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Nordic businesses' expectations of the COP29 negotiations

- ✓ *Keep global climate action aligned with the Paris Agreement*
- ✓ *Initiate global trading mechanisms*
- ✓ *Set a global carbon price*
- ✓ *Leverage the circular economy as a key tool for reducing climate emissions*
- ✓ *Enhance the mobilisation of climate finance*

Nordic business supports the Paris Accord and the EU 2030 climate targets. While we support Europe's climate change leadership, climate change is a global challenge, and global cooperation is vital to solve it. The EU is committed to 2050 climate neutrality and ambitious paths to 2030 and 2040 to reach it. We support EU's leadership, and the EU must through well-crafted policies demonstrate that climate change and industrial competitiveness are mutually reinforcing. We urge the international community to follow suit with ambitious efforts to combat climate change. International cooperation will increase the speed and cost-efficiency of the green transition, which requires massive investments. Hence, a strong future-oriented and sufficiently ambitious agreement, with all countries in cooperation and trade, is crucial for further measures and our ability to fulfil them.

Keep ambition high

As concluded at COP28 in Dubai, it is evident that we are not on track to keeping the increase in global average temperature well below 1.5 – 2.0°C of pre-industrial levels. We call for the Parties to acknowledge this in the preparation of their updated NDCs to COP30. The EU will present a 2040 climate target as an obligation under the Paris Agreement during 2025 with a 2035 milestone included. We support this endeavour and encourage the EU to maintain its climate leadership. We both need measures towards 2040 and 2050, but we also must ensure that we implement our 2030 target. Everyone needs to implement concrete, transparent and reliable transition measures to have any hope of achieving the Paris goal and keep 1.5 °C alive.

Mobilise more climate finance

It is imperative that the momentum from the Global Stocktake Text is kept up at COP29, where countries will negotiate a new climate finance goal to replace the USD 100 billion goal from COP15 in 2009. Climate finance is the greatest enabler of climate action. Nordic business supports an ambitious climate finance goal that reflects the urgency and scale of the climate crisis. It will be crucial to mobilise significantly more climate finance from both public and private sources to get us back on track to what was agreed in the Paris Agreement. Nordic business urges public, private, and civil society stakeholders to collaborate in finding new, innovative ways to mobilise more climate finance, i.e. blended sources, which can help derisk private investments in mitigation and adaptation efforts.

Set a global CO2 price

Market-based solutions are urgently needed to set a global CO₂-price and to kick-start worldwide climate action. Europe established an Emission Trading System (EU ETS) in 2005 and more than 80 pct. of EU emissions will be covered by it in 2030. The system has proved to be a cost-effective



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mechanism to decarbonise industries. Hence, we urge that the COP29 resolution promotes market mechanisms, building on the promising and significant progress achieved in Katowice and in Glasgow. A simple, transparent, and legitimate market-based system must come in place as quickly as possible to kick-start market dynamics.

Phase-out or decarbonise fossil fuels with technology deployment

To align with the Paris Agreement, it is crucial that fossil fuels are phased out. This can be done through reducing emissions with measures addressed in the COP28 Global Stocktake text, such as increasing the rate of energy efficiency, scaling up fossil free energy capacity, and deploying hydrogen and power-to-x solutions. We also need to enhance our focus on avoiding and removing carbon from the atmosphere, especially in the hard-to-abate sectors. All carbon removal technologies must be acknowledged and incentivised, including both natural and industrial carbon removals. Remaining and decreasing emissions, under the agreed target of pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, must be subject to trade on a global market and a global carbon price. It will enable flexibility and cost-efficiency, incentivize decarbonization by supporting stronger business models, and accelerate carbon management solutions and technology development.

COP29 must operationalise Article 6.4

The operationalisation of the central mechanism under Art. 6.4 is long overdue. Business is impatiently waiting for the tool that will trigger climate finance and action. Further guidance on corresponding adjustments, the administrative infrastructure of the market mechanism and the rules for the supervisory body will be important. When in place, it will instil confidence needed to agree on systems for reporting and verification, initiating global market dynamics.

Leverage the circular economy as a key tool for reducing climate emissions

The circular economy needs to be prioritised as a key tool for reducing climate emissions globally. It is an integral tool to enable growth and economic development whilst staying within our planetary boundaries. While much circular progress is underway regionally and nationally in many parts of the world, there is substantial potential that still lies untapped in terms of global measures and actions. Negotiators at COP-29 need to ensure that the circular economy attains full recognition as an integral tool, building on the positive progress made at COP-28 in Dubai.

Ensure a global just green transition in line with the broader 2030 Agenda

The global green transition must be inclusive and integrate social, environmental and economic sustainability. It is imperative that the green transition is an enabler for sustainable development globally and that those most affected by climate change are included in the decision-making processes. Emissions reductions can, and must, go hand in hand with increased prosperity and economic empowerment.

In summary

The world will not manage the climate challenge without global cooperation. Even though Europe's businesses relentlessly cut emissions, we need global trading mechanisms, a global carbon price, more climate finance to catalyse climate action, and globally binding targets. Hence, Europe must push to get this in place in Baku and, not least, promote trade by participation as we did in the past.

Nordic business wish negotiating parties' success in this decisive work for humanity.