United States Council for International Business: Statement

26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26), October 31 – November 12 in Glasgow

COP26 Should Launch a New Chapter of Partnership for Sustainable, Resilient and Inclusive Recovery...

The United States Council for International Business (USCIB) sees COP26 as an opportunity to launch a new chapter in the UN Framework Convention on Climate Change (UNFCCC) and its Paris Agreement, and USCIB and its members are ready to be part of this transformative next step in the journey of international cooperation to global net zero and shared prosperity in line with the SDGs.

American companies are committed to continuing to research and innovate, to invest in technologies including carbon capture and storage, and to deploy natural climate solutions in the pursuit of a sustainable resilient recovery.

USCIB members note with strong concern the recently released IPCC AR6 WG1 Report, which highlights underscores the urgency of accelerated climate action by all countries and stakeholders.

Governments, business, and society together must go even further and faster to deal with and reduce the risks of climate change. USCIB calls for COP26 outcomes that enhance opportunities for the private sector to meet critical energy and employment needs while advancing mitigation and adaptation as rapidly and cost-effectively as possible.

The UN negotiations have been slowed by the pandemic, and despite dedicated efforts by the UNFCCC and its Parties, business, and other stakeholders to move forward, valuable time has been lost. While the headwinds we face collectively are considerable – an ongoing pandemic, political polarization, and an economic downturn that has unleashed unemployment, aggravated energy insecurity, disrupted supply chains and led to many unmet needs and demands for public finance, we cannot lose sight of the imperatives of the UNFCCC and its Paris Agreement.

USCIB welcomes the re-launch of the Major Economies Forum, and priority attention from the G7, G20 and OECD, among others. Tackling climate change will require enabling and synergistic frameworks inside and outside the UNFCCC structure, across the multilateral system, including the WTO.

USCIB members support economywide action and believe that energy access and security are indispensable elements of a sustainable, resilient and inclusive recovery. Recent energy disruptions, shortages and price-hikes highlight how essential it is to pursue joined-up policymaking and implementation. Parties and the international community need to proceed deliberately for a just and
well-planned transition, that considers consumers, employers, workers, and people throughout society, whilst avoiding abrupt or too narrowly conceived actions that impact energy access and markets, affecting workers and consumers.

USCIB highlights the following recommendations for COP26 and beyond:

➢ Take decisions on essential rules and procedures to complete the Paris Rule Book, especially concerning Transparency and Article 6.

Concluding the Rule Book for Article 6 remains a high priority, given the potential of international cooperative approaches to enable higher ambition to be achieved at lower cost.

To complete the Paris Rule Book at Glasgow, progress is essential on procedures for Measurement, Reporting, and Verification (MRV). Parties must assure environmental integrity and avoid double counting in mitigation efforts, especially through cooperative actions between nations. Issues that may give rise to double counting can be in the form of “double claiming” (whereby several signatories claim the same emission reduction to comply with their NDCs) and “double issuance” (whereby signatories register the same emission reduction under several mitigation mechanisms within the Paris Agreement).

➢ Strengthen Ambition through Transparency.

As an agreement based on progressive voluntary and diverse pledges and contributions from all Parties, progress under the Paris Agreement relies on trust among Parties and encouragement and support from stakeholders to take on ever more ambitious efforts. This trust requires credible, effective domestic and international cooperative and transparent procedures for timely information on national and overall progress and effort.

With other stakeholders, business is both an important producer and consumer of information through national and international processes that will help provide this trust-building transparency credibly and reliably. For governments and their citizens to increase ambition, they must gain confidence that the Paris Agreement is functioning well, and that more effective, affordable, and efficient options, especially for mitigation, will become available in the future as national circumstances evolve.

➢ Upgrade Nationally Determined Contributions (NDCs) for the next Paris Agreement five-year review cycle. While ambitious targets are important, they are not enough on their own; their successful implementation relies on well-designed market and economy-wide policies to incentivize and mobilize business.

NDCs should encompass clear pathways for policies to enable business to take necessary actions in the near, medium, and long term to achieve net-zero emissions, while delivering the UN Sustainable Development Goals, and advancing other priority aspects of the Paris Agreement, such as adaptation and resilience, investment and finance, and innovation and its deployment.

➢ Involve Business and other stakeholders in the Global Stocktake at all levels

Business and other non-state actors have valuable experience and information to inform domestic and international processes such as those relating to transparency and the global stocktake. Parties and the UN Framework Convention on Climate Change (UNFCCC) secretariat should encourage input and participation by business to inform these procedures, and to help assess and improve them.
Besides information on fulfilment of NDCs, the UNFCCC needs to establish procedures to assess global progress from the entire portfolio of all Parties’ NDCs, to renew and extend NDCs, and in developing countries to consider finance and technology mobilization that can help overcome obstacles. The time to implement such effective processes at national, regional and global levels is now.

➢ **Build Capacity, Avoid Unilateral Trade Barriers.**

USCIB encourages countries to pursue trade-synergistic policies to enhance collective ambition and promote the broadest deployment of innovative technologies and energy sources. Recent developments highlight the economy-wide challenges that can occur once international supply chains are disrupted. Unilateral measures that are contrary to WTO rules risk trade tensions, promote uncertainty, and add difficulty to the collective objective of raising climate ambition together.

**Conclusion:**

The IEA’s World Energy Outlook highlights both the urgency and opportunity relating to integrating climate friendly infrastructure, energy options and commercial activity from business in all its diversity into a sustainable and resilient recovery.

Achieving even more ambitious goals will require extraordinarily large and complex changes in technologies, facilities, infrastructure, and supply chains across multiple sectors of the economy. Indeed, success will require multibillion-dollar investments in technologies, facilities, and infrastructure sustained over many decades, involving many technologies that are not currently economic or might still be in the research stage.

We must seize the opportunity COP26 offers to create inclusive and sustainable economies in line with the Paris Agreement through coherent and effective policy frameworks. Only in this way can the international community achieve transformative action at scale and further mobilize and engage the private sector in innovation, investment, and implementation.

U.S. business will continue to be a champion of sustainable development and an essential participant in discussions and partnerships to frame effective economy-wide approaches to drive change towards global net zero.