



World Business Council for
Sustainable Development

ATTACHMENT B

Energy & Climate Change Update **June 2009**

- UNFCCC negotiations Bonn, June 1-12

The talks did not achieve any major progress. However, a negotiation text for COP15 in Copenhagen was drafted and revised, with most of the difficult issues “in brackets” to use UN language and to signify that these issues are noted, but not yet agreed.

The FA Energy & Climate Team has issued a detailed report for those who want to learn more.

The next negotiation round will be in early August.

- US

The Waxman-Markey Climate bill has passed the House of Representatives. Getting it passed in the Senate will be a substantially tougher task.

The common view of the people I talk to is that this will not happen before COP15. This means that the US cannot really commit to a new global agreement at COP15 without having a clear domestic platform.

- Germany

The draft law on CCS (Carbon Capture & Storage) has been delayed by the CDU (Christian Democratic Union).

It is unclear what consequences this will have for CCS and Germany, which derives 50% of its electricity from coal and has decided to shut down its nuclear plants.

- Japan

The Japanese government has announced its 2020 midterm target for CO₂ reduction to be 15% versus 2005 and with no international offsets included.

This is broadly in line with earlier announced targets from the EU and US. The EU and US targets, however, do allow for international offsets.



- Trade and climate change

A report was launched on July 2 by WTO and UNEP on trade implications related to climate change.

WTO is saying that “border tax adjustments” to compensate for lower emission standards in exporting countries could eventually be possible.

This is strongly disputed by India and China, both of which do not want to discuss climate change in WTO.

- IPR's, Intellectual Property Rights

IPR's are becoming a “hot potato” in the climate negotiations.

IPR's do not form a real barrier for climate and energy technology transfers, which many governments do not understand. They compare with pharmaceuticals in which the IPR content can be up to 90-95% of the product cost. This is completely different from energy technologies.

WBCSD is engaged in this debate and we have been invited to take part in the UN EGTT (Expert Group on Technology Transfer) to bring a business perspective on this matter.

- MEF, Major Economies Forum on Energy and Climate Change

MEF held its third meeting in Mexico on June 16-17.

Our understanding is that there were major differences of opinion and no official declaration was issued.

A fourth MEF with heads of State, including President Obama, will be held on July 9 following the G8 Summit in Italy.

- COP15, prospects

The probability for COP15 to reach a new comprehensive global climate agreement is low.

The US domestic legislation is most likely not going to be in place to support this.

We need to stay close to the negotiation process to avoid that governments in desperation, not the least the Danish host, take actions that can be very difficult for business to live with, like for example, a relaxation of the IPR regime.
