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**Klima und Nachhaltige
Entwicklung**

„Enhanced Business Engagement“

Statement given by **Holger Lösch**,
Member of the Executive Board of the BDI

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Business understands that international climate policies can influence their operations in several ways, and seeks to turn them into opportunities. International standards, rules and commitments lead to domestic emissions-constraining policies, which can take the form of energy efficiency standards, renewable energy quotas, carbon taxes and emissions trading schemes.

Current rules only allow the private sector as observers to the intergovernmental process. Observer organizations, accredited by the Conference of the Parties (COP), have increased their participation over the years.

Business representatives, however, especially from Europe – or in my case from Germany – are still wary of this UN-FCCC process. This is of course because European – and German – legislation does affect them much more directly, but also because there is an institutionalized business-politics interaction mode. To sit merely on the fence as observers is less attractive if you have to allocate limited (human and financial) resources.

**Bundesverband der
Deutschen Industrie e.V.**
Mitgliedsverband
BUSINESSEUROPE

Telekontakte
T: 030 2028-1555
F: 030 2028-2555

Internet
www.bdi.eu

E-Mail
J.Hein@bdi.eu

Current stakeholder processes within the UNFCCC only allow observers to have a passive role. There are no comprehensive and systematic stakeholder processes in place and the modes of involvement, in some cases, are seen to be inadequate. Business is still rarely approached as a stakeholder within formal international engagement processes.

Businesses come in all shapes and sizes. There are many business voices, geographic differences, and sectoral perspectives, not to mention considerable competition between companies and organizations.

A key challenge for governments lies in creating a mechanism for effective input from the broad variety of business participants. Allowing for greater private sector involvement will require governments to balance the requirement for meaningful business participation with the need for an expeditious, effective governmental decision-making process.

The vast majority of energy infrastructure investments will need to come from the private sector. Climate protection eventually needs to be driven by the recognition that an **entirely new energy future** must underpin strong and sustainable growth.

Massive investments, in the order of almost \$40 trillion over 2012-2035, are needed to meet the world's steadily increasing energy demand (WEO 2012). Over 60% of this energy invest-

ment will have to go to developing countries, where demand and production increase most quickly.

Building on our CDM experience, i.e. preserving, enhancing and modernizing this mechanism, can help change course. A course that will not only safeguard clean growth, but also represent huge investment opportunities and open up new markets for low carbon technologies, products and services.

Input from the business sector is of great added value when it comes to discussing what kind of instruments it takes to make money go into effective climate protection. Business input can also help countries to put in place the incentives necessary to spur their growth in a low carbon manner.

Our contribution can be of great importance to make the future climate deal not only environmentally but also economically sensible and viable. We believe that the carbon market can and should play a key role in this. It is a cost efficient way to cut emissions. It gives businesses flexibility in meeting their targets. And it has the potential to allocate sparse financial resources such that a maximum of climate protecting development can be generated.

In order to fully seize the potential of the carbon market the political will in developed and developing countries alike is necessary to “let the market work”. We therefore support – ideally and practically – the coming into existence of ET systems

in countries like Korea, China etc. Having said this, it is also clear to me that the carbon market alone won't do the trick.

There is a clear need for creating a favourable investment climate and to drive new low carbon and also adaptation technologies into the market. This can for example be done through soft loans, venture capital and tax incentives. Business should be consulted with respect to the framework that is needed to spur investments.

To conclude: to be able to frame a new international climate protection deal that is effective in terms of emissions reduction and at the same time makes economic sense, solid input from the business community is indispensable. We stand ready to deliver this input to inform the decision-making process. What's needed is the political will to hear us and to create a structured and effective form of business participation in this process.