



Towards Carbon Pricing in the G20

The Business 20/Civil 20/Think 20 Climate and Energy Working Groups
Joint Statement for a Sustainable Energy Transition

CARBON MARKET PLATFORM - 2ND STRATEGIC DIALOGUE
Rome, September 27th 2017

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Climate, Energy and Green Finance 2017



The landmark Paris Climate Agreement is irreversible

Trump aside - Business and finance communities are getting ready and asking for reliable, long-term frameworks

Urgent action is needed, and the next years are essential

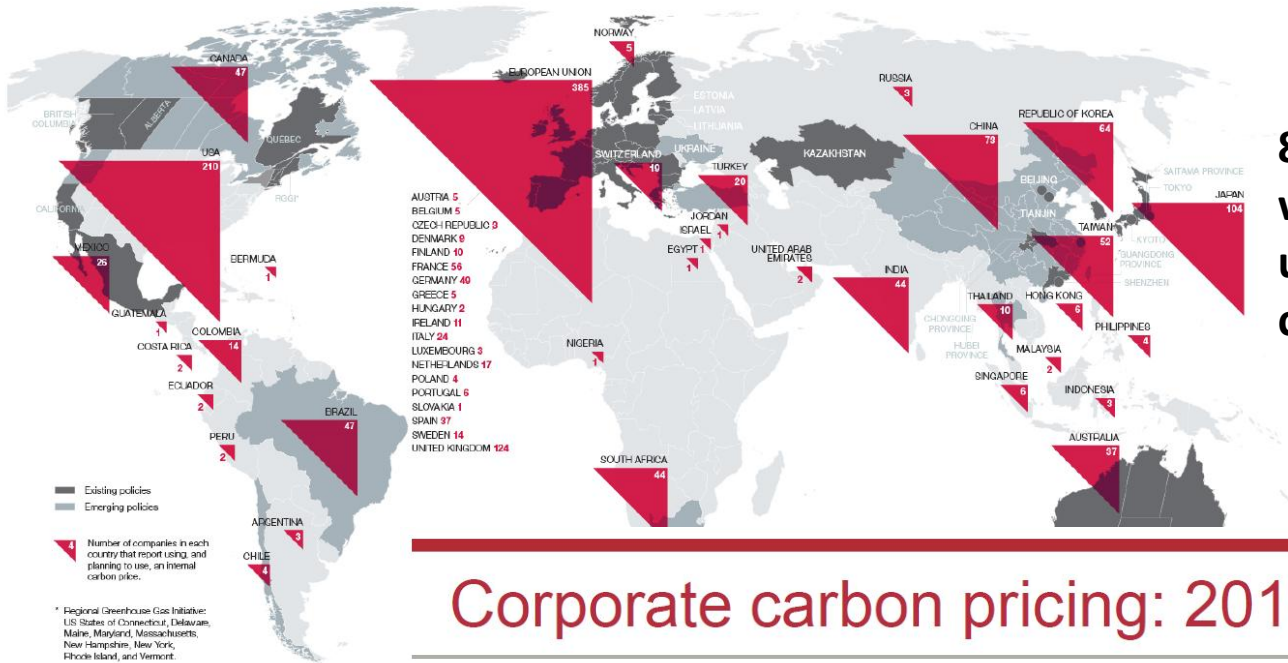
→ Carbon Pricing is an essential part of the policy mix

Ambition Mechanism in the Paris Agreement



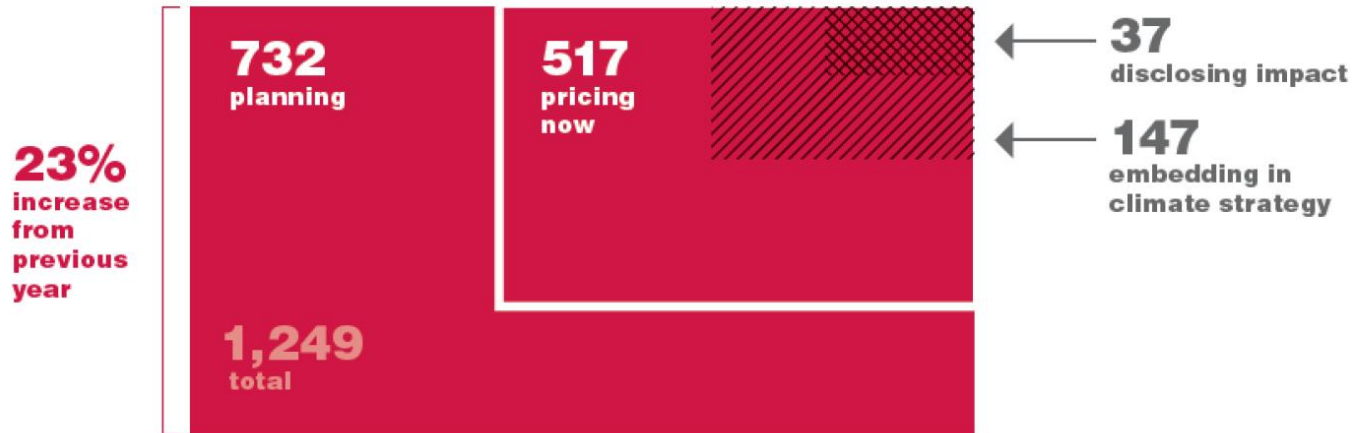
Policy and corporate carbon pricing

Where companies are using an internal carbon price and where carbon pricing policies currently exist or are emerging



827 institutional investors with 100 trillion USD assets under management request carbon reporting (2016)

Corporate carbon pricing: 2016 numbers



Carbon pricing and financing of low-carbon and sustainable infrastructure



BDI

Bundesverband der
Deutschen Industrie e.V.

A joint initiative by



Mercator Research Institute on
Global Commons and Climate Change

Common ground:

- **End negative CO2 prices** - phase out fossil fuel subsidies with a concrete end-date
- **Introduce (positive) CO2 prices** – G20 roadmap for regionally differentiated (CBDR) CO2 prices, rising and converging over time
- Agree on a system of **broadening and deepening** CO2 pricing, to raise the price level and cover more sectors
- **Use revenues** for financing sustainable, low-GHG infrastructure in line with the SDGs, limit the burden on vulnerable populations and create political support

Germany's G20 presidency in 2017 – an opportunity



- Gathering forces between industry association, NGO and research institute
- Carbon Pricing no one-size-fits-all solution - but coordination of nationally suitable solutions and international cooperation are key



Joint Side event @COP22

- Initiative to encourage G20 leaders to develop their bespoke carbon pricing mechanism whilst working together with other nations
- **We also each had a leading role in the engagement processes of Business 20/Civil 20/Think 20 and feed our ideas into the G20 process**



BDI

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Deutschen Industrie e.V.



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MCC

Mercator Research Institute on
Global Commons and Climate Change



GERMANWATCH

The 2017 G20 Structure

G20 Germany - Working Structure

SHERPA TRACK

G20 Leaders
Summit

WORKING GROUPS

- Sustainability
 - Climate
 - Energy
- Anti-Corruption
- Development
- Employment
- Trade & Investment

FINANCE TRACK

Finance Ministers
Meeting

WORKING & STUDY GROUPS

- International Financial Architecture
- Strong, Sustainable, Balanced Growth
- *Green Finance*

Compact with Africa
Investment Initiative

ENGAGEMENT GROUPS

- Business 20
- Labour 20
- Think 20
- Women 20
- Civil Society 20
- Science 20

OTHER MINISTERIALS

- Agriculture
- Labour
- Trade
- Health
- “Digitization”
- Foreign Affairs (informal)

G20 Engagement Groups

- 7 official stakeholder groups: Business, Civil Society, Labor, Science, Think Tanks, Women and Youth 20
- Led by representatives of large networks/associations of the presiding country
- Access not formalized, depends on presidency, more established for business (and labor) 20
- Structured in working groups/task forces with tens to hundreds members from across G20 and beyond each
- e.g. C20 Climate and Energy Group, ~ 150 members, chaired by
 - CAN International (representing 1100 CSOs from 120 countries)
 - Climate-Alliance Germany (representing > 100 German churches, unions, youth, development and environmental NGOs)

B20 Energy, Climate & Resource Efficiency Taskforce

Chair Kurt Bock, CEO, BASF	
Co-Chairs Elmar Degenhart, CEO, Continental Francesco Starace, CEO, Enel Xabier Etxebarria, CEO, Gamesa Dany Qian, Vice President, Jinko Solar	Aldo Belloni, CEO, Linde Peder Holk Nielsen, President and CEO, Novozymes Joanne Farrell, Group Executive Heat Health, Safety & Environment, Rio Tinto
Knowledge Partner Boston Consulting Group	Network Partners International Chamber of Commerce Global Business Coalition

The taskforce consists of 97 members from 23 countries (including the category "international").



e.g. BHP Billiton,
BP CHINA,
Confederation of
Indian Industry.
Royal Dutch Shell,
National
Confederation of
Industry – Brazil,
Russian Union of
Industrialists and
Entrepreneurs
(RSPP), Tata Steel,
REPSOL, S.A.,
TURCAS
PETROLEUM,
Umicore,
ThyssenKrupp AG

C20 Working Group on Sustainability (Climate and Energy)

Recognising G20 countries' responsibility for approximately 80% of global greenhouse gas (GHG) emissions, we call on all G20 countries to adopt the following provisions to address the risks posed by climate change to *people, planet and prosperity*, and to seize the opportunities for sustainable development and modernization of their economies offered through ambitious climate action and collaboration.

1. Commit to rapid and robust implementation of the Paris Agreement and related agreements.

The G20 should:

- a) Recognize that current actions are insufficient to reach the goal of limiting global warming to 1.5°C above pre-industrial levels
- b) Take immediate steps to reduce emissions in line with the Paris Agreement, including efforts to limit global warming to 1.5°C above pre-industrial levels, and to address inadequate Nationally Determined Contributions (NDCs) currently in force
- c) Reduce fossil fuel use towards their complete phase-out, including a commitment to 100% renewable energy provision, halt deforestation, and increase forest cover
- d) Commit to ratification of the Kigali Amendment of the Montreal Protocol, and resulting increased short-term climate ambition in their revised climate pledges



www.G20-insights.org

G20 INSIGHTS



A Climate for Change

Embracing the Transition towards Energy-Efficient, Climate and Resource-Friendly, Competitive Economies

B20 TASKFORCE
ENERGY, CLIMATE AND RESOURCE EFFICIENCY
POLICY PAPER 2017

Co-Chair Brief
Task Force: Climate Policy and Finance

Towards a comprehensive approach to climate policy, sustainable infrastructure, and finance

Céline Bak, Centre for International Governance Innovation (CIGI)
Amar Bhattacharya, The Brookings Institution
Ottmar Edenhofer, Mercator Research Institute on Global Commons and Climate Change (MCC)
Brigitte Knopf, Mercator Research Institute on Global Commons and Climate Change (MCC)^a

March 16, 2017





B20, C20 and T20 Climate and Energy Working Groups: Statement for a sustainable energy transition

Key asks in joint statement to the G20:

- 1) Take the lead in implementing the Paris Agreement
- 2) Price carbon and phase-out (inefficient) fossil fuel subsidies
- 3) Enable financial markets to deliver on sustainable development

Today's challenges are global in nature and require coordinated solutions. The G20 is an important forum for international economic cooperation. It represents about two thirds of the global population, more than three quarters of global GDP, and is responsible for approximately 80 percent of global energy use and CO₂ emissions. Given its role, we call on the G20 to step up and adopt three main provisions to seize the opportunities offered through ambitious climate action and collaboration and support climate resilience, especially of the poorest and most vulnerable populations and countries.

First, the G20 should take the lead in implementing the Paris Agreement. All G20 governments should support the UNFCCC in developing an effective Paris rulebook and submit (revised) Nationally Deter-



#WORLD NEWS MARCH 21, 2017 / 4:21 PM / 6 MONTHS AGO

Business leaders urge G20 to put climate change back on agenda

Reuters Staff

2 MIN READ





B20, C20, L20, T20, W20, Y20, F20

Statement on the Withdrawal of the United States from the Paris Climate Agreement

We call for responsible leadership and long-term frameworks

Climate change represents one of the largest risks to sustainable development, gender equality, inclusiveness, equitable economic growth, and financial stability. To curtail climate change, we need fast and ambitious global action. Therefore, we, the Chairs of the Climate and Energy Taskforces of the G20 Engagement Groups Business 20, Civil 20, and Think 20 as well as the Engagement Groups Labor 20, Women 20 and Youth 20 – together with the Foundations 20 –, consider the decision of the U.S. Government to pull out of the Paris Climate Agreement as very short-sighted and irresponsible. This decision not only ignores the reality of climate change and the opportunities of an international framework for the necessary transformation but also undermines the standing of the United States as a reliable partner in solving global problems. Ignoring the threat posed by climate change endangers a sustainable future for today's youth and coming generations. Today's challenges are global in nature and require coordinated solutions and international cooperation. We need globally agreed upon targets and frameworks – like the Paris Agreement and the UN's Sustainable Development Goals (SDGs) – to transform huge challenges into opportunities and to create a perspective for innovation, decent jobs, and a vivid civil society.

While we welcome constructive suggestions on how to implement the Paris Agreement, the UNFCCC and many countries have made clear that the agreement cannot be renegotiated. We agree with this and strongly encourage the United States to stay in.

We ask for a clear signal by the remaining G20 members

Joint response by
Business 20, Civil 20,
Think 20, Labor 20,
Women 20, Youth 20 and
Foundations 20.

F20 is a new initiative
uniting philanthropic
foundations from across
G20 countries, such as
TATA Trust, Rockefeller
Foundation, AVINA ...

Way forward...



- Hamburg outcome success given the circumstances
- Next presidency important for implementation of the G20 Climate and Energy Action Plan –
- But also progressive alliances!



Ambassador Pedro Villagra Delgado
G20 Sherpa
Esmeralda 1212, 9th Floor
1007 Ciudad Autónoma de Buenos Aires
Argentina

22 August 2017

Dear Ambassador Villagra Delgado,

We, the Chairs of the Climate and Energy Taskforces of the G20 Engagement Groups Business 20, Civil 20, and Think 20, as well as Labor 20 and the new platform Foundation 20, would like to thank you for your hard work during this year's G20 cycle and the progress you have achieved. Now the baton will be passed to you to guide the G20 process in continuously uncertain times and we would like to offer our support.

Climate change represents one of the largest risks to sustainable development, inclusiveness, gender equality, equitable economic growth, and financial stability. To curtail climate change and cope with its impacts, we need fast and ambitious global action.

Therefore, we welcome the clear signal of 19 of the G20 members in the Hamburg Leaders' Declaration

Conclusion

- Unprecedented cooperation between all Engagement groups and access facilitated by Germany
- Language on carbon pricing is very weak, but forward looking action items exist
- Will keep cooperating and pushing in the G20
- Frontrunner - Clubs and Platforms are really crucial now
- Cooperation with labor unions and other networks on national and regional level key

...to installing carbon pricing mechanisms that are efficient as well as effective!

Thank you for your attention!

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