



Carbon Pricing Leadership Coalition: Official Launch Event and Work Plan



**CARBON PRICING
LEADERSHIP COALITION**

30 November 2015

Le Bourget, COP21, Paris

The Carbon Pricing Leadership Coalition (CPLC) officially launched on November 30, 2015, the opening day of the United Nations Framework Convention on Climate Change 21st Conference of Parties (COP21) meeting in Paris, France. The launch was attended by ministers, CEOs, civil society and international organizations.

The CPLC launch was followed just hours later by the extraordinary appearance on stage together of the heads of state and governments of France, Germany, Mexico, Chile, Ethiopia and Canada, who joined **World Bank Group President Jim Yong Kim** and **Secretary General of the OECD Angel Gurría** in calling for carbon pricing as a means of driving investment for a cleaner future.

Twenty-one governments and **more than 90 business and strategic partners** have thus far joined the CPLC, and the launch—one of the first deliverables of COP21—drove strong commitments and offers of support from a number of leading organizations.

The meeting opened with a welcome from International Emissions Trading Association CEO Dirk Forrister and remarks from World Bank Group President Kim. Dr. Kim praised the hard work of Partners in the room to lift carbon pricing onto the global climate agenda in a meaningful way that is now spurring new ambition and leadership from both governments and the private sector.



“The Carbon Pricing Leadership Coalition is offering a critical new service: Facilitating a dialogue among leaders and among business and government on the tough political issues related to carbon pricing policy.”

*—Rachel Notley, Premier
Province of Alberta*

Growing Momentum to Price Carbon Emissions

This success marks a remarkable change from even a year and a half ago, in the months before U.N. Secretary-General Ban Ki-Moon had invited businesses, non-profit organizations, cities and many others outside of the climate change negotiations to catalyze action by coming to a Climate Summit in New York. At that time, world leaders along with progressive businesses and investors were weighing pledges and statements that they could put forward to demonstrate that they were serious about combatting climate change. Carbon pricing was not high on that list—it was largely seen as a policy that had achieved mixed results.

Fast-forward to the summit in September 2014, where World Bank Group President Kim announced that over 1,000 businesses, 74 national governments and over 20 cities and states backed more aggressive action to price carbon.¹ Coming out of this show of support at the Summit and leading up to COP21 in Paris, there has continued to be a growing chorus of calls to price carbon, and governments around the world are advancing new and existing policies to put in place pricing mechanisms.

Currently, about 40 countries and over 20 cities, states, and regions are putting a price on carbon pollution. Together, these carbon pricing instruments cover the equivalent of some 7 billion tons of carbon dioxide, about 12 percent of annual global greenhouse gas emissions.² This is already a threefold increase over the past decade, and with the inclusion of China's recently announced national ETS the share of global emissions covered will grow to 25 percent.

Momentum to take action to price carbon is clearly growing. Since 2012, the number of implemented or scheduled carbon pricing instruments nearly doubled, and those implemented now have an aggregate market value of about \$50 billion. For Paris, more than 90 countries signaled they will use market-based instruments to price carbon to reduce emissions. Countries will establish carbon prices that reflect their national circumstances and help them to implement their NDCs.

¹ <http://www.worldbank.org/en/news/feature/2014/09/22/governments-businesses-support-carbon-pricing>.

² World Bank Group (2015): State and Trends of carbon Pricing 2015.

“We need more governments and more businesses to act and put a price on carbon pollution now. Action must accelerate significantly for the world to meet international climate goals.”

*—Dr. Jim Yong Kim,
President, World Bank Group*

Effective Carbon Pricing Transcends Public and Private Sector

Research economists and policy-makers agree that carbon pricing effectively provides a “triple dividend”: It is good for the environment; it raises revenue efficiently, making it possible to reduce more distortionary taxes; and, it drives innovation and critically needed investments in clean and low-emission technologies, as well as in energy efficiency.

Many government leaders consider carbon pricing to be effective fiscal and environmental policy. Last year, Chile approved a national carbon tax to begin in 2017. In January this year, South Korea launched an ambitious carbon market. The Canadian provinces of Ontario and Manitoba are joining California and Quebec in their ETS, and Alberta has just announced a new carbon tax. China has launched pilot emissions trading systems in seven cities and provinces, and recently announced plans for a national emissions trading program starting in 2017.

Another important reason to act, as highlighted by World Bank Group President Jim Kim in his opening remarks at the CPLC Launch and underscored by the representative from Ethiopia, is the link between addressing climate change, ending poverty, and furthering sustainable development. Dr. Kim spoke of the imperative to address poverty together with action on climate change and highlighted that pricing carbon is a key step that has growing public and private support, with more leaders showing the way in successfully pricing carbon and maintaining economic growth.

Announcing that Ethiopia is joining the CPLC, **Dr. Belete Tafere, Advisor to the Prime Minister**, made the compelling case that for countries like Ethiopia, that suffer from the adverse impacts of climate change, it is paramount to bring global carbon emissions to bay through effective policy instruments.

Canada Demonstrates National and Sub-national Leadership

The Coalition was honored to welcome the newly appointed **Canadian Minister for Environment and Climate Change, Catherine McKenna** to the Launch Meeting, where she was joined by the Provincial Premiers of Alberta, British Columbia, Ontario and Quebec. Ms. McKenna announced that the Canadian federal government has officially joined the CPLC. She also presented plans for strong federal-provincial coordination and leadership on carbon pricing going forward. The four Canadian Provinces represented have all demonstrated success in pricing carbon emissions within their jurisdictions and continue to raise ambition to tackle climate change:

- **Alberta – Premier Rachel Notley** addressed plans to increase Alberta’s carbon levy on large industrial emitters on January 1st 2016 from its current C\$15 per ton to C\$20, rising to C\$30 in 2017. Also in 2017, carbon pricing will be applied across all sectors of the economy starting at \$20 per tonne, moving to \$30 per tonne in 2018. This will include emissions from transportation and heating fuels which will be priced at the distributor and importer stage.
- **British Columbia – Premier Christy Clark** spoke about the effectiveness of British Columbia’s revenue-neutral carbon tax, which directs the C\$30 per ton of CO₂-equivalent charged back to taxpayers through lowered personal and business income taxes and into targeted support for low-income individuals and families.
- **Ontario – Premier Kathleen Wynne** outlined options for Ontario’s future Cap and Trade Program, scheduled to begin in 2017, with proposed linking to the California-Quebec system starting soon thereafter. The Cap and Trade Program will contribute towards Ontario’s goal of cutting emissions to 15 per cent below 1990 levels by 2020, 37 per cent by 2030 and 80 per cent by 2050.
- **Québec – Premier Philippe Couillard** stated that, as a Partner government of the CPLC, Québec, which implemented its cap and trade system for greenhouse gases in 2013, is committed to influencing the global agenda by sharing its experience in designing and establishing a carbon market.

“Pricing carbon, we believe, will send the much-needed market signal for the development of technologies and efficient production and use of resources. If pricing of carbon is to have the required effect, it must be sustained and well-designed.”

—Dr. Belete Tafere, Advisor to the Prime Minister of Ethiopia

Companies are increasingly taking action to price carbon even before governments initiate policy, finding that carbon pricing is an efficient policy instrument to reduce emissions and mitigate climate change. Currently, over a thousand businesses globally use an internal carbon price or plan to do so in the next two years.³ This is a substantial increase over the 150 companies that reported using a carbon price in 2014. The most rapid growth in corporate carbon pricing is happening in regions like China, Korea, and the EU, which either have pricing in place or have official plans to do so. By acting now, these forward-leaning companies are ‘climate proofing’ their business models to be first movers in clean energy solutions.

Translating Support into Action: The Carbon Pricing Leadership Coalition

While global momentum and support for action to price carbon is encouraging, current price levels and coverage will not put the world on a 2 degree Celsius

³CDP (2015): *Putting a price on risk: Carbon pricing in the corporate world.*



“ENGIE has put a price on carbon to drive its investment decisions: generalizing carbon pricing is crucial to drive and boost low carbon energy transition everywhere and preserve the planet.”

—Gérard Mestrallet, CEO, ENGIE

development pathway necessary to avoid the most devastating impacts of climate change. The majority of emissions (85 percent) are priced at less than US\$10 per ton of CO₂, which is lower than the price that economic models say is needed to meet the climate stabilization goals recommended by scientists.⁴

To help advance effective and well-designed carbon pricing systems around the world, the World Bank Group has helped launch and support the Carbon Pricing Leadership Coalition. The initiative brings together governments, businesses and NGOs with the objective to broaden the scope and pace of effective carbon pricing globally, from countries to sub-national jurisdictions like states and cities.

The Coalition helps leaders from government and business to build the evidence base for successful carbon pricing; to mobilize progressive business support; and to have a constructive dialogue, country by country, about how to put in place successful pricing policies. These interlinked goals, and the actions planned to achieve them, make up the CPLC Work Plan that was formally adopted at the Launch Meeting.

⁴World Bank Group (2015): *State and Trends of Carbon Pricing 2015*.



“A challenge for the CPLC is to work to ensure that price levels are high enough and applied broadly enough to achieve climate goals. WWF welcomes this new platform for civil society to enter into dialogue with governments and business on carbon pricing.”

—Marco Lambertini, Director General, WWF International

Building and Sharing the Evidence Base

The first of three pillars in the CPLC Work Program—Building and Sharing the Evidence Base—focuses on capturing the learnings from leading carbon pricing schemes around the world. The goal is to accelerate well-designed carbon pricing systems by allowing Partners to learn from and be inspired by one another—especially on how to address the tougher political issues that commonly arise when creating a successful carbon pricing system.

At the Launch, **OECD Secretary-General Angel Gurría** highlighted the organization’s engagement on carbon pricing and support for the Coalition’s work program. Earlier this year, the OECD, together with the World Bank Group and with input from the International Monetary Fund, developed a set of principles for successful carbon pricing that can help governments and business develop efficient and cost-effective instruments to put a price on the social costs of emissions.

The Coalition aims to capture best practices and lessons from Partners that have gained years of experience with various carbon pricing policies and

“The OECD is committed to continue building the evidence base and showcasing best practices! We join the collective call for all countries, businesses and members of civil society to put a big, fat price on carbon!”

—Angel Gurría, Secretary-General, OECD

“We believe that a price on carbon makes business and investors fully aware of the cost of emissions. It also makes carbon neutral alternatives more attractive. Therefore, I happily support the World Bank Group’s efforts—including the Carbon Pricing Leadership Coalition—with a grant of 2 million euros. We hope that this will help make carbon pricing a global reality.”

—Sharon Dijksma, Minister for Environment, the Netherlands

mechanisms. To this end, **Annika Markovic, Swedish Ambassador to the OECD**, highlighted Sweden’s long experience with carbon pricing, and success with implementing steadily rising carbon taxes while decoupling emissions from growth, offering to share the country’s experience and lessons learned.

Among the commitments made to lead the carbon pricing agenda through this action platform was a generous offer from the Netherlands to support World Bank efforts on carbon pricing and contribute financing toward parts of the CPLC Work Program, made by **Dutch Minister for the Environment Sharon Dijksma**.

Mobilizing Business Support

The Coalition’s second work pillar is Mobilizing Business Support. There have been extraordinary examples of leadership from business, both in the use of corporate carbon pricing and in actively engaging with governments to support well-designed carbon pricing policies. But we need more. We need to reach out to companies in the sectors and regions that are not already represented in our work and bring them to the dialogue.

At the Launch, representatives from Engie, Royal DSM and Total offered to help lead in mobilizing business support. **Engie CEO Gérard Mestrallet** highlighted how an internal carbon price has driven change within Engie’s business model, and Engie’s decision to discontinue investing in coal-fired generation in the future. **Feike Sijbesma, CEO of Royal DSM**, committed to maintain a robust internal carbon price, currently at €50/ton CO₂, when reviewing investment decisions and

“Forward-looking companies that help to shape climate policies will be the winners.”

—Feike Sijbesma, CEO, Royal DSM



pledged to help mobilize business support to help governments implement effective carbon pricing policies.

In addition, **Total Senior Vice-President for Sustainable Development & Environment Jerome Schmitt** highlighted the role of oil and gas companies in leading on carbon pricing through the ‘Paying for Carbon’ initiative and pledged to work via the CPLC to mobilize business and advance leadership dialogues. **Nigel Topping, CEO of the We Mean Business coalition**, offered continued⁵ contributions to development of carbon pricing research.

“We are delighted to be part of this unique initiative and excited to announce the launch of the Future Carbon Pricing Corridor initiative as part of the CPLC’s ongoing work. This will build on the Carbon Pricing Pathways work delivered by CDP and We Mean Business in the first phase of the CPLC to help investors, businesses and policy makers assess the level carbon prices will need to reach to ensure the ambition of Paris is fully implemented.”

—Nigel Topping, CEO, We Mean Business

⁵ Previous research includes *Carbon Pricing Pathways: Navigating the Path to 2C*, CDP and We Mean Business, 2015. Available at: www.cdp.net/CDPResults/carbon-pricing-pathways-2015.pdf.

Convening Leadership Dialogues

The final CPLC work area is Convening Leadership Dialogues. This is where the Coalition will take the evidence that it collects and combine it with pro-active business voices. Then the Coalition will work, jurisdiction by jurisdiction, to unpack each government's unique policy challenges and help them find solutions. To support this mission, several partners offered to convene these dialogues around the world.

- On behalf of the government of Mexico, the **Director General of the National Institute for Ecology and Climate Change, Dr. Amparo Martinez**, offered to host a dialogue on Mexico's carbon pricing policies.
- **Fernando Farias, Vice Minister of Environment for Chile**, invited members to a dialogue event in Chile in 2016.
- **Jochen Flasbarth, State Secretary for Environment of Germany**, extended Germany's offer to host leadership dialogues in 2016.

In addition, **Anirban Ghosh, Vice-President for Sustainability at India's Mahindra Group**, highlighted first steps being taken to price carbon in India through excise tax on crude and crude products and emphasized Mahindra Group's support for using carbon pricing as a key driver of innovation in business.

Through Leadership Dialogues and other outreach events, expected in Mexico, Chile, South Africa, India and elsewhere in 2016, the CPLC will maintain international momentum for carbon pricing among both governments and the private sector. All CPLC Partners, potential new Partners, and other interested stakeholders, are encouraged to mark their calendars for these events, and to get in touch with the CPLC Secretariat at the World Bank Group if your organization would like to contribute to organizing or participating in Leadership Dialogues on carbon pricing.

Driving Action Forward

The Inaugural Carbon Pricing Leadership Coalition High-Level Assembly will take place in April 2016 on the side of the World Bank and IMF Spring Meetings in Washington, DC. The High-Level Assembly will receive reports back from the first Leadership Dialogues, welcome new Partners, assess global updates on the state and trends of carbon pricing around the world, and identify opportunities to drive the global carbon pricing agenda through the Coalition's work program. Together, the Coalition's government, private sector and strategic Partners will drive action forward from Paris.

Heads of State Carbon Pricing Media Event

Following the Carbon Pricing Leadership Coalition Launch, the leaders of six countries stood on stage with the head of the World Bank Group and urged other nations and companies to put a price on carbon pollution. French President François Hollande joined Justin Trudeau, Prime Minister of Canada, Michelle Bachelet, President of Chile, Hailemariam Dessalegn, Prime Minister of the Federal Republic of Ethiopia, Angela Merkel, Chancellor of the Federal Republic of Germany, Enrique Peña Nieto, President of Mexico, World Bank Group President Jim Kim, and OECD Secretary General Angel Gurría in calling for carbon pricing as a means of driving investment for a cleaner future.

Chilean President Bachelet reminded people of the toll of carbon pollution stating that *"Cheap and dirty energy is not cheap for our people's health."* Canadian Prime Minister Justin Trudeau emphasized that *"it was no longer a choice"* between what's good for the economy and what's good for the environment, and spoke about British Columbia's revenue neutral carbon pricing system. President Enrique Peña Nieto highlighted that *"Mexico regards carbon pricing is an effective means of reducing greenhouse gas emissions and promoting the use of cleaner fuels."* As Ethiopian Prime Minister Dessalegn stated, *"We have a number of reasons to see that climate change is addressed... And there is already ample evidence carbon pricing can be cost effective."*



“We in the world of business are eager to innovate and invest in new green technologies that lead to a sustainable future for the planet. To do this effectively business needs long term thinking and better carbon pricing tools that are fair and transparent.”

—Anand Mahindra, Chairman, Mahindra Group

Carbon Pricing Leadership Coalition Founding Partners

Government Partners include:

- Alberta
- Belgium
- British Columbia
- California
- Canada
- Chile
- Ethiopia
- France
- Germany
- Italy
- Kazakhstan
- Mexico
- Morocco
- Netherlands
- Northwest Territories
- Norway
- Ontario
- Québec
- Spain
- Sweden
- Switzerland

Private Sector Partners include:

- Abengoa
- Acciona
- AGL
- AMATA
- AP4
- Arvind Limited
- Atmoterra
- Atos SE
- Bank Australia
- Barco NV
- BG Group
- BHP Billiton
- BP
- Braskem
- Broad Group
- BT Group
- Carrefour
- Cálidda
- CPFL Energia

- Cemex
- Commerzbank
- Danfoss
- Dalmia Cement
- DNVGL
- Ecotierra
- EDF
- Ekbd Consult
- Enagas
- Enel
- Engie
- Eni
- Ernst & Young
- Eskom
- Fortum
- Garanti Bank
- Gas Natural Fenosa
- Hindustan Construction Company
- IDEACarbon
- Ifigen Energy
- Keyassociados
- LafargeHolcim
- Mahindra Group
- Michelin
- National Bank Australia
- Natura
- NEAS Energy
- Nestlé
- Nouveau Energy Management
- Novartis
- Novozymes
- OHL Group
- Origin Energy
- Philips
- PG&E
- Royal DSM
- Saint-Gobain
- Schneider Electric
- Sekem Group
- Sindicatum
- Sinopec
- SkyPower
- Solvay

- Statkraft
- Statoil
- Suez Environnement
- SSE
- Shell
- Tata Group
- Total
- Unilever
- Veolia
- Visão Sustentável
- Zenith Bank

Strategic Partners include:

- BSR
- The B Team
- U.N. Global Compact
- CDP
- CEPS
- CERES
- Citizens' Climate Lobby
- The Climate Group
- Climate Leadership Council
- Climate Markets & Investment Association
- C2ES
- International Emissions Trading Association
- International Carbon Action Partnership
- International Monetary Fund
- Institutional Investors Group on Climate Change
- Japan Climate Leaders' Partnership
- World Economic Forum
- Organization for Economic Cooperation and Development
- World Business Council for Sustainable Development
- The Nature Conservancy
- WWF
- The Prince of Wales's Corporate Leaders Group
- We Mean Business
- The World Bank Group

For further information about the Carbon Pricing Leadership Coalition or for any questions, please contact info@carbonpricingleadership.org.



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