



THE PRINCE OF WALES'S

CORPORATE LEADERS GROUP ON CLIMATE CHANGE
UNIVERSITY OF CAMBRIDGE PROGRAMME FOR SUSTAINABILITY LEADERSHIP

The Copenhagen Communiqué on Climate Change

This communiqué is being issued by the business leaders of over XXX global companies. It calls for an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today.

Earlier this year, the world's twenty largest economies (G20) came together and agreed an unprecedented, coordinated response to the global economic downturn. At the London Summit, the leaders of the G20 pledged to do "whatever is necessary" to restore confidence and growth to the economic system.

World leaders now need to demonstrate the same level of coordination and resolve to address climate change. Economic development will not be sustained in the longer term unless the climate is stabilised. It is critical that we exit this recession in a way that lays the foundation for low-carbon growth and avoids locking us into a high-carbon future.

These are difficult and challenging times for the international business community and a poor outcome from the UN Climate Change Conference in Copenhagen will only make them more so, by creating uncertainty and undermining confidence.

In contrast, if a sufficiently ambitious, effective and globally equitable deal can be agreed, it will create the conditions for transformational change in our global economy and deliver the economic signals that companies need if they are to invest billions of dollars in low carbon products, services, technologies and infrastructure.

The basic shape of an agreement should be as follows:

- The agreement must establish a global emissions cap and long-term reduction pathway for all greenhouse gas emissions and sources, for the period 2013 to 2050 (with interim targets). These targets will need to be guided by science to ensure global greenhouse gas concentrations are stabilised below critical thresholds. When stating this, we understand that there is an emerging consensus behind an objective of limiting global average temperature rise to less than 2 degrees Celsius compared to pre-industrial levels and that this will require global emissions to peak and begin to decline rapidly within the next decade. Even this scenario will require a reduction of 50-85% by 2050, according to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC), and the later the peak in emissions, the greater and costlier the required reduction. There is nothing to be gained by delay.
- Developed countries need to take on immediate and deep emission reduction commitments that are much higher than the global average, and which are backed up with credible strategies to de-carbonise their economies. The developed countries need to demonstrate that low-carbon growth is both achievable and desirable. They must also support the institutions and frameworks that will provide the necessary financial and technological assistance to developing countries.
- Developing countries will need to play their part by drawing up their own emission reduction plans in line with their common but differentiated responsibilities and capabilities. Advanced developing countries should continue to develop low-carbon growth plans, building towards the adoption of appropriate and economy-wide commitments by 2020. Action at the sector level will help accelerate the large-scale deployment of clean technologies through robust funding solutions, technological transfer and capacity building. The least developed economies need additional assistance including increased and adequate financing, and expanded cooperation to help them adapt to and join the new low-carbon economy.

Key supporting elements of the agreement must include:

- **Credible measurement, reporting and verification of emissions** which are vital to measuring progress against the objectives of an effective climate treaty.
- **Measures to deliver a robust global greenhouse gas emissions market** in order to provide the most effective, efficient and equitable emission reductions. It would be comprised of a growing series of national or regional “cap-and-trade” markets linked together, in which the “caps” are brought down in line with the targets that have been adopted for emission reduction.
- **Additional policy measures**, because a strong carbon price alone will not be enough to deliver the level and nature of change required across each economy. Measures will be needed; to deliver a step-change in energy efficiency, to promote the rapid development, demonstration and wide deployment of low-carbon technologies and also to stimulate new markets for low-carbon goods and services. These measures will include ambitious performance and efficiency standards, bold public procurement commitments, and the development of incentives. Robust intellectual property protection as well as other enabling policies are key.
- **A framework for developing countries** to accelerate the large-scale deployment of clean technologies through robust funding solutions, leading to the adoption of emission reduction commitments. The Clean Development Mechanism (CDM) must be revised to ensure it facilitates financial support and technology transfer to developing countries on the scale required. To do this, the CDM will need to move from a project-based mechanism (supporting ad-hoc or one-off projects) to a wholesale mechanism that helps deliver additional emission abatement and low carbon growth in a transparent, robust and credible way, in line with internationally adopted sustainability criteria.
- **An adaptation framework and funding mechanism** to assist the poorest countries and people who are particularly vulnerable to the effects of climate change, while being the least responsible for the problem. Adaptation funding needs to be additional, predictable, stable and adequate. Governments need to assess their climate-related risk exposure and pool their analyses.
- **A mechanism to Reduce Emissions from Deforestation and Forest Degradation in Developing Countries (REDD)** which should ensure substantial, predictable, results-based, and long term financial flows to developing countries that achieve measurable and verifiable reductions in emissions from deforestation and forest degradation. An immediate interim emergency package is also needed to provide substantial funding to tropical forest nations to help them halt deforestation in the short term and to embark on alternative economic development paths before full implementation of a REDD mechanism takes place.
- **A comprehensive global approach** to emissions from international aviation and shipping, and a clear strategy to commercialise carbon capture and storage, leading to widespread deployment.

The strength of an agreement will be judged on its ability to drive substantive action both inside and outside the UN process, at national and international levels, but in line with the principles agreed in Copenhagen.

A strong, effective and equitable international climate framework will stimulate the domestic policy interventions, bilateral and regional deals that are needed as a matter of urgency to deliver on intermediate and long-term reduction targets and accelerate construction of the low-carbon economy. This will unlock the potential of business to do what it does best: to invest profitably, to innovate, and make affordable low-carbon products and services to billions of consumers around the world. The more ambitious the framework, the more business will deliver.

The problem of climate change is solvable – many of the technologies required are available today while others can be developed if the right incentives are in place. The policies needed are relatively clear, and the costs of transition are manageable, even in the current economic climate. The one thing we do not have is time. Delay is not an option.

AN INITIATIVE DEVELOPED BY: