

- note the importance of government-controlled strategic oil reserves, to lessen the impact of sudden and severe natural or man-made disruptions to oil supplies, and encourage the IEA to further assist major emerging oil consuming countries to adopt best practices with regard to building, maintaining and coordination the release of strategic oil reserves.

46. This year we have focussed our discussions on energy efficiency in order to make an effective contribution towards meeting global climate and energy security challenges. Improving energy efficiency worldwide is the fastest, the most sustainable and the cheapest way to reduce greenhouse gas emissions and enhance energy security.

47. We welcome the progress made so far at the meetings of the Gleneagles Dialogue on Climate Change, Clean Energy and Sustainable Development, held in the United Kingdom in 2005 and Mexico in 2006. We also welcome the intentions of Germany and Japan to host the Dialogue meetings during their G8 Presidencies. We look forward to receiving a report of the Dialogue at the G8 Summit next year under the Japanese G8 Presidency.

CLIMATE CHANGE

48. We take note of and are concerned about the recent UN Intergovernmental Panel on Climate Change (IPCC) reports. The most recent report concluded both, that global temperatures are rising, that this is caused largely by human activities and, in addition, that for increases in global average temperature, there are projected to be major changes in ecosystem structure and function with predominantly negative consequences for biodiversity and ecosystems, e.g. water and food supply.

Fighting Climate Change

49. We are therefore committed to taking strong and early action to tackle climate change in order to stabilize greenhouse gas concentrations at a level that would prevent dangerous anthropogenic interference with the climate system. Taking into account the scientific knowledge as represented in the recent IPCC reports, global greenhouse gas emissions must stop rising, followed by substantial global emission reductions. In setting a global goal for emissions reductions in the process we have agreed today involving all major emitters, we will consider seriously the decisions made by the European

Union, Canada and Japan which include at least a halving of global emissions by 2050. We commit to achieving these goals and invite the major emerging economies to join us in this endeavour.

50. As climate change is a global problem, the response to it needs to be international. We welcome the wide range of existing activities both in industrialised and developing countries. We share a long-term vision and agree on the need for frameworks that will accelerate action over the next decade. Complementary national, regional and global policy frameworks that co-ordinate rather than compete with each other will strengthen the effectiveness of the measures. Such frameworks must address not only climate change but also energy security, economic growth, and sustainable development objectives in an integrated approach. They will provide important orientation for the necessary future investment decisions.

51. We stress that further action should be based on the UNFCCC principle of common but differentiated responsibilities and respective capabilities. We reaffirm, as G8 leaders, our responsibility to act. We acknowledge the continuing leadership role that developed economies have to play in any future climate change efforts to reduce global emissions, so that all countries undertake effective climate commitments tailored to their particular situations. We recognise however, that the efforts of developed economies will not be sufficient and that new approaches for contributions by other countries are needed. Against this background, we invite notably the emerging economies to address the increase in their emissions by reducing the carbon intensity of their economic development. Action of emerging economies could take several forms, such as sustainable development policies and measures, an improved and strengthened clean development mechanism, the setting up of plans for the sectors that generate most pollution so as to reduce their greenhouse gas emissions compared with a business as usual scenario.

52. We acknowledge that the UN climate process is the appropriate forum for negotiating future global action on climate change. We are committed to moving forward in that forum and call on all parties to actively and constructively participate in the UN Climate Change Conference in Indonesia in December 2007 with a view to achieving a comprehensive post 2012-agreement (post Kyoto-agreement) that should include all major emitters.

53. To address the urgent challenge of climate change, it is vital that major economies that use the most energy and generate the majority of greenhouse gas emissions agree

on a detailed contribution for a new global framework by the end of 2008 which would contribute to a global agreement under the UNFCCC by 2009.

We therefore reiterate the need to engage major emitting economies on how best to address the challenge of climate change. We embrace efforts to work with these countries on long term strategies. To this end, our representatives have already met with the representatives of Brazil, China, India, Mexico and South Africa in Berlin on 4 May 2007. We will continue to meet with high representatives of these and other major energy consuming and greenhouse gas emitting countries to consider the necessary components for successfully combating climate change. We welcome the offer of the United States to host such a meeting later this year. This major emitters' process should include, inter alia, national, regional and international policies, targets and plans, in line with national circumstances, an ambitious work program within the UNFCCC, and the development and deployment of climate-friendly technology.

This dialogue will support the UN climate process and report back to the UNFCCC.

Technology

54. Technology is a key to mastering climate change as well as enhancing energy security. We have urgently to develop, deploy and foster the use of sustainable, less carbon intensive, clean energy and climate-friendly technologies in all areas of energy production and use. We have to develop and create supportive market conditions for accelerating commercialisation of new less carbon intensive, clean-energy and climate-friendly technologies. Furthermore, to ensure sustainable investment decisions worldwide, we need an expanded approach to collaboratively accelerate the widespread adoption of clean-energy and climate-friendly technologies in emerging and developing economies. Therefore, we will

- stimulate global development, commercialisation, deployment and access to technologies,
- promote major emerging and developing economies' participation in international technology partnerships and collaborations,
- scale up national, regional and international research and innovation activities and
- undertake strategic planning and develop technology roadmaps to strengthen the role of advanced technology in addressing climate change.

Market Mechanisms

55. Private sector investment is and will remain the primary means of technology deployment and diffusion. Strong economies and a wide range of policy instruments are required to develop, deploy and foster climate-friendly technologies. Market mechanisms, such as emissions-trading within and between countries, tax incentives, performance-based regulation, fees or taxes, and consumer labelling can provide pricing signals and have the potential to deliver economic incentives to the private sector. Fostering the use of clean technologies, setting up emissions-trading systems and, as many of us are doing, linking them are complementary and mutually reinforcing approaches.

Therefore, we will share experience on the effectiveness of the different policy instruments in order to

- better provide the international business community with a predictable and long-term perspective, and
- strengthen and extend market mechanisms by, inter alia, developing and extending existing programmes, taking into account the appropriate metrics for such systems.

Reducing Emissions by Curbing Deforestation

56. We are determined to assist in reducing emissions from deforestation, especially in developing countries. Reducing, and in the long term halting deforestation provides a significant and cost-effective contribution toward mitigating greenhouse gas emissions and toward conserving biological diversity, promoting sustainable forest management and enhancing security of livelihoods. To this end, we will

- encourage the establishment of a pilot project dedicated to building capacity, creating and testing performance-based instruments to reduce emissions from deforestation in developing countries, in support of and without prejudice to ongoing UN climate change discussions. We therefore encourage the World Bank, in close cooperation with the G8, developing countries, the private sector, NGOs and other partners, to develop and implement such a forest carbon partnership as soon as possible.
- continue to support existing processes to combat illegal logging. Illegal logging is

one of the most difficult obstacles to further progress in realising sustainable forest management and thereof, in protecting forests worldwide,

- remain engaged in supporting developing countries to achieve their self-commitments for halting forest loss and to implement sustainable forest management, as stated in various regional initiatives, i.e. the Congo Basin and the Asia Forest Partnerships. Good results and good practice in international cooperation have also been achieved through ITTO projects and the Brazilian Pilot Program to conserve the tropical rain forests.

57. At the St. Petersburg Summit, we agreed to enhance international co-operation in the area of sustainable forest management. We welcome the recent agreement at the UN Forum on Forests on a non-legally binding instrument on the sustainable management of all types of forests. We note that the effectiveness of this instrument will be reviewed by the UN Forum on Forests in 2015. Building on these initiatives, we are determined and urge the international community to strengthen co-operation and the sharing of best practices at all levels. Consideration of additional actions on sustainable forest management could be a possible next step for parties willing to expand on their commitments.

Adapting to Climate Change

58. We acknowledge that even implementing the ambitious mitigation steps described above will not avoid further climate impacts, especially in those developing countries and regions which are most vulnerable to climate change. We are committed to enhancing resiliency to climate variability and climate change in a way that fully supports our common goal of sustainable development. We welcome the adoption of the Nairobi work programme on impacts, vulnerability, and adaptation to climate change. We also note the importance of the UN adaptation funds in helping developing countries mainstream adaptation into policies and programming. We emphasise our willingness to continue and enhance cooperation with and support for developing countries in adapting to climate change and enhancing their resilience to climate variability, in particular those most vulnerable to the negative impacts of climate change. We also emphasise our willingness to work with developing countries on the costs and benefits of climate change adaptation measures to help integrating them in national development planning. We reaffirm our commitment to assist with climate research and risk assessments including through helping developing countries benefit from satellite observation systems.