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Climate Change Negotiations from an Industry Perspective

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The negotiations within the United Nations Framework Convention on Climate Change (UNFCCC) have had an increasing impact on domestic policies in developing countries, especially the largest emitters among them, such as India, China, South Africa and Brazil (member countries of the so-called BASIC group).

These negotiations are affecting the Brazilian private sector as well as the nature of its participation in these negotiations, given the themes currently being negotiated and the country's socioeconomic situation. Overall, it is clear that to make effective progress in negotiations, increased business involvement is necessary in the drafting and implementation of foreign and domestic policies.

Bennati (2011) argues that the current negotiating agenda is of special interest to the private sector for two main reasons. The first reason is due to the private sector's responsibility for covering most of the costs of mitigation through massive investments in clean energy and technology. The second reason is related to the implementation of the decisions taken in the UNFCCC arena, which is an indicative pathway for countries to establish domestic policies.

Thus, it is clear that to make progress in negotiations, greater involvement from business is necessary. Governments could take advantage of the structure and experience of the private sector, and this, in turn, could expand its portfolio of activities. Cooperation between the private sector and the state would facilitate the implementation of mitigation and adaptation to climate change, and would promote the adoption of adequate policies in these areas.

The private sector has been highlighting the importance of integrated policy approaches, recognising that there is no one-size-fits-all approach for different sectors and economies. This is why the UNFCCC meetings have been increasingly seen as important channels of dialogue to conduct business of various magnitudes, for the establishment of partnerships between businesses and non-governmental organisations (NGOs), and for the expansion of social networks.

Bilateral and regional agreements have been responsible for projects associated with significant reductions in greenhouse gas (GHG) emissions, technology transfers, capacity-building, and strengthening the market for carbon credits, which have gained internal, regional and global strength.

International cooperation should serve to build capacities and transfer new and additional financial resources and clean technologies on a two-way route between developed and developing countries, based on relative availability, namely demand. Here, emphasis is placed upon the importance of South–South cooperation, bilateral agreements between countries and private entities, the strengthening of regional blocs, and public–private partnerships.

Many international decisions directly impact the strategies that domestic industries must develop to meet challenges related to managing GHG emissions. It is important to follow a standardised methodology to establish

the baseline year and metrics for gases, and to ensure at the outset the use of criteria for Monitoring, Reporting and Verification (MRV), which are still not completely defined under the UNFCCC.

A new definition of commitment periods for emissions reduction targets for developed countries under the Kyoto Protocol is a fundamental element for industry to continue to invest in Kyoto market mechanisms, in particular the Clean Development Mechanism (CDM), whose maintenance and improvement are of great importance to the Brazilian industrial sector.

The State's regulatory role and support for the development of low-carbon technologies are crucial, as is stimulating the use of renewable energy, encouraging energy efficiency programmes, and developing specific technologies, among other examples.

The use of tools such as tax incentives and tradable permits to promote green innovations and investments is also essential, as is investment in capacity-building, training and education. It is important to strengthen international governance and global mechanisms to support the transition.

The world is confronted by a new, complex theme, with decisions reverberating in all sectors of the economy. Scientists, technicians, engineers, managers and entrepreneurs must all be trained. Hence, it is imperative to increase awareness and promote quality debate on the issues throughout Brazilian society. We are increasing understanding along the way; we are all learning by doing.

Internal policies should be established based on national growth objectives, in sync with overall mitigation targets, so that they can be transformed into effective actions across the country.

For industry, it is essential to choose more practical and positive directions which clearly demonstrate pathways to achieving a new low-carbon economy without affecting sector competitiveness. Strengthening technical skills and building intellectual networks across business lines are essential and indispensable in the transition to clean technologies and new ways of doing business (CNI, 2011).

In the Brazilian context, external commitments must be compatible with those established by the National Policy on Climate Change (Federal Law 11.127/2010): voluntary targets of 36.1 per cent to 38.9 per cent emissions reductions, based on projected emissions growth by 2020.

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