

Statement



Tenth Session of the Subsidiary Bodies to the U.N. Framework Convention on Climate Change 11 June 1999

Intervention
on behalf of the

The U.S. Business Council for Sustainable Energy
European Business Council for a Sustainable Energy Future
The Alliance for Responsible Atmospheric Policy
The International Climate Change Partnership

Mr. Chairman, distinguished delegates, thank you for the opportunity to share our views. My name is Jim Wolf. I am the Chairman of the Climate Change Task Force for the Business Council for Sustainable Energy. I speak to you today on behalf of the Business Council for Sustainable Energy (BCSE), the European Business Council for a Sustainable Energy Future (e5), the Alliance for Responsible Atmospheric Policy and the International Climate Change Partnership.

With regard to consideration of the Activities Implemented Jointly (AIJ) pilot phase, our groups appreciate the opportunity to provide the following comments: ·

- The AIJ pilot phase has played a valuable role in assisting developed and developing countries to understand project-based approaches. AIJ projects demonstrate that project-level activities can be effective in addressing climate change and in promoting sustainable development. ·
- The AIJ pilot phase has contributed to capacity building for Parties, and the private sector, in areas including project development, baseline setting, reporting, monitoring and verification, among others. ·
- While limited geographically, the AIJ pilot phase has generated over 100 projects in Annex I and non-Annex I countries, providing experience with projects in energy, land-use management and forestry. We encourage Parties that have not participated in the AIJ pilot phase to do so now, and to gain the benefits of learning by doing. ·
- We believe this broad experience provides an adequate basis to evaluate AIJ

and will be useful to facilitate the design of the CDM. .

- In our view, the current data available on AIJ show that project-based approaches generate environmental benefits and encourage investment in climate mitigation activities - at low costs. .
- Therefore, we urge the Parties to initiate a formal review of the AIJ pilot phase immediately. .
- Business organizations have previously endorsed a detailed evaluation of AIJ and will send comments on this work to delegations so they may submit them to the Secretariat. To enhance the AIJ evaluation, we will organize two meetings - one in the United States and one in Europe -- on AIJ evaluation issues. We will provide the results of the meetings to the Parties and the Secretariat. .
- Further, to achieve the objectives of the Framework Convention on Climate Change, we believe that the Parties should take a conclusive decision to end the AIJ pilot phase and should initiate project-level activities that provide credit to participants. Industry observers have noted that viable and verifiable emissions reduction projects can occur today. These projects result in emissions reductions and technology transfer to developing countries. They are not being implemented today, in part, because of credit uncertainty. .
- The Kyoto Protocol allows credits to be generated under the Clean Development Mechanism (CDM) as early as 2000. It is important to have a smooth transition to the project-based mechanisms under the Kyoto Protocol. Therefore, we believe that Annex I and non-Annex I countries should use the structures of the CDM and Joint Implementation to guide project-level activities. Vehicles that could help start the CDM include selecting specific types of projects that are easy to verify, monitor and measure, and beginning in 2000, crediting of projects that generate reductions that ultimately meet CDM project criteria. .
- For projects between Annex I countries, we believe that crediting of Joint Implementation projects initiated before the first compliance period could be allowed under specific environmentally-friendly circumstances. This could be achieved through the establishment of domestic credit for early action programs, which is already being considered in many Annex I countries.

On financial mechanism (presented by Dr. Paul E. Metz, European Business Council for a Sustainable Energy Future):

We believe that limitation of the use of financial mechanisms by a cap or ceiling is unnecessary and counterproductive. However, we strongly support consideration of the EU in its proposal to limit the emission market distortion due to large amounts of unused emissions capacities, so-called "hot air;" to give incentives to domestic actions in Annex B countries. We are convinced that other solutions for these very relevant issues can be found. All Parties, especially those who want not cap, must develop convincing arrangements to exclude hot air and accelerate domestic actions. It is disappointing to see the very slow implementation of domestic policy measures since Kyoto in both the EU and the US. The political attention is focused almost exclusively on the Kyoto mechanisms, while the available no-regret potential in these countries is not yet harvested. You, policy makers, should not forget to

introduce measures to use these domestic opportunities that are cost-effective and create clean economic growth, employment and export. Some examples of no regrets are the insulation of existing and new buildings, efficient heating, cogeneration and renewable energy.

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