

11 October 2021

OPEN LETTER TO CLIMATE MINISTERS IN ADVANCE OF COP26

Dear Ministers,

Re: Article 6 rulebook

I am writing on behalf of the global business community—and in our role as the business focal point to the UNFCCC—ahead of the critical discussions to be held at COP26 on the implementation of the Paris Agreement’s provisions on international emissions trading.

Agreement on a robust and workable rulebook to operationalize Article 6 of the Agreement is, to be sure, a first order priority for the private sector throughout our network—both for environmental and economic reasons.

Foremost, we note with great concern that current domestic climate policies are insufficient to limit global temperature increases to 1.5 degrees Celsius by 2050. In this context, we believe that cooperative approaches—in particular, international carbon markets—are urgently needed to rapidly accelerate the pace of decarbonization of the global economy.

We also see a cast iron economic case for ensuring that the Paris Agreement can enable the creation of effective international carbon markets. As you may be aware, recent independent research has shown that implementation of the Article 6 has the potential to reduce the total cost of implementing national climate commitments by more than half—a total of US\$250 billion per year in 2030. Given the fiscal toll of the coronavirus pandemic, we believe that this is too significant a dividend for any government to leave on the table in Glasgow next month.

By contrast, a further failure to agree on a robust set of rules to implement Article 6 risks driving up the costs of climate action in the years to come. Many businesses in our network already report that the fragmented nature of existing domestic carbon pricing regimes poses increasing operational challenges and risks—particularly smaller businesses with limited administrative or technical capacities.

While we recognize that Article 6 itself is not designed to lead to a global carbon price, we believe—with the right operating rules—that it has the potential to create the necessary transparency to forge a more cohesive multilateral approach to carbon pricing. From a real economy perspective, this is clearly vital to avoid the unintended consequences of unilateral climate policy measures—which increasingly risk triggering damaging climate-related trade frictions which could place a significant drag on any post-pandemic recovery.

Agreement on a robust rulebook to implement Article 6 would, in our view, represent a significant step forward in enabling the private sector to drive the necessary decarbonization of the global economy in partnership with governments. We urge you to expend every possible effort to get this deal over the line over the coming weeks.

I am available at your convenience ahead of COP26—or at the Conference itself—should you wish to discuss any aspect of the above further.

Yours faithfully,



John W.H. Denton AO

Secretary General
International Chamber of Commerce

Cc: COP26 Heads of Delegation
Patricia Espinosa, Executive Secretary, UNFCCC