



CEO Climate Policy Recommendations to G8 Leaders, July 2008

1. How did this business statement come about?

At the 2005 G8 Summit in Gleneagles, Scotland, then United Kingdom Prime Minister Tony Blair (as President of the G8) launched a three-year intergovernmental process involving 20 of the largest energy producing and consuming countries to discuss long-term climate change policy issues. This G20 discussion process was termed the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development. The Gleneagles Dialogue is due to close at the 2008 G8 Summit in Hokkaido-Toyako, Japan. Different stakeholder groups were invited to contribute to the Gleneagles Dialogue process, including NGOs and expert research organizations. At the World Economic Forum Annual Meeting 2006 in Davos, the secretariat of the Gleneagles Dialogue invited the Forum to coordinate business input into the process. The Forum subsequently invited the World Business Council for Sustainable Development (WBCSD) to collaborate in the process.

The CEO policy statement delivered to the Prime Minister of Japan represents the main output of this process. In addition a preceding set of recommendations delivered to a Finance Ministers meeting in Bali in December 2007 indicated how multilateral development banks can more successfully leverage private investment in clean energy in developing countries.

2. What was the process?

A business workshop held in August 2006 at the World Economic Forum in Geneva, in collaboration with the WBCSD, concluded that a high-level business statement from international CEOs to G8 leaders should be the key deliverable of the business input into the Gleneagles Dialogue.

A steering board of World Economic Forum Strategic and Industry Partner companies, some of which are WBCSD members, was created to guide the drafting of the statement. The Pew Center on Global Climate Change was invited as a resource partner of the project. From September 2006 through January 2008, the Forum and the WBCSD convened a series of meetings and discussions with business representatives and other stakeholders around the world to generate discussion and opinion on the main business issues relating to long-term climate policy, and how these should be taken into account in the business statement. These meetings were held as follows:

- New York, USA, September 2006
- Davos, Switzerland, January 2007
- Santiago, Chile, April 2007
- London, United Kingdom, May 2007
- Cape Town, South Africa, June 2007
- Dalian, People's Republic of China, September 2007
- Tokyo, Japan, October 2007
- Washington DC, USA, November 2007
- New Delhi, India, December 2007
- Davos, Switzerland, January 2008

Over 500 business representatives, climate specialists, government and NGO representatives from around the world took part in these discussions. Their opinions and insight helped to shape the content of the final statement. A first draft of the statement was written in December 2007 and was tabled at a private workshop during the World Economic Forum Annual Meeting 2008 in Davos. At that meeting, 100 CEOs, government representatives, NGO heads and others discussed the merits of the first draft and how to improve it. From February 2008 through mid-May 2008, a final version of the statement was produced, approved by the CEO steering board, and then circulated to a wider group of World Economic Forum Industry Partner companies and WBCSD Energy and Climate Working Group companies for endorsement. The final statement was personally transmitted on behalf of the endorsing CEOs by the Forum's Executive Chairman Klaus Schwab to Prime Minister Fukuda of Japan on 20 June 2008 in Tokyo, Japan.

An updated report containing the statement, which may include additional endorsing companies, will be issued around the time of the G8 Summit.

3. Which companies were on the steering board?

Steering board members included Alcoa (US), American Insurance Group (USA), Applied Materials (USA), Basic Elements (Russia), British Airways (United Kingdom), Deutsche Bank (Germany), Duke Energy (USA), Electricité de France (France), Eskom (South Africa), Petrobras (Brazil), Royal Dutch Shell (United Kingdom/Netherlands) RusHydro (Russia), Telstra (Australia), Tepco (Japan), TNT (Netherlands) and Vattenfall (Sweden).

4. What is distinctive and new about these climate policy recommendations?

The statement is more precise, detailed and bold in its support of strong action on global warming than any previous such guidance provided by top business leaders. The endorsing group of CEOs is unprecedented in terms of their economic significance, and geographical and sectoral diversity. They come from Australia, Brazil, Canada, China, India, Japan, Malaysia, Mexico, the Middle East, Russia and South Africa as well as from Europe and the US. And they represent virtually every sector of the world economy, including aviation, automotive, chemicals, energy, engineering and construction, finance, food and drink, mining and metals, logistics and transport, and many other sectors. This should offer a significant boost of confidence to both G8 leaders and the United Nations negotiating process.

As well as being international in complexion, the business statement also represents a significant departure from the structure of the 1997 Kyoto Accord – more flexible and more results-oriented. The statement suggests a combination of “top-down” international commitments by governments, particularly by developed economies but also including emerging economies, and practical “bottom-up” efforts within and across industry sectors in the form of a multifaceted agenda of intensified public-private cooperation. These efforts would be aimed at speeding the development and diffusion of low-carbon technologies, mobilizing financial support to help developing countries adopt such technologies, spurring changes in consumer purchasing behaviour, and establishing common metrics to create a positive dynamic of improved corporate benchmarking, disclosure and investment decision-making with respect to the mitigation of greenhouse gas emissions.

At the same time, the statement urges adoption of both a long-term goal, such as the aspiration to at least halve global GHG emissions by 2050, and a series of clear intermediate targets to be achieved in the least-cost manner possible through the use of market mechanisms that create clear economic value from emission reductions, including a deep and liquid international market for carbon, and a public-private process to identify least-cost, medium-term carbon abatement opportunities.

5. What determined the choice of companies involved in the initiative?

The process involved Strategic or Industry Partners of the World Economic Forum as well as members of the WBCSD’s Energy and Climate focus area.

6. Have any other experts or NGOs been involved?

Yes. The Forum is a multistakeholder platform. Representatives from many expert agencies, universities and NGOs took part in the discussions. Some of those organizations include the Asia Society, Cambridge Energy Research Associates, The Climate Group, Environmental Defense, GLOBE, IEA, IETA, Keio University Japan, Peking University, UN Foundation, University of São Paulo, UNFCCC, World Resources Institute and the Yale Centre for Law and Environmental Policy. Professor Lord Nicholas Stern of Brentford also provided his input and thoughts to the drafting process.

7. What exactly does the statement request of the G8 leaders?

Throughout the document there is a list of “requests” from business to the G8 leaders.

See details on accompanying fact sheet which sets out a range of suggestions for public-private approaches.

8. What happens next?

After the statement has been handed to Prime Minister Fukuda, it will also be circulated to each G8 and +5 leader and their delegation, ahead of the Hokkaido-Toyako Summit in early July.

The statement will form the key content platform for a business-government dialogue on international climate policy. The World Economic Forum is in the process of designing, in collaboration with WBCSD and a number of other organizations and relevant governments, a business-government dialogue series that will culminate at the UNFCCC Conference of Parties Copenhagen Meeting in December 2009 and the World Economic Forum Annual Meeting 2010 in Davos, and include the planned World Business Summit on Climate in Copenhagen May 2009. The aim is to enable key international business initiatives on climate to align their various "Copenhagen COP15" activities on a common agenda for policy-makers and to delve more deeply into a number of the critical challenges and concrete proposals identified by the CEO recommendations. The ultimate objective is to inform and assist the intergovernmental negotiation process in the United Nations. The CEO statement – and its invitation to work with government on taking the ideas it contains forward – provides a useful blueprint to kick-start these discussions after the G8 Summit. The endorsing companies, representing the core of the business task force, will be invited to participate.

9. How does this relate to the UNFCCC and its Bali Action Plan?

The CEO statement explicitly articulates support for the Bali Action Plan and provides pragmatic ideas on how to maximize the effectiveness of the broad framework it sets out (mitigation, adaptation, technology and finance). The suggested business initiative alignment process to start after the G8 Summit and to run through to the Copenhagen Summit in December 2009, which will use the CEO statement as its content platform to build from, is an attempt to align key international business climate initiatives on a common agenda, to help develop the exact ideas and information that the UNFCCC and the Bali Action Plan require from business.

10. What is the Bali Road Map/the Bali Action Plan?

The UN Climate Change Conference in Bali, Indonesia, in December 2007 brought together more than 10,000 participants, including representatives of over 180 countries together with observers from intergovernmental and non-governmental organizations and the media. The two-week period included the sessions of the Conference of the Parties to the UNFCCC, its subsidiary bodies as well as the Meeting of the Parties to the Kyoto Protocol. A ministerial segment in the second week concluded the conference. The conference culminated in the adoption of the Bali Roadmap which consists of a number of forward-looking decisions representing the various tracks that are essential to reaching a secure climate future. The Bali Roadmap includes the Bali Action Plan, which charts the course for a new negotiating process designed to tackle climate change, with the aim of completing this by December 2009 at a UN Climate Change Conference in Copenhagen.

http://unfccc.int/meetings/cop_13/items/4049.php

12. What is the World Economic Forum?

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas. Incorporated as a foundation in 1971 and based in Geneva Switzerland, the World Economic Forum is impartial and not for profit; it is tied to no political, partisan or national interests. (www.weforum.org)

13. What is the World Business Council for Sustainable Development?

The World Business Council for Sustainable Development (WBCSD) is a CEO-led, global association of some 200 companies dealing exclusively with business and sustainable development. The Council provides a platform for companies to explore sustainable development, share knowledge, experiences and best practices, and to advocate business positions on these issues in a variety of forums, working with governments, non-governmental and intergovernmental organizations. Members are drawn from more than 35 countries and 20 major industrial sectors. The Council also benefits from a global network of about 55 national and regional business councils and regional partners. (www.wbcd.org)

14. Who do I contact for more information?

For more information on the CEO statement, the process behind it, or the next steps, please contact:

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