



Small country, big impact

Simon Tribelhorn is Director of the Liechtenstein Bankers Association. He is also Director of the LIFE Climate Foundation.

Sven Braden works for the Liechtenstein Office of Environmental Protection. He is a member of the Liechtenstein delegation to the international climate negotiations and the LIFE Climate Foundation.

Liechtenstein contributed to the international negotiations at the climate conference in Cancun as a member of the Environmental Integrity Group, which comprises Switzerland, Mexico and South Korea, too. The idea of a Green Climate Fund can be traced back to this group. As a country with a strong financial center, Liechtenstein wants to transform itself into a center of excellence for sustainability.

Interview: Steffen Klatt

Is international climate policy back on track following the UN Climate Change Conference in Cancun in December?

Sven Braden: The conference in Cancun has definitely restored trust in the decision-making abilities of multilateral processes. After Copenhagen, international climate policy efforts were nearly derailed. So yes, one can say that since Cancun, they are back on track.

What were the most important outcomes from Cancun?

Sven Braden: The most important outcome is that the essential elements of the non-binding Copenhagen Accord have been agreed to by the 193 member states in a closing resolution. This includes the agreement to limit global warming to less than two degrees celsius above pre-industrial levels with an option to reduce that level to only 1.5 degrees celsius if possible.

Furthermore, the agreement includes a 100 billion US dollars per year Green Climate Fund to finance and implement projects and climate protection strategies in developing countries. Moreover, the need for newly industrialized countries and developing countries to reduce emissions is now being accepted by them, too.

What role did the Environmental Integrity Group (EIG) play?

Sven Braden: The role of the EIG cannot be underestimated. The Green Climate Fund emerged from the efforts of this group, as did the establishment of an international registry of climate protection measures.

What must be accomplished in the coming months in order to reach a comprehensive international agreement?

Sven Braden: A pressing issue remains whether the Kyoto Protocol should be extended or if only its essential elements should be continued. Others are that the individual reduction targets of countries in the resolutions must be embedded, just like the relations between industrialized countries and developing countries must be defined.

What does the Cancun Climate Agreement mean for the carbon market?

Sven Braden: The Cancun agreement does not have a direct influence on the price of European emissions allowances. And the flexible mechanisms found in the Kyoto Protocol have not yet been extended. However, there now exists a legal foundation upon which the future climate regime can be built. That did not exist previously.

What can international climate policy offer the financial market?

Simon Tribelhorn: International climate policy, with its market economy approach, offers significant opportunities for all economic sectors. We are only just beginning to tap into these opportunities with respect to the financial market in general and in Liechtenstein in particular. This subject is increasing in significance – and this makes the LIFE Climate Foundation's work so important given its emphasis on creating knowledge and building networks. Financial intermediaries can no longer disregard the subject of sustainability in general and climate protection in particular in the long-term. With respect to the amount of money put into sustainable investments, we still have a long way to go. Sustainable funds worldwide have a market share of around one percent currently. Every second investor views ethical funds positively, but less than one percent are actually investing in them. We therefore have to create awareness that sustainability in financial matters also equates to long-term profitability.

How does Liechtenstein's financial center regard these opportunities?

Simon Tribelhorn: Our financial center is working intensively to develop know-how and is launching ever more activities in the field of sustainability. But clients naturally want to obtain results with their responsible investments and this is a challenge that we must overcome. We want to use the existing potential and capture a leadership role in the long run. Sustainability is far too often exploited for marketing purposes. Quite simply, if you call yourself sustainable, you must truly be sustainable. We are convinced that we are on the right path and that we have the potential to truly become a sustainable center of excellence for sustainability.