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• Economic growth and environmental protection are fully compatible. Technological change can be a tool for sustainable development.
Action on climate change opens business opportunities:

- Access to growing national and export markets for low carbon goods and services, and for clean technologies.
- Participation in relevant adaptation and mitigation projects (e.g. renewable energy).
- Opportunities for increased efficiency and reduced costs.
- Opportunities to develop clean technologies.
• The private sectors of Mexico and other developing countries have received benefits of global action, for example through the Clean Development Mechanism (CDM).
  - We need to make this system more agile, reducing transaction costs, and ensuring it is accessible to more countries and sectors, and to projects of a smaller scale.

• Immediate action on climate change is important. Large sectors of our populations and economies, and those of our respective regions, are highly vulnerable to the effects of climate change.
  - Climate-sensitive sectors (agriculture, forestry) are of central importance to developing countries’ development efforts, particularly in rural areas.
  - Dealing with changes in the monsoon flow and rain patterns (floods and droughts) and the recession of glaciers requires significant investment.
  - Rising sea levels affect coastal areas. Increased extreme weather events cause human and economic losses, and lead to more frequent relief operations by local and national authorities.
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The private sector can greatly contribute to a global agreement:

• Providing technical expertise, sharing best practices, and identifying key issues.

• Underlining the importance of constructing a broad and balanced agreement, and supporting the negotiating process.

  • International enterprises and organizations can promote the benefits of reaching decisions that lead to immediate action in as many countries as possible.

• Coordination and cooperation with the public sector is mutually reinforcing.

  • Mexico has adopted ambitious aspirational targets on emissions reduction that require broad domestic, regional and international coordination and willingness to build partnerships.
Private sector representatives have expressed the need for:

- Clearer long-term emissions commitments from governments.
- Guaranteed national and international public support for technological research, development and diffusion (RD&D) on adaptation and mitigation.
- Commitment to an agenda on energy efficiency, including through new policy instruments such as energy efficiency certificates.
- Commitment to market mechanisms and to a more accessible Clean Development Mechanism.
- Clear and practical national and international measurement, report and verification (MRV) mechanisms for mitigation efforts.
• Mexico is promoting greater dialogue with national and international enterprises towards COP16, and beyond. A first “Public-Private Sector Dialogue on Climate Change” was held on July 15-16 in Mexico City.

  • Three additional thematic meetings (financing, carbon markets and technology) will take place before Cancun.

• A business exhibit on technology will take place in Cancun: Green Solutions. The active participation of the private sector is key for developing sustainable long term action and innovative solutions (including R&D).
Mexico recognizes the importance of these negotiations for the private and public sectors, as well as the need for a clear and predictable framework for investment.

- Greater visibility and comparability of the domestic efforts already being carried out by countries such as Mexico and India with their own resources is very important.

Objectives of the negotiation:

- Promote sustainable development through a transition to low carbon economies that will increase the well-being of our societies.

- On the basis of the Convention and the Kyoto Protocol, adopt a broad and balanced set of decisions that set the framework for immediate action.
  - We must facilitate access to technology, capacity-building and financing for mitigation and adaptation.
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Status of the negotiations:

• The working groups have made progress:
  • Discussions at the June and August sessions were positive, structured, and focused.
  • Important issues remain, but work is now focused on a “parties’ negotiating text”.
  • Methodology has improved. Greater flexibility based on UN experience will be critical to the process.

• There is little time to overcome the central issues that remain to be solved.
  • A final meeting of the working groups before Cancun will take place in October.

• Mexico fosters an inclusive and transparent negotiating process. We have given a high priority to confidence-building among the parties and in the process.
  • Informal consultations have taken place, and will continue to take place, as contributions to the formal process.
  • Mexico is also working with local and international civil society organizations and other constituencies.
Areas of progress:

• Adaptation: Broad recognition that actions in developing countries require the full support of developed countries. Convergence on an institutional framework (advisory or subsidiary body) to contribute to these national efforts.
  • The link to the chapter on financing must be worked out.

• Transfer of Technology: Convergence on the need for regional centers to promote the transfer and development of technology for mitigation and adaptation, as well as on guidelines for North-South and South-South cooperation.
  • Progress is needed on the link to financing and on issues related to intellectual property rights.
Areas of progress:

- **Fast start financing**: Developed states agreed in Copenhagen to provide up to 30 billion dollars between 2010 and 2012. Specific commitments for around 28 billion have been made.
  - Transparency on the allocation of those resources before Cancun will be very important. A website will soon be launched (www.faststartfinance.org).
  - An understanding on the follow-up of these commitments would bring certainty.
  - Ensuring access for small and highly vulnerable States remains a priority.

- **Long-term financing**: Growing agreement on the need for an institutional architecture that could be based on a Green Fund, with an Executive Board, a Secretariat and a Trustee.
  - Participating institutions yet to be defined.
  - The UN High-Level Advisory Group on Climate Change Financing to play a central role in identifying viable sources of funding.
Areas of progress:

• **REDD**: Convergence on a mechanism to develop projects on the forestry sector in developing countries, with different sources of financing and taking into account the rights and interests of the local populations.

• **Capacity building**: Seen as a crosscutting issue.

• **Agriculture**: Opportunity to address the links between food security, poverty alleviation and climate change. Securing the necessary crop yields is of central importance.
Challenges:

• Defining a long-term goal (e.g. below 2°C), to be reviewed based on science.

• Mitigation: Recent progress must be consolidated, seeking at the same time to increase the level of ambition of every State in order to meet the goal.
  • Developed countries must adopt ambitious commitments, with transparent comparable parameters.
  • Developing countries must also act, according to their capabilities, under schemes that generate confidence.

• Measurement, reporting and verification (MRV) and international consultation and analysis (ICA). An agreement is needed to follow up on mitigation efforts. MRV of the transfer of resources and technology is also required.

• Additional and predictable sources of finance, both public and private, and understandings on the role of markets and new mechanisms.
Perspectives:

- In Cancun the institutional architecture and a number of concrete measures that are necessary to achieve the enhanced implementation of the Convention and the Kyoto Protocol may be agreed upon.
  - Without necessarily sacrificing the level of ambition or the agreed core principles, there is a need to be pragmatic.
  - The focus should remain on substantive issues, beyond the legal form of the outcome.

- An ambitious outcome in Cancun would be of great benefit to all Parties.
  - Global responses to climate change will support national and regional efforts.
  - Clear rules and greater predictability are essential for central participants of the global economy.
  - A successful negotiation will underscore the importance of the multilateral system.

- An ambitious outcome in Cancun requires all countries’ sustained political guidance and support.
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• Mexico is working with local and international NGOs, as part of the effort to generate an inclusive negotiating environment.

• Meetings have taken place to follow-up on the required steps to move forward, generate valuable input for the negotiation process, and ensure civil society participation in the Conference, side events, and beyond.

• Thematic fora on financing, mitigation, forests, adaptation and energy have taken place and will continue. A broader dialogue has been fostered along multilateral conferences and events convened by other stakeholders (i.e. meeting in Cochabamba, Bolivia).