

**Doha UNFCCC BINGO KP Opening Statement
27 November**

Thank you Chair,

My name is **XXX from XXXX**, and I'm speaking on behalf of international business and industry. We truly appreciate this opportunity to share our views with those in the room.

Market mechanisms, including those already in place and those under development, will continue to be at the heart of these negotiations.

It's of paramount importance for the private sector to have visibility and access to market mechanisms that will help redress the balance in favour of low-carbon development. In this context, **maintaining and improving the common accounting rules** that underpin the concept of CO2e units is critical. These rules are at the core of mechanisms established under the Kyoto Protocol. Without a credible concept of CO2e units, it's difficult to see how incentives can be designed to encourage the private sector to finance mitigation activities.

To date, the most successful mechanism, in terms of raising finance for climate change mitigation that parties to the UNFCCC have created, is the Clean Development Mechanism (CDM). It should be no surprise to any stakeholder in this room (and beyond) that investment in the CDM has recently experienced a downward spiral. This is happening for a variety of reasons, including macro-economic conditions, delays or indefinite postponement of domestic action, and increased levels of political risk associated with the CDM.

However, the **most visible and serious driver behind the rapid decline in CDM investment** is that business has not yet seen a clear political signal from Parties to agree on a Second Commitment Period of the Kyoto Protocol. Nor have we seen the collective level of ambition raised by governments to reduce greenhouse gases worldwide.

Although negotiators in today's room cannot solve the macro-economic picture – or the domestic politics they might face upon returning home – you can act to greatly reduce the political risk that has become associated with the Kyoto Protocol's flexible mechanisms. We therefore urge Parties today to do just this and act to **ensure the future of the institutions, accounting rules, and capacity** created by the Kyoto Protocol.

As the AWG-KP opens in Doha, a number of substantial and important issues are up for discussion. **The business community hopes—and expects—to see the following outcomes in Doha under the KP process.**

First, a [Second Commitment Period of the Kyoto Protocol](#) must be dealt with and agreed-upon by Parties to the Convention in Doha. Finalizing the Kyoto's Second Commitment Period and closing its working group is of great importance to business, industry and the international carbon market.

Over the coming days, we hope to see Parties devote efforts to resolving key outstanding questions surrounding a Second Commitment Period, including: carryover; length; offset use; and implementation. These efforts must be guided by a collaborative spirit, which leads to clear



resolutions while avoiding new areas of debate on issues to which Parties agreed in Durban. Differences amongst previously stated and planned QUELRO's by Annex 1 Parties must not drag on in Doha as they have done so in previous meetings. This point must be communicated effectively and agreed-upon by Parties so that it can be adopted as an amendment to Annex B of the Kyoto Protocol.

Second, we hope [Parties agree to widened access to Kyoto market mechanisms](#), including the CDM, from 1 January 2013, so that eligibility of CERs includes broader potential demand sources than those resulting from the Marrakech Accords. Broader access to Kyoto mechanisms will help relieve today's shortage in demand for CDM and JI. However, we all recognize that **much more** is needed in terms of raising ambition by Parties to solve the long-term imbalance in supply and demand in the current Kyoto-drive carbon market. Widening access to the Kyoto market mechanisms will ensure that the CDM can absorb what little more demand there is in the marketplace than what currently exists.

Third, we encourage Parties to consider [establishing a CDM Reserve Facility](#), a key recommendation from the CDM High Level Policy Dialogue this year. Such a Facility would provide a framework for investors to make commitments that contribute towards international or domestic targets, as this will provide the overall market time and support to allow necessary reform and scaling-up of the CDM to be implemented. Please take note of this recommendation and others from the Policy Dialogue, as business and industry largely supports their efforts.

We deeply hope to see your efforts in Doha lead to heightened private sector engagement and confidence in market-based mechanisms, so large financial flows will be deployed through these channels when more ambitious reduction targets are in place.

Business and industry is standing by and ready to take action, once a clear political consensus has been agreed upon by you here in this great city of Doha.