

Major Economies Business Forum

on Energy Security and Climate Change

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Major Economies Business Forum: Enhancing the Role of Business in Climate Change and Energy Security Policymaking

KEY MESSAGES

- Greater substantive engagement of business in international energy and climate policy is indispensable to meeting these global challenges. We recommend establishing a formal institutional channel for business input to the UNFCCC and the MEF.
- Greater business input can enhance understanding and effectiveness of policies and approaches to create and deploy technology, finance, investment, trade, and capacity building and to develop effective international mechanisms to stimulate mitigation and adaptation.
- Existing formal consultative arrangements for business serving other multi-lateral organizations have proven themselves to be valuable and could serve as models for consultative arrangements with the UNFCCC and MEF.
- Key features contributing to the success of these consultative processes include:
 - formal recognition by intergovernmental process;
 - organized and funded by business;

- participation through multi-sectoral, national committees;
 - interactions across full agenda of relevant issues;
 - provision of the full range of responsible business views where necessary; and
 - two-way exchange either—
 - ✓ in response to requests from intergovernmental organizations (*e.g.*, OECD, ILO, *etc.*), or
 - ✓ through unsolicited views from business and industry.
- An enhanced consultative mechanism or channel for business on international energy security and climate change would respond to the many references to business in the Bali Mandate, Cancun Agreement, and other UNFCCC documents, as well as the work areas identified by the MEF.
 - Enhanced business consultation would provide an efficient and invaluable resource both to governments and to the UNFCCC Secretariat as they seek to develop and implement existing and future post-2012 outcomes. This is also true in connection with MEF work areas.
 - The main considerations for designing and implementing such enhanced engagement of business on these inter-dependent issues include:
 - improving access;
 - enhancing Information;
 - recognizing and strengthening diversity across nationalities and sectors;
 - contributing to capacity building; and
 - maintaining efficiency and flexibility.
 - Such a formal consultative process would:
 - be responsive to UNFCCC and MEF requests;
 - serve as a clearinghouse to identify and recommend input; and
 - provide unsolicited input when appropriate.
 - The consultative process would not:
 - advocate political targets or goals;
 - replace activities or advocacy of existing business groups;
 - be a direct party to the negotiations; and
 - force consensus where none exists.

INTRODUCTION

Engagement of business in international energy and climate policymaking already occurs on many levels: through national governments; as sources of technical advice; and in ongoing discussion and observation in several inter-governmental forums.

This is a challenging endeavor given the multiplicity of climate change forums, the inter-dependence of climate and energy issues, and the absence of a single global energy institution, as well as diversity within the business community and the organizations representing business in all its forms.

In spite of this, many inter-governmental institutions have promoted the enhancement of observer organizations representing important societal interests—that is, “major groups”—including business and industry. While this is a positive development, it has also led to crowded meetings and challenged limited resources, the most extreme example of this being the experiences of 15th Conference of the Parties.

Over many years in the UN Framework Convention on Climate Change (UNFCCC), business has developed and extended important informal channels for discussion and dialogue, for example, through dialogue with the Experts Group on Technology Transfer, participation in in-session workshops, co-organizing COP “Business Days” and serving as a clearinghouse to provide business input to the development and review of the Working Group 3 contribution to the

Intergovernmental Panel on Climate Change 4th Assessment Report.

Since the Bali Action Plan, the UNFCCC Subsidiary Body on Implementation has discussed enhancing the role of observer organizations, inviting submissions from governments and observer organizations in 2010 and holding a workshop in 2011. These deliberations are ongoing into Durban.

The UNFCCC Subsidiary Body on Science and Technological Advice has also discussed the structure of the Technology Mechanism and where business might interact with the Technology Executive Committee and the Climate Technology Centre and Network. Both discussions support the need to strengthen business involvement. Previous BizMEF issue papers and engagement have helped business to formulate views on these issues and to provide input to governments on these issues. We intend to continue supporting the involvement of business in the Technology Mechanism throughout the process of identifying needs, assisting in projects, and developing general policy approaches.

STRUCTURING BUSINESS CONSULTATIVE CHANNELS: PRINCIPLES

With the right structure, formal consultative channels for business present an efficient way to provide input on the full range of business views on basic technical matters that support the design and implementation of procedures and inform policy decisions. While challenging, the diversity of the business community is a resource that should be maintained and recognized: it reflects the complexity and

relevance of the UNFCCC to all sectors of economic activity.

Some principles should be observed to ensure the workability and effectiveness of such an institutional framework for enhanced business input. These include:

- ensuring that views from across the business community are presented, drawing on input from a variety of existing, competent sources for business expertise, policy recommendations, market and project involvement, and technological and economic assessments;
- reflecting a range of responsible views where appropriate
- working in a timely fashion without prejudice to the continued on-going involvement of business in other settings (national consultations, existing business organizations, etc.);
- providing wide-ranging policy and practical advice and technical input that reflect the range of sectors and nationalities, with economy-wide perspective perspectives that consider implications for supply and value chains;
- ensuring and co-ordinating (where appropriate) business presence and expertise to match the issue at hand (for example, technology mechanism, existing or new market mechanisms, finance, *etc.*);
- being self-funded and organized, with transparent membership and governance procedures;

- reflecting national circumstances as well as international market and regulatory realities; and
- taking an integrated perspective that reflects environmental, economic, and social circumstances and the synergies among them.

Such enhanced consultative relations would NOT:

- advocate political targets or goals;
- replace activities or advocacy of existing national, sectoral and special purpose business associations;
- replace ongoing informal interactions;
- be a direct party to the negotiations; and
- force consensus where none exists.

Outstanding issues requiring further discussion include:

- acceptance by major business groups;
- participation of business communities from developed and developing countries;
- recognition by UNFCCC and MEF;
- recognition by national governments; and
- membership, funding, and governance.

Models of business engagement that reflect these principles exist elsewhere and have proven themselves to be of value to both governments and business. Examples include the Organisation of Economic Co-operation and Development's (OECD) Business and Industry Advisory Committee

(BIAC) and International Labour Organization's (ILO) International Organization of Employers, among others. These consultative mechanisms provide input from developed and developing country businesses and function in a transparent fashion with good governance, and they could serve as models for consultative arrangements in the UNFCCC and the Major Economies Forum (MEF).

Important features contributing to the success of these processes include:

- formal recognition by intergovernmental process;
- participation through multi-sectoral, national committees;
- interactions spanning the full agenda relevant issues;
- provision of the full range of responsible business views where necessary; and
- two-way exchange either;
 - in response to requests of the secretariat or members of the intergovernmental organization or—
 - based on relevant unsolicited input from business and industry to the intergovernmental process.

While other arrangements may be possible, experience suggests that organizing based on national committees provides important benefits for understanding and communication. In particular, national committees provide means: (1) to understand and share perceptions of national governments views within the international business organization and; (2) to communicate international perspectives to national governments.

As a final important matter, business believes a direct, unfiltered exchange of views and information with the Secretariat and national delegations is the most effective approach. While business also is prepared to participate in multi-sectoral dialogues and exchanges, we view such approaches as separate and less effective. On the other hand, we understand that other major groups also may desire to create their own direct channels for consultation. Each process should be designed to capture the unique and relevant expertise of each group.

CONCLUSION

The approach of Rio2012, and 20 years of experience since the UN Conference on Environment and Development with observer organizations is now animating international consideration of changes to institutional frameworks for sustainable development policy. We view this as an opportunity to take advantage of the need for business engagement, resources, and know-how in contributing to progress in the linked priorities of energy access and security and climate change. We encourage the UNFCCC, the MEF, and business groups to consider building on their existing informal interactions with business to provide a formal and substantive channel for business input on technical and other policy-related issues.

More broadly, as governments consider how to capture and capitalize on the resources relevant to sustainable development policy design and implementation provided by a range of interest groups, we urge them to avoid a one-size fits all approach. Any consultative channels for interest groups should be

designed for unique capabilities and expertise—common rules should be a “floor” rather than a “ceiling.” Multi-stakeholder forums have value on certain issues, but we find they are broadly not applicable to business issues.

Business does not favor a complex and bureaucratic structure. In our view, a simple, business-owned, bottom-up approach based on national business

constituencies, that is efficient, versatile, responsive, and recognized will complement existing informal dialogues and approaches and bring valuable business insight and expertise to the elaboration and implementation of mutually supportive energy and climate policy in the UNFCCC and MEF.

Australian Chamber of Commerce and Industry

BUSINESSEUROPE

BusinessNZ

Canadian Council of Chief Executives

Confederation of British Industry

Confederation of Indian Industry

Dansk Industri

Confindustria

Federation of German Industries – BDI

Iniciativa para el Desarrollo Ambiental y Sostenible — IDEAS (Mexico)

Korea Chamber of Commerce & Industry

Mouvement des Entreprises de France

National Confederation of Industry (Brazil)

Nippon Keidanren (Japan Business Federation)

Turkish Industry and Business Association (TUSIAD)

U.S. Chamber of Commerce, Institute for 21st Century Energy

U.S. Council for International Business

ABOUT BizMEF

The Major Economies Business Forum on Energy Security and Climate Change (BizMEF) is a partnership of major multi-sectoral business organizations from major economies. Modeled after the government-to-government Major Economies Forum, BizMEF is a platform for these groups to:

- promote dialogue and exchange views on climate change and energy security across a broad spectrum of business interests including major developed, emerging, and developing economies;

- highlight areas of agreement among participating organizations on the most important issues for business in international climate change policy forums; and
- share these views with governments, international bodies, other business organizations, the press, and the public.

Organizations that have participated in BizMEF meetings represent business groups in Australia, Brazil, Canada, China, the European Union, Denmark, France, Germany, India, Italy, Japan, Mexico, New Zealand, South Korea, Turkey, the United Kingdom, and the United States. Collectively, BizMEF organizations represent more than 25 million businesses of every size and sector. Because BizMEF partnering organizations represent a broad range of companies and industries—including energy producing and consuming companies as well as energy technology and service providers—the partnership is able to provide robust and balanced views on a range of issues.

For more information on BizMEF, please visit our website at:
www.majoreconomiesbusinessforum.org.