



THE PRINCE OF WALES'S
CORPORATE LEADERS GROUP ON CLIMATE CHANGE
UNIVERSITY OF CAMBRIDGE PROGRAMME FOR SUSTAINABILITY LEADERSHIP

THE CANCUN COMMUNIQUÉ

This *Communiqué* is being issued by the business leaders of XXX global companies, including many of the companies that endorsed *The Copenhagen Communiqué* just over a year ago.

The Copenhagen Communiqué demonstrated unequivocally that a significant proportion of the international business community would like to see the adoption of an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crisis facing the world today and stimulates economic recovery.

Although the United Nations Copenhagen climate conference represented an important step forward, it did not deliver the robust deal we were hoping for. In 2009, the international business community mobilised like never before in support of action to tackle climate change and invest in a low-carbon future but the Copenhagen conference left many of us feeling frustrated and unsure of our low-carbon investment decisions. Business continues to believe that market-based approaches are fundamental to long-term success. However, the lack of a comprehensive international policy framework is a barrier to the development of a global carbon market and, credible national policies, and to the necessary scaling up of investments in low-carbon technologies.

The scientific evidence remains overwhelming and the case for bold and urgent action to tackle climate change is stronger than ever. As business leaders, we are used to making decisions on the basis of projected risk and established science, at this point in time we cannot afford to ignore the undeniable impact of climate change on global populations, natural resources, the economy, and on our businesses.

Delivery of an International Framework requires rapid progress on a number of key issues at the United Nations Climate Change Conference in Cancun (COP 16):

Targets: The Intergovernmental Panel on Climate Change (IPCC) recommends global emissions be reduced by half by 2050. To achieve this goal, and meet the 2°C limit set out in the Copenhagen Accord, developed countries should show leadership and deliver the necessary aggregate emission cuts for 2020 and 2050. Actions by developing countries (in line with common but differentiated responsibilities) will need to contribute to a plateau in emissions growth in the near future and reductions over the coming decades.

Financing: Any decision on financing will require a transparent governance structure and workable architecture for “fast-start” and long-term climate finance acceptable to all countries. Governments will need to draw on recommendations from the UN Secretary General’s Advisory Group on Finance to deliver the \$100billion per annum financing pledged to developing countries.

Massive investments are needed over the coming decades to develop a low-carbon economy. In a post-recession economy only a fraction of this is likely to come from public sources and therefore meaningful investment will require significant involvement of the private sector, but the scale of investment required will not be reached without the smart use of public finance. Governments must recognise that private financing and supporting finance structures, such as carbon markets and “climate bonds”, have the potential to transform global markets and provide the low-carbon infrastructure needed in the coming decades. In this respect, building on the existing international carbon market architecture, which underpins the markets in operation today, is essential.

A combination of public and private investment is required to help reduce emissions in developing countries. Until now, the Clean Development Mechanism (CDM) has been a key channel for clean investment in developing countries. However, going forward, reform is necessary to enable more ‘transformational’ projects in developing countries to take place at the pace and scale required to avoid dangerous climate change.

Technology Transfer: A clear mechanism with authority, funding and established objectives should be created to promote technology transfer without undermining Intellectual Property Rights protection. This mechanism should facilitate the transfer of nationally relevant technology through existing streams of climate financing.

REDD: Rapid delivery of commitments on reducing emissions from deforestation, forest degradation, and forest management (known as REDD+) that includes forest conservation, sustainable forest management and enhancement of forest carbon stocks is essential. Further progress is needed on recognition of forest-based carbon credits in regional and domestic carbon compliance schemes in order to create strong demand for investment in forest carbon, underpinned by commonly agreed and credible protocols, and to develop and then scale up pilot projects that benefit local communities and protect biodiversity.

The REDD+ Partnership reflects goodwill to accelerate the negotiations and actions on REDD+ projects and funding. In the medium to long term, private sector investment will need to contribute a large share of the total required finance. Therefore early involvement of the private sector along with civil society is critical in shaping this mechanism.

Monitoring, Reporting and Verification: A strong, publicly transparent and accountable framework for monitoring, reporting and verification is essential. Such transparency and accountability will help to build business confidence in the stability and credibility of national policy frameworks, which is critical for the private sector to make its contribution towards the massive investment needed to transition to a low-carbon global economy.

THE CALL FOR ACTION

We recognise that securing a comprehensive international legally binding climate framework will be more complex, but the urgency of reaching a global solution is growing daily. Failure to deliver progress on these crucial issues at Cancun will significantly undermine investment and concrete action on mitigation and adaptation.

It is critical, that governments re-double their efforts towards securing a comprehensive international framework at the United Nations Climate Change Conferences in Cancun (COP16) and South Africa (COP17) alongside a parallel mitigation strategy focusing on greenhouse gas (GHG) reduction opportunities in *certain sectors* and bilateral and multilateral agreements in five *key areas of action*:

- 1. Energy efficiency across all sectors:** Robust financial and policy support for energy efficiency measures (including standards and targets) in buildings (both non-residential and residential),, transport and industry.
- 2. Low-carbon energy systems:** Strong policy support and fast-track funding for low-carbon energy sources, infrastructural development, and research, development and deployment in buildings (both non-residential and residential), industry, and transport (including a comprehensive global approach on emissions from aviation and shipping).
- 3. Emissions capture and storage:** Greater financial and policy support for the scale up of Carbon Capture and Storage (CCS) technologies.
- 4. Emissions from other greenhouse gases:** Increased effort on tackling other GHG emissions such as methane, nitrous oxide and “F-gases”, and the impact of black carbon.
- 5. Urban planning, land-use management and land-use change:** Addressing the carbon emissions impact of land-use both in terms of urban and rural environments.

Action in the above areas or by sector at the local, state, national, and regional levels will help build the necessary foundation for an international agreement but should by no means undermine progress towards an international framework. By putting in place the necessary mechanisms that will enable governments to reach or set new GHG emission reduction targets we can make progress along the way.

The sooner individual jurisdictions begin to develop robust policy that will drive early action on GHG emission reductions, and the implementation plans and investment strategies required to deliver them, the sooner international agreement will be reached. Partnership between all stakeholders – including governments, businesses, investors, civil society and consumers – is vital to help deliver real and rapid progress on the ground, and to demonstrate what is possible.

We are committed to working in partnership with governments to achieve our joint climate objectives. For us the risk of inaction on climate change is far greater than the cost of investing today. To seize the opportunities for us all, courageous leadership is required from governments across the globe starting in Cancun, and continuing to South Africa and beyond.