

Statement



Bonn, march 5th

Statement before AGBM6, the Ad Hoc Group on The Berlin Mandate, sixth session, Bonn, March 5, 1997, on behalf of the United States Business Council for Sustainable Energy and the European Business Council for a Sustainable Energy Future - e-to-the-power-of-5.

Presented by Dr. Paul E. Metz Executive Director of e5.

Mr. Chairman and distinguished delegates, on behalf of the United States and the European Business Councils for Sustainable Energy, I thank you for the opportunity to present a statement at this conference. We represent a growing number of energy-related companies and business associations. Our members have interests in energy efficiency in its production and use, co-generation and renewable energy sources. They agree with much of the business community on many issues, but not always on climate change and energy policy. We advocate an early approach to climate policy to protect the environment while embracing important sustainable economic development objectives. Brochures of our organizations which list our members are available.

Our members are convinced that much energy can be saved and greenhouse gas emissions reduced through the expanded use of a wide range of existing, cost-effective technologies and services. The IPCC estimates that these offer a potential to reduce between 10 and 30% of the present CO₂ emissions. We believe that these "no-regret" measures will create many profitable business opportunities, save fuel costs, generate revenues and create jobs. We believe that governments can and should stimulate these investments by developing a responsive and responsible treaty on greenhouse gas mitigation.

In developing the Kyoto agreement, the two Business Councils urge, that it contain legally binding targets to prod early action on climate change by Parties to the Convention. We believe this will accelerate the gradual transformation of our present energy structure, increase the economic efficiency and improve the carbon-efficiency of societies worldwide.

We propose the following 3 priorities for policy makers:

1. Set clear near-term targets and time-frames for greenhouse gas emissions levels, beginning with Annex I countries. Climate policy should start early in order to avoid economic shocks associated with inefficient capital displacement and encourage broader public acceptance of climate benign technologies by a gradual and

predictable implementation of the climate treaty.

2. Use market-based tools to account for 'the external costs' of energy. Each party should select the best options in accordance with its legal and economic systems. For international markets such as transport, coordination of policies and measures is necessary. Market-based policy is proven to be the most cost-effective, efficient approach to reduce emissions. This point was recently underscored in a statement signed by more than 2000 economists.
3. In addition to the liberalization of energy markets, institutional barriers, such as subsidies and tax exemptions for greenhouse gas emitting technologies, should be reduced and gradually eliminated.

We believe the introduction of challenging targets and the creation of market-based instruments to mitigate climate change will not cause economic and social disruption, but will promote economically beneficial technological innovation.

Concluding, there are at least four sound reasons to start early in addressing climate change:

- It will reduce the risks and the costs of climate change.
- It prepares for the future scarcity of fossil and nuclear fuels.
- It will create employment and net economic benefits; and
- It will promote the creation of technologies and trade mechanisms that protect scarce environmental resources.

Thank you for the opportunity to share our views and for your continued openness to dialog with the business community on cooperative efforts in climate protection.

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