

Principles and Priorities for NDC Development and Broader Engagement Under Paris and the UNFCCC

Background

On January 27, President Biden issued [Executive Order 14008](#), Tackling the Climate Crisis at Home and Abroad. Section 102(e) of the order states that the White House will immediately begin the process of developing its nationally determined contribution (NDC) under the Paris Agreement, with a goal to announce the revised NDC prior to Leaders' Climate Summit that will be convened by President Biden on April 22, 2021.

The Chamber [applauded](#) the President's decision to return to the Paris Agreement and stated its desire to engage with the Biden Administration as it develops a revised NDC. We have developed principles and priorities for engagement on development of the NDC, as well as broader planning for the lead-up to the UN Conference of the Parties meeting (COP 26) in Glasgow in November 2021. The priority areas identified below are a first step in this effort.

Summary

- As the Chamber's [Approach to Climate Change](#) states, inaction on climate is not an option. The U.S. has led the world in greenhouse gas emissions reductions, but more must be done, and we welcome the Biden Administration's efforts to restore international leadership on this critical issue.

We are calling for reducing emissions as low as we can as fast as we can, while ensuring that any national targets and timetables are realistic, achievable, appropriately account for U.S. economic interests and work to address impacts to trade-exposed, hard-to-adapt and energy intensive sectors. We are hopeful that targets are developed through a thoughtful and collaborative effort that identifies a clear path to achievement and garners the support of businesses, consumers, and other stakeholders necessary to ensure political durability.

Principles and Priorities

- **Ensure business has a seat at the table.** First and foremost, we are interested in formal and informal pathways to engage with the Administration on both the NDC development as well as broader climate-related engagement to prepare for COP 26 in Glasgow. The Chamber has applauded the return to Paris and understands that the importance to Chamber members of the U.S. government's participation in international climate negotiations will only increase.
 - Chamber involvement and cooperation with the U.S. government can help set the tone for success on advancing technology innovation, addressing upcoming issues related to trade and finance, and providing a safe space for constructive bipartisan engagement in the development of the revised NDC.

- The Chamber participates in numerous international activities that require coordination and alignment with the U.S. government as much as possible. This includes B7, B20 Climate and Energy Task Force, the Major Economies Business Forum (modeled after the Major Economies Forum) as well as numerous bilateral and multilateral business councils. Directly and through these entities, we seek opportunities to engage in constructive dialogue at numerous points in preparation for COP 26, including the Administration’s upcoming Climate Leaders’ Summit.
- **Highlight U.S. businesses’ climate leadership and promote U.S. export opportunities.** With U.S. businesses leading the world in pursuit of climate change solutions, opportunities abound to grow exports of American technologies, products, and services (particularly in areas such as advanced nuclear, CCUS, and energy storage, as well as green finance services). We also know that the private sector must develop, finance, build, and operate most of the emissions-reducing technologies of the future that are necessary to avoid the worst impacts of climate change.
- **Seek durability, credibility, and achievability.** Shortly after the election, Special Climate Envoy Kerry [emphasized](#) the importance of the U.S. returning to the Paris Agreement with “humility,” stating that “It’s simple for the United States to rejoin, but it’s not so simple for the United States to regain its credibility.”
 - We agree, and believe that an important aspect of enhancing the credibility of the U.S. emissions pledge is to ensure that the regulatory, legislative, and technological paths to implementation and achievability are transparent and realistic. We welcome and encourage the desire for greater ambition, accompanied by specifics that underpin top-line NDC goals and credibly demonstrate how emissions will be reduced in a cost-effective manner. Accordingly, we urge the Administration to proceed thoughtfully, seeking to build consensus and partnership with the private sector while taking into account political and technological realities, urgent economic priorities imposed by the ongoing pandemic, and the need to ensure an equitable and just transition. Doing so will greatly enhance the potential for a realistic and achievable NDC to garner broader support, help restore U.S. credibility internationally, and ultimately prove politically durable.
- **Recognize the critical role of technology development.** Climate policy is important, but more than anything else, the pace of low-carbon technology development will determine the future of global GHG emissions. This is true not only in the U.S. but around the world. Given this, the Chamber recommends:
 - That the revised NDC is presented as a range that allows for ambition flexibility that factors in the potential for emissions reductions to occur faster or slower based on

uncertain and difficult to project circumstances, particularly the pace of future technology development.

- Full funding for foundational climate, energy, and other research, development, and technology programs, including those authorized in the *Energy Act of 2020*. Promising areas deserving of significantly increased federal investment include (but are not limited to) energy storage, advanced nuclear, carbon capture, utilization, and storage, renewable energy, critical minerals and materials, smart manufacturing, grid modernization, energy efficiency, and difficult-to-decarbonize industrial technologies.

- **Complement technology development focus with pursuit of policies necessary to accelerate commercialization and deployment of low carbon technologies.**

- Work with Congress and the private sector to advance support for carefully crafted market-based mechanisms that will accelerate GHG emissions reductions while avoiding economic harm for businesses, consumers and disadvantaged communities.
- Early identification and implementation of readily deployable low-cost solutions could help provide a more effective emissions reduction trajectory. In particular, we encourage Congress and the Administration to identify technology neutral policies that could accelerate deployment of promising climate solutions, including carefully crafted tax policy, loan guarantees, or other financial incentives. In this area, alternative vehicle infrastructure and tax incentives stand out as foundational policies likely to be considered in upcoming infrastructure legislation, and the Chamber hopes to encourage consensus building toward solutions in this area as part of its broad-based “[Build by the Fourth of July](#)” initiative.
- Avoid counterproductive policies that could limit technology investments and potentially disincentivize emissions reductions in different sectors of the economy.
- Expand ongoing efforts to address concerns associated with the supply chain of critical minerals that are necessary for a growing number of clean energy technologies, including through potential incentives to expand domestic production capabilities.
- Revamp the unreasonably long and overly complicated infrastructure permitting process. Any ambitious effort to reduce carbon emissions across the economy will require a massive build out of transmission and storage, pipeline, and generation infrastructure. However, these investments are often undermined by permitting delays that could easily become the biggest impediment to rapid and large-scale deployment of innovative, low-carbon technologies. Beginning with the National Environmental Policy Act, these impediments must be addressed through continued improvements to the nation’s environmental review and permitting process.

- **Embrace “all of the above” approach to emissions reducing technologies and pathways.** Reject calls to take support for specific resources or technologies off the table. If a technology or

approach can reduce emissions relative to its likely alternative, it warrants strong consideration.

- This is particularly true in the developing world and middle-income countries, where economic constraints and competing priorities such as poverty eradication make options such as liquified natural gas (LNG) or high-efficiency, low-emissions (HELE) coal the preferred and most feasible pathway to emissions reductions.
 - It is also important to recognize the unique and important role of natural gas to the clean energy future. Natural gas is the primary driver of emissions reductions progress over the last decade, and, as a flexible power source, is critical to the continued buildout of renewables. It also holds promise to facilitate progress in hard-to-address sectors, including through the use of blue hydrogen for industrial and transportation applications. Finally, U.S. natural gas exports can contribute to efforts to reverse emissions growth trends globally while strengthening diplomatic and geopolitical opportunities with America’s allies. Moreover, these benefits will only increase with common sense regulations under the Clean Air Act to reduce methane emissions associated with natural gas production, as the Chamber has called for.
 - Pursue policies that facilitate greater implementation of nature-based solutions. Climate-focused land-use management in sectors such as forestry and agriculture hold great promise for delivering cost-effective emissions reductions, while promoting responsible resource management and building resilience. The Chamber encourages advancement of policies to facilitate these activities, including passage of the bipartisan Growing Climate Solutions Act.
- **Seek balance that recognizes global context.** As Special Envoy Kerry recently emphasized, “almost 90 percent of all of the planet’s emissions—global emissions—come from outside of U.S. borders. We could go to zero tomorrow and the problem isn’t solved.” [The exact figure is 86%.] With the United States representing just 14 percent of global GHG emissions—a share that continues to steadily decline—identifying climate solutions that the rest of the world will choose to adopt is critical. Moreover, the fact that major emitting countries such as China, Russia, India, and Brazil (along with many others) have submitted NDCs allowing for significant emissions increases over the next decade not only undermines efforts to reduce global emissions, it places U.S. industry at a competitive disadvantage.

We therefore welcome the Administration’s efforts to encourage increased ambition from these countries. In addition to engaging major emitters, we call for targeting US international development assistance to better support achievement of NDCs in developing countries, and to do so in a manner that recognizes the need for such countries to maintain energy source optionality as they seek to address climate change while also eliminating poverty. Finally, we believe that timely launch of mechanisms under Article 6 of the Paris Agreement can also play an important role in achieving the revised NDCs.

- **Study economic implications of potential NDC commitments.** Because the NDC represents a major commitment with impacts across nearly all of the U.S. economy, from electricity and transportation to industry and agriculture to commercial and residential sectors, it is important to take steps to understand both positive and negative potential implications for American jobs, the economy, and disadvantaged communities, including to trade-exposed and energy intensive sectors likely to be most directly impacted by NDC implementation.

These efforts should not only examine impacts to traditional resource sectors critical to America's energy and economic security, such as coal, oil, and natural gas, but also impacts on the competitiveness of broader manufacturing and industrial sectors that rely on secure and affordable energy for operations. Trade, security, and competitiveness issues associated with critical minerals necessary for the energy transition also warrant examination, as do potential issues related to power sector resiliency and reliability. We encourage the Administration to undertake robust, transparent, and independent study of these potential impacts followed up by a comprehensive plan to maximize economic opportunities while mitigating potential negative impacts.