptation products is further developed. We welcome the important development of a new multilateral fund on adaptation and we offer to work with it to ensure it leverages finance and expertise from the private sector to maximize its potential impact.”*

13. Specific ideas to overcome the obstacle of IPR and technology licensing

- *“The new climate policy framework could support an internationally approved set of core contractual principles for businesses engaging in clean energy technology licensing in developing countries. And it could encourage the multilateral development banks (MDBs) or other international finance agencies to develop windows within their new strategic climate investment funds that support the fair payment of technology licenses to the owners of IPR, on behalf of developing countries. We stand ready to work with MDBs, governments and other agencies to help work on these important issues.”*

14. Specific ideas on leveraging much more private finance to help clean energy and clean technology research and uptake in developing countries

- *Partnerships with Multilateral Development Banks. “We are pleased that the results of our work have influenced the design of the portfolio of new strategic climate investment funds announced this year, in particular the Clean Technology Fund. (Analysis for this project suggests US\$ 10 billion in donor funds plus US 10 billion in contingent liabilities could deliver US\$ 50 billion of clean energy project finance.) We note with interest that new donor commitments of US\$ 10 billion have been pledged to them. We now call on G8 leaders to ensure that these new multilateral funds do indeed maximize the potential leverage of private finance. In addition to our work with various bilateral development agencies on clean energy investment issues, we commit to continue with our specific engagement with the MDB community, to help in the detailed design process of the new climate investment funds (and the clean technology fund in particular) during 2008 and beyond.”*

15. Specific suggestions for the wider uptake of standardized processes for metrics and measurements for carbon emissions

- *“Agreed information metrics and methodologies (such as common carbon accounting standards and methodologies, data calculation tools and disclosure processes) are needed to create a level playing field for all.”*
- *“We commend to governments the wider uptake of GHG measurement tools already developed. Where mandatory climate regimes are in place, these can include the GHG Protocol and the establishment of a generally accepted framework for corporate carbon disclosure as per the work of the Climate Disclosure Standards Board. In other circumstances, the recently announced Voluntary Carbon Standard is pertinent. Wider uptake of these existing tools will help measure, verify and report business and governmental delivery of commitments under the new framework.”*

Positive Declaration of Intent for Next Steps

The 100 CEOs would welcome a intergovernmental process to more closely interact with to develop the various ideas set out so far from Hokkaido-Toyoka Summit through to the Copenhagen COP. A game-changing, public-private partnership to tackle climate change?

- *“We stand ready to work with the G8 and G20 governments and the UNFCCC Ad Hoc Working Groups to explore and refine (all) the ideas we set out here and to help build consensus for a fair and effective post-2012 framework.”*
- *“The importance of breakthrough public-private collaboration to help make the paradigm shift to a low-carbon economy is clear. We do not have much time. Practical engagement of the international business community in the Bali Action Plan Ad Hoc Working Group and/or a related business-intergovernmental process would help develop many of the practical ideas we have set out in this paper. As a set of international companies, we stand ready to help build our group to reflect further industrial sectors or geographies as required.”*
- *“We are prepared to engage in further direct dialogue and collaborative thought with governments under the auspices, on the business side, of the World Economic Forum and World Business Council on Sustainable Development as a way to contribute to a successful outcome in Copenhagen at the end of 2009. We believe that it is essential to engage the international business community in an effective governmental dialogue process to move these ideas forward over the next 18 months from Hokkaido-Toyoko to Copenhagen. We would welcome the opportunity to closely link these activities to any further G8 or G20 processes that may be created.”*
- *“Many international businesses are already acting to address climate change in their various operations and in the marketplace. We are committed to strengthening our efforts to reduce our own GHG emissions.”*
- *“We will also work to build support within national contexts for acceptance and implementation (of the ideas set out in this statement).”*