



**Carbon Expo 2014
Cologne, Germany
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**Statement made by Christiana Figueres, Executive Secretary
United Nations Framework Convention on Climate Change**

Friends and Colleagues,

Let me start by thanking the tried and true co-organizers – IETA, the World Bank and Koelnmesse – for the opportunity to speak at Carbon Expo 2014.

This Carbon Expo arrives at a unique moment in international climate talks. Last November in Warsaw, governments agreed to determine their national contributions to the new, universal climate agreement slated for 2015.

Now, governments are thinking about what they're going to contribute. How ambitious they are prepared to be. What kind of deal are they going to sign up to. And now... business and industry is more critical than ever for achieving the most ambitious deal.

Markets play an important role in engaging private sector investment and entrepreneurial mitigation.

We are moving from a world where markets concerned a limited group of countries under the Kyoto Protocol, to a world where markets are the preferred policy for countries, regions and organizations to curb emissions.

Now we need market instruments to support an ambitious climate agreement and an agreement that supports coherent and effective use of markets, an agreement where many different approaches allow stakeholders to participate fully and effectively.

While governments do their homework for Lima, the private sector moves faster and farther towards business models that fit with a low-carbon and highly resilient economy. Just take a look at what's happening.

We see more than 500 climate change laws in 60 countries, covering 80% of emissions. We see emission reporting increasing and improving, revealing where easy mitigation lies.

We see investment and finance flows showing growing recognition that fossil fuels assets may be stranded, driving down portfolio values. We see large institutional investors diversifying into climate smart investments and responding to calls for divestment. We see the green bond market growing exponentially along with understanding of climate-related risk.

We see innovative approaches to financing clean and green technology and the cost of many climate friendly technologies falling fast. We see forestry assets being used to develop market instruments.

Forward-thinking businesses are not hesitating. Corporations and industry associations are making their own commitments to reduce emissions. Momentum towards the low-carbon economy is building.

To accelerate this momentum we need a stable and substantial global price on carbon. When it costs more to be a high-emitter, low-carbon options will win out.

Market instruments are essential to expanding this concept so that emitting has a cost wherever it happens. By 2020 the cost of greenhouse gas emissions must simply be a part of the cost of doing business.

The need for an effective carbon price is so obvious; even large oil and gas companies now apply shadow pricing on carbon. The price they apply tells us everything – 60 to 80 euros per tonne CO₂.

Think about what it means when the companies that stand to lose most from global society addressing climate change apply carbon costs that exceed the current CER price by twenty thousand percent (from 0.30 cents to 60 euros per CER) .

Markets thrive where there is sufficient ambition. Investors and project developers can build a market or financial instrument out of almost anything. The private sector can show that markets can work for adaptation too. The Green Climate Fund is mobilizing for that purpose.

There are many opportunities.

But, some do not yet see the value of carbon markets or private investment in clean energy as part of the answer to climate change. If you, here today, want a global deal that incorporates and recognizes the value and innovation of business, you need to speak louder and more coherently to your peers and your parliaments.

You must use this critical time to articulate your views and increase your involvement. Government and the private sector must know what carbon market actors need to make markets effective instruments that curb emissions and drive the economy ever faster towards zero net carbon.

We must also face a real risk. That risk is that green business and green industry will, in frustration, turn their back on the global climate process entirely. Many view the international climate process as too slow and cumbersome to deliver the long term horizon that serious investment needs.

I ask you not to turn your back, not to give up.

I ask green business to lead, and to teach. Share what you know with government representatives, especially where green business is less well understood. Show governments that you are leaders, show how you are revolutionizing the economy.

By doing this, you lead the way to greater ambition, greater opportunity and more cost-effective mitigation. Take the time to educate and explain.

Today, I ask you to use the expertise you already possess to design the appropriate instruments to capture the value of business in the global climate regime.

I ask you to actively support the ongoing negotiations and efforts to develop the framework for various approaches.

I ask you to work toward a 2015 agreement that is a strong foundation for incentivizing the full potential of the private sector to contribute to a low-carbon and highly resilient world.

Finally, I ask you to encourage governments to be ambitious, in the confidence that business can and will be equally ambitious.

I have many requests, many asks of you. In particular, I ask you to lead. And I know leading is not easy.

But the last years have not been an easy road to travel for the carbon markets, so those of you here know what a hard road looks like. And you are still here and you are still travelling it.

You have a big and important task ahead. Between now and Paris the full potential of private investment must be communicated to governments, and nobody can do that better than you.

Governments that want to capture the potential of low-carbon investment to allow an ambitious Paris agreement need to understand what you are doing, what you can do, what ambition you can bring and what you need to be able to bring it. Use the Secretary General's Summit in September to make yourselves heard.

There can be no paradigm shift without you. There can be no new economy.

With the road to 2020 foremost in your mind, I wish you a fruitful and innovative conference.

Thank you.