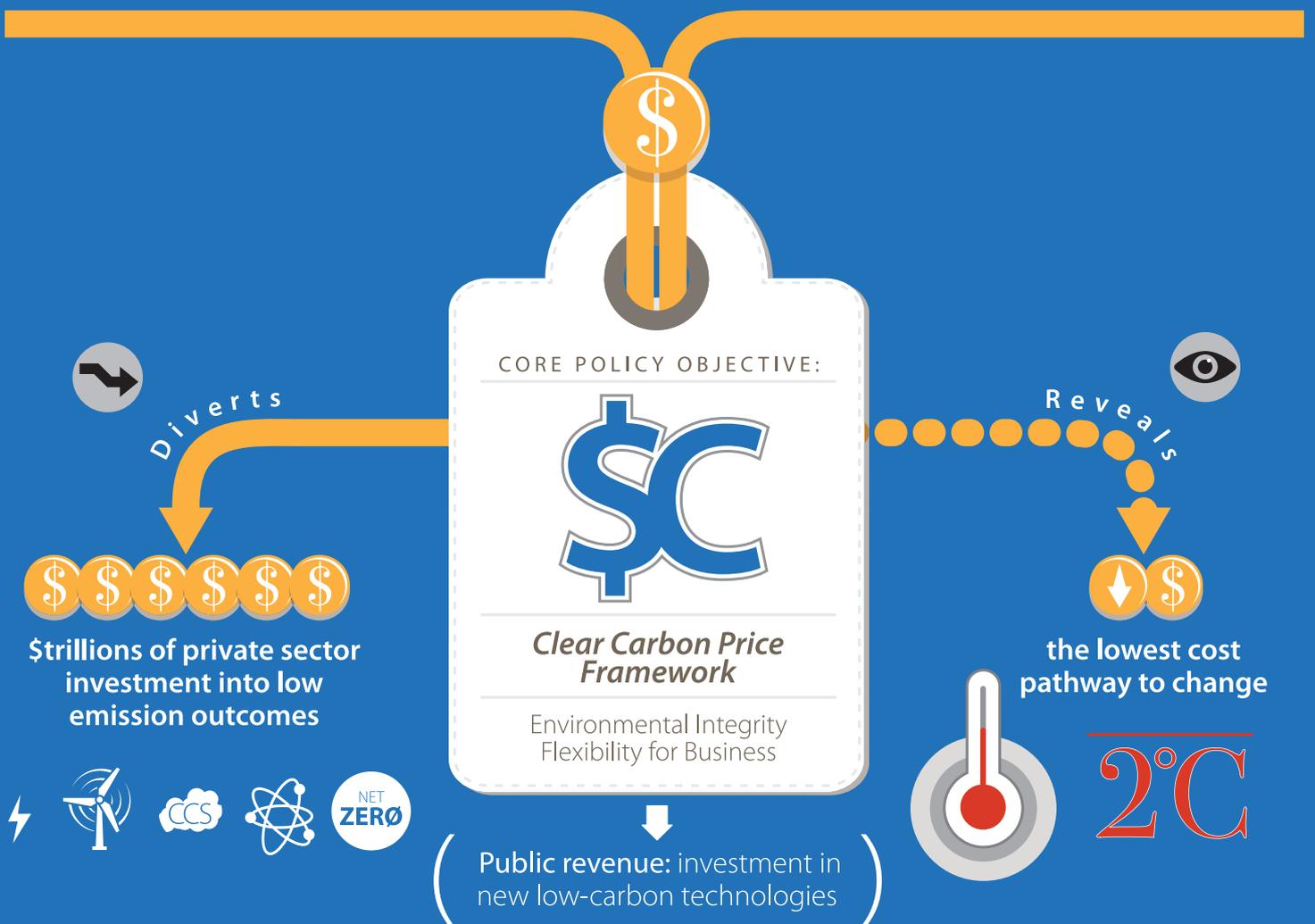


THE CARBON PRICE COMMUNIQUÉ

A CALL FROM BUSINESS FOR A CLEAR, TRANSPARENT AND ROBUST PRICE ON CARBON



A Call from Global Business

The Corporate Climate Communiqués are international business statements calling for policies and action to tackle climate change. Bringing together hundreds of business leaders in support of a robust and equitable international treaty on climate change, they are seen by many as representing the definitive voice of progressive business in advance of policy discussions.

Building on the broad messages of previous communiqués, *The Carbon Price Communiqué* is the first in a series focusing on specific climate policy questions. Rather than trying to communicate the breadth of priorities that business has for climate policy in one single document, upcoming Communiqués will form a series of statements that tackle different priorities in greater detail. Each *Communiqué* in this series will be tailored to ensure it is an effective and relevant intervention in international debates on climate policy. Together the series will communicate a clear business-led vision of effective international climate policy and action.

The Carbon Price Communiqué makes the case for setting a price on carbon emissions as one of the main building blocks of an effective, ambitious and pro-business climate change policy framework. This should go hand in hand with other complementary policies as part of a comprehensive approach.

With this document business leaders are reiterating the value of a strong carbon price as a tool that if designed properly, can work along with correlative policies to deliver carbon emissions reductions proportionate with the scale of the climate challenge.



THE PRINCE OF WALES'S
CORPORATE LEADERS GROUP

The Prince of Wales's Corporate Leaders Group on Climate Change (CLG) convenes business leaders from major UK, EU, and international companies who believe that there is an urgent need to develop new and longer term policies for tackling climate change. Their leadership has inspired over 1100 companies in sixty-one countries to call for ambitious global action on climate change. The CLG engages in policy and political action to meet the scale of the threat and demonstrate the business opportunities created by moving to a low climate risk economy.

With Contribution from:



The Corporate Leaders Network for Climate Action (CLN) is a network of business groups focused on climate change action around the world. Working to further the transition to low carbon, climate resilient economies in their countries, these independent groups share best practice and collaborate in international fora to help their message get heard.



The International Emissions Trading Association (IETA) is a non-profit business organisation created to establish a functional framework for trading in greenhouse gas emission reductions. Membership includes more than 155 international companies from across the carbon trading cycle, seeking to develop an emissions trading regime that results in real and verifiable greenhouse gas emission reductions, while balancing economic efficiency with environmental integrity and social equity.



The World Business Council for Sustainable Development (WBCSD) is a CEO-led organisation of 200 forward-thinking companies who represent all business sectors and help galvanise the global community to create a sustainable future for business, society and the environment. The WBCSD both increases the impact of their members' individual actions and catalyses collective action that can change the future of society for the better.

The Carbon Price Communiqué

The Climate

The growing variability, intensity and uncertainty of the earth's climate is already affecting communities, markets and business operations.



Diverts



\$trillions of private sector investment into low emission outcomes



Policy

A clear, stable, ambitious and cost-effective policy framework is essential to underpin the investment needed to deliver substantial greenhouse gas emissions reductions.



Reveals



the lowest cost pathway to change



2°C

CORE POLICY OBJECTIVE:



Clear Carbon Price Framework

Environmental Integrity
Flexibility for Business

(Public revenue: investment in new low-carbon technologies)

Curb humanity's impact on our climate system



Carbon pricing should not be considered a silver bullet but should be used in combination with other locally appropriate policies. The scale of ambition needs to be commensurate with the pre-agreed emission reduction goals.



Short and Medium-Term

Action

Long Term



Work bilaterally and multilaterally
Common design elements
Link up compatible systems



The Carbon Price Communiqué

The growing variability, intensity and uncertainty of the earth's climate is already affecting communities, markets and business operations.ⁱ

A clear, stable, ambitious and cost-effective policy framework is essential to underpin the investment needed to deliver substantial greenhouse gas emissions reductions by mid-century. As business leaders, we believe that the certainty created by this policy framework and the investment it will unlock offers the prospect of increased business success and job creation in key sectors including energy, transport and the built environment.

However a convincing strategy to reduce emissions at a pace and scale commensurate with the 2°C goal agreed at the UN climate negotiations in Cancun, continues to evade the global community. Progress at both national and international levels, while laudable, remains piecemeal and inadequate.

The private sector invests trillions of dollars into energy and other infrastructure projects, but, in most cases the goal of reducing GHG emissions does not guide such spending. A more effective approach is required, one that provides the right incentives to shift this private investment and makes best use of the limited pool of public funds.

Putting a clear, transparent and unambiguous price on carbon emissions must be a core policy objective. Although there are a number of mechanisms that can be used to do this, as businesses we would focus on working through the market, utilizing approaches such as emissions trading which offer both environmental integrity and flexibility for business. A price on carbon will reveal the lowest cost pathway to existing emissions reduction goals and can open the door to increased ambition. Such increased ambition is vital if we are to “prevent dangerous anthropogenic interference with the climate system”ⁱⁱ. With the right approach a carbon price will also help engage consumers and incentivize behaviour change.

We therefore urge policy-makers to focus on introducing a clear carbon price framework in a stable and timely manner, namely:

- **Make carbon pricing a central part of national policy responses.**
- **Work towards the long term objective of a carbon price throughout the global economy.**
- **Set sufficient ambition through internationally agreed targets to drive change at a pace commensurate with the 2°C goal.**

To meet the longer term aspiration of embedding a carbon emissions price within the entire global economy, governments should work bilaterally and multilaterally to ensure common design elements between different market systems and to link up compatible systems. This will offer the greatest opportunity for business investment and deliver the maximum achievable ambition without unwarranted economic disruption. Importantly, the more carbon pricing is adopted and coordinated the more competitiveness concerns from industries that are energy intensive or internationally exposed such as aviation and shipping will be put to one side.

Effective carbon pricing offers the potential to mobilise finance at a scale that can impact the climate challenge. The investment signal of a strong carbon price leverages finance from the private sector and redirects it to lower emission outcomes.ⁱⁱⁱ Carbon pricing schemes can also provide public revenue to supplement private investment in the development and demonstration of new low-carbon technologies. However a key lesson from existing policies is that without sufficient ambition the carbon price signal will not effectively drive investment or raise significant funds.^{iv}

We recognise that carbon pricing can be contentious: in economic downturns businesses, consumers, and governments all worry about constraints on the economy. But experience has shown that carbon pricing as an approach can deliver greater emissions reductions at lower cost than predicted which in turn offers the opportunity for greater ambition.^v Despite some opposition, carbon pricing continues to attract attention as a means of flexibly reducing emissions in energy intensive sectors. Most recently it has been advanced developing countries and regions who are starting to implement cap and trade programs alongside other measures. This development should be applauded and the progress maintained and expanded. Carbon pricing should not be considered a silver bullet but in combination with other locally appropriate policies, the scope for change is enormous. We call upon policymakers nationally, regionally and internationally to show leadership and deliver this change and we look forward to working with them to do so.



THE PRINCE OF WALES'S
CORPORATE LEADERS GROUP

Members of
The Prince of Wales's Corporate Leaders Group
who created this statement:



Current Signatories

A



B



C



D



Current Signatories

E



F



G



H



I



J



Current Signatories

K



L



M



N



O



P



Q



R



Current Signatories

S



T



U



V



W



Y



Join the call for action

Well over 150 chief executives and business leaders have already signed on to support this statement, with numbers increasing all the time.

To see an updated list, please visit

www.climatecommuniques.com

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