Nordic business' expectations of the COP31 negotiations

- **Keep climate ambition high**
- **Enhance global climate mitigation efforts**
- **Mobilise more climate finance**
- **Align climate and trade policy and work towards a global CO_2 price**
- **Utilise high-quality carbon credits**
- **Strengthen the circular economy**
- **Invest in green solutions and skills to ensure a just transition**

Nordic business remains fully committed to the Paris Agreement, as well as the EU 2030 and 2040 climate targets with the goal of net zero emissions by 2050, and emphasises that global cooperation is vital to address climate challenge. Extreme weather-related events across the world and reports from the scientific community that global temperature will surpass the Paris Agreement efforts for 1.5°C, underline the need for rapid, global climate action. The EU must through well-crafted policies demonstrate that climate change and economic and industrial competitiveness are mutually reinforcing: Climate action is also energy-security policy, industrial policy and growth policy.

We urge the international community to follow suit with ambitious efforts to combat climate change and growing pressure on natural resources. 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 COP31-outcome, with all countries in cooperation and trade, is crucial for further measures and our ability to fulfil them. Above all, COP31 must help translate climate ambition into investments, technology deployment and real-world emissions reductions.

Keep climate ambition high

We call for all Parties to acknowledge the urgency of addressing the climate challenge in the implementation of their updated NDCs and in the negotiations at COP31 to enhance climate mitigation efforts. The EU's legally binding 2040 target of a 90% net reduction is an important contribution to this effort. We support this endeavour and encourage the EU to maintain its climate leadership. Global efforts must, however, quickly pick up pace in line with EU ambitions.

Everyone needs to implement concrete, transparent and reliable transition measures turning climate targets into real emissions reductions and the world aligned with the goals of the Paris Agreement. Governments must provide long-term, credible climate targets, coherent policy frameworks and predictable regulation that enable companies and investors to plan and invest in the green transition.

Enhance climate mitigation efforts

Nordic business is concerned that greenhouse gas emissions and the global average temperature continue to rise. It advocates for global mitigation and industry decarbonisation, financial system reforms, and enhanced climate resilience, all bolstered by investment and financial collaboration. Nordic business emphasises the urgency of implementing the COP28 agreement to transit away from fossil fuels, triple global renewable-energy capacity and double the global average annual rate of energy-efficiency improvements by 2030. COP31 should confirm this with a concrete plan going forward. Nordic business stresses the importance to meet the proposed global electrification target. Raising electricity share of final energy demand from today's 20% to 35% by 2035, is imperative.

The business community is pivotal in these efforts; while policy guides the green transition, it is companies that develop and deploy innovative solutions to mitigate carbon emissions. A level playing field of predictable framework conditions to incentivise long-term investments in the green transition is needed. Governments must remove barriers, accelerate permitting and prioritise investments in electricity grids, energy storage and other enabling infrastructure, clean electricity production and electrification across sectors.

We need to step-up efforts to avoid and remove 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 emissions must be subject to trade on a global market and at a global carbon price. It will enable flexibility and cost-efficiency, incentivise decarbonisation and accelerate carbon management solutions and technology development.

Mobilise more climate finance

Climate finance is the greatest enabler of climate action, and will be crucial to mobilise significantly more, both public and private, to get us back on track to what was agreed in Paris. At COP29, Parties agreed to triple the flow of climate finance from developed to developing countries, to USD 300 billion by 2035. A Baku to Belém Roadmap was decided to raise USD 1.3 trillion by 2035 mobilised by a broader set of countries. Only market dynamics and private finance can deliver by the trillions. Public, private, and civil society stakeholders will need 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. Stable, transparent and predictable investment frameworks, better climate-risk data, and effective management of local regulatory and currency risks are essential to mobilise finance at scale, particularly in developing countries. Private finance can also support adaptation through resilient infrastructure, climate-risk data and insurance, provided such frameworks make adaptation projects bankable.

Align climate and trade policy towards a global CO_2 price

Market-based solutions are urgently needed to get a global CO_2-price and to kick-start worldwide climate action. Europe established an Emission Trading System (EU ETS) in 2005. The system has proved to be a cost-effective mechanism to decarbonise industries. Hence, we urge that the COP31 outcome promotes market mechanisms, building on the promising and significant progress achieved in Baku. A simple, transparent, and legitimate market-based system must come in place as quickly as possible to kick-start market dynamics.

The more countries put a price on carbon, the less need there is for border measures, and carbon leakage is addressed at its source. Until then, Nordic business supports measures that protect companies that decarbonise, such as the EU's Carbon Border Adjustment Mechanism (CBAM), provided they are predictable, administratively straightforward, consistent with WTO rules and achieve their intended objectives. We encourage COP31 to use the COP30 trade dialogues to promote recognition of carbon prices paid abroad, interoperable emissions data and verification, and support for developing countries to measure and report product-level emissions.

Utilise high-quality carbon credits

At COP29, key milestones were achieved with the adoption of rules on country-to-country trading and the Paris Agreement Carbon Crediting Mechanism (PACM). It is crucial to ensure swift and balanced implementation, particularly of PACM, by adequately funding the Article 6.4 Supervisory

Body to perform its tasks efficiently. Further work is needed on methodologies, registries and governance arrangements to ensure that the mechanism is credible and well-functioning.

Carbon credits can be an effective tool to reduce global emissions and generate funds for climate action in vulnerable nations. Nordic business supports the use of high-integrity international carbon credits in the EU climate framework from 2036, as foreseen in the European Climate Law. Procurement should be cost-effective, market-based and open to private-sector participation. Credits must meet clear quality criteria with independent verification and transparent accounting. This approach can achieve more emissions reductions abroad with improved cost-efficiency, without compromising EU climate goals, and be of important service in accelerating the global market for carbon credits. These credits should complement domestic decarbonisation and include safeguards to protect EU investments in clean technologies and industrial resilience.

Strengthen the circular economy

The circular economy needs to be prioritised as a key tool to reduce climate emissions globally. More circular and resource-efficient value chains can reduce emissions, the use of resources, minimise waste, strengthen resilience and create new green business opportunities - enabling growth and economic development within planetary boundaries. Circular progress is underway regionally and nationally in many parts of the world. However, there is substantial potential that still lies untapped in terms of global measures and actions, such as an environmentally sound and well-functioning market for secondary raw materials. Negotiators at COP31 need to ensure that circular economy, including bio-based solutions and new circular business models, attains full recognition as an integral tool, building on the positive progress made at COP28 in Dubai.

Invest in green solutions and skills to ensure a just transition

Nordic business argues that the green transition must be inclusive. It is crucial that those most affected by climate change are actively included in the decision-making processes. The private sector is a vital partner in ensuring a just green transition. Nordic business stresses that emission reductions must create jobs and generate the prosperity necessary to ensure the well-being that makes the transition possible. A just transition requires cooperation and investment in skills, enabling workers and young people to benefit from new green opportunities. Nordic business states that environmental progress and economic growth are mutually supportive goals.

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, support for resource-efficient business models, a global carbon price, more climate finance to catalyse climate action, and ambitious NDCs to get the world back on track in meeting the goals of the Paris Agreement. Hence, Europe must push this in Antalya to ensure that climate and trade policy reinforce each other.

Businesses, financial institutions and project developers must be recognised as core implementation partners. With clear political direction, coherent and investable frameworks, and effective public-private partnerships, the Nordic business community stands ready to deploy green technologies, mobilise capital and turn climate ambitions into sustainable growth, jobs and emissions reductions.

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