Thank you Chair,

I am speaking today on behalf of business and industry.

In its 2011 World Energy Outlook the IEA states that immediate, drastic changes to energy and industrial policies are needed if we are to limit climate change to the agreed 2 degree target. It goes on to state that "The door to reach two degrees is about to close. In 2017 it will be closed forever,"

The window of opportunity to mitigate rising fossil fuel use in the developing world [cited by the IEA as an area of particular concern] and move the developing world onto a low carbon pathway is closing. To grasp this opportunity requires a huge investment and a huge change to the way that we invest. Again the IEA estimates that in 2010 subsidies on fossil fuels rose 36% to US$409 billion, in comparison to a 10% increase in subsidies for renewable energy which it estimates now account for US$66 billion.

Against this backdrop there is a clear need for positive signals to emerge from this meeting that builds on the international architecture that can deliver higher ambition, and limit average global temperature rise to no more than 2 degrees Celsius as agreed in the Cancun Agreements.

It is of paramount importance for the private sector to have visibility of the mechanisms that will help redress the balance in favour of clean development. In this context maintaining and improving the common accounting rules that underpin the concept of CO_2e units is critical. These rules are at the core of mechanisms established in the Protocol. Without a credible concept of CO_2e units it is difficult to see how incentives can be designed to encourage the private sector to finance mitigation activities.

To date the most successful mechanism that the parties to the UNFCCC have created is the Clean Development Mechanism, however investment in the CDM has of late been falling away. The World Bank estimates that from a high of US$7.4 billion in 2007 investment in the CDM has fallen away to US$1.5 billion in 2010.

This has happened for a variety of reasons, including the macro economic picture, delays or indefinite postponement of domestic action and also an increase in the level of political risk associated with the CDM.

Whilst the negotiators present in this room cannot solve the macro economic picture, nor the domestic politics that they face on their return home, they can act to greatly reduce the political risk that has become associated with the Kyoto Protocol’s flexible mechanisms.

We therefore urge the parties present today to do just this and act to ensure the future of the institutions, accounting rules and capacity created by the Kyoto Protocol.

Private sector money can and has flowed into climate mitigation. One of the crucial steps to ensuring that it can continue to do so at the scale required be it via the CDM, the GCF or any future mechanisms is for the parties to demonstrate their commitment to already established and functioning mechanisms. If there is no meaningful outcome here in Durban the private sector’s confidence in the work of Parties will be lost, and along with it, the potential to effectively engage the private sector in any future mechanism.

The legal status of the CDM post-2012 must be ensured by a decision of the Meeting of the Parties (MOP, combined with the COP, i.e. the CMP7) in Durban to ensure the continued and improved operation of the flexible mechanisms. Failure to do so will result in further flight of capital from both established and future mechanisms.

It is in your power to prevent this from happening.

Thank you.