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**Research Report**

## International climate policy leadership after COP23: The EU must resume its leading role, but cannot do so alone

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# International Climate Policy Leadership after COP23

**The EU Must Resume Its Leading Role, But Cannot Do So Alone**

*Susanne Dröge and Vijeta Rattani*

The net outcome of the Bonn climate talks (23<sup>rd</sup> Conference of the Parties, COP23) in November was lukewarm at best. Many technical issues were brought forward and the political risks caused by the US announcement to pull out of the Paris Agreement were kept at bay. Yet, leadership to fill the void left by the US was lacking. Germany, who was co-hosting with the Fiji Islands, could not table ambitious solutions as in November 2017 it only had a caretaker government in place. The Fiji Presidency brought attention to adaptation, agriculture, finance and the loss and damage debates, but could not succeed to the full extent, mainly due to conflicts on finance. The performance by China was disappointing as it did not follow up on its ambitions to lead. With a view to 2018, the EU once again claimed a leadership role on the international climate agenda, though not unilaterally. During the Bonn UNFCCC negotiations, however, the EU disappointed many of its partners as it did not deliver as a constructive negotiator and bridge builder. Rather, it pushed for some of the technical issues. Given the urgency to forge a rulebook for the Paris Agreement implementation and in light of progressing climate change, the EU and its Member States need to demonstrate instrumental and directional leadership in the run-up to the next COP in Katowice, Poland in 2018.

The COP23 was the first climate summit held under a small island Presidency. The Fiji Islands belong to the group of vulnerable and poor countries that are already affected by climate change today. It was expected that Fiji's Presidency would add impetus to the negotiations given that 2017 was a year pronounced as the warmest non-El Niño year in history and marked by severe extreme weather events around the globe. In particular, progress on issues like adaptation, finance and the loss and damage

caused by climate change impacts was a priority for the Fiji Islands. In order to enable the COP23, the German government hosted the event in Bonn at the UNFCCC secretariat. This double hosting by an industrialised and a vulnerable country was unique.

## A technical meeting

The Paris Agreement was adopted in 2015 and ratified by 170 countries (as of November 2017). A key target of the Bonn COP was

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SWP Comment 1  
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to draft a rulebook on how the Paris Agreement should be implemented. As per the mandate, this rulebook is set to be completed by 2018 at the 24<sup>th</sup> COP. Thus, progress was needed in Bonn on technical issues including the measuring and accounting of greenhouse gas emissions, transparency, regular review of measures taken (global stocktake), market mechanisms and on the regular agenda items such as adaptation, loss and damage, agriculture and finance. For the EU and Germany, it was a clear priority to have a text draft on the rulebook ready to ensure that it can be finished in 2018. To this end, there was only limited progress in Bonn and the final decision text of COP23 recognizes the need for an extra negotiating session next year before the COP24.

### **Talanoa Dialogue**

One major achievement of the COP23 was the launch of the *Talanoa Dialogue* (named after a Fijian tradition for open and inclusive exchange) which would start in January 2018. The aim is to collect as much information as possible about the current state of the nationally determined contributions (NDCs) – climate policy targets announced by each party to the Paris Agreement up to 2017 – and to recognize gaps for raising ambitions ahead of the next round of NDCs in 2020. This dialogue will, therefore, mostly focus on climate ambitions up to 2020. As commitments under the Kyoto Protocol's second commitment period, ending in 2020, will not suffice to lower emissions quickly enough, enhanced efforts are in fact a precondition of achieving the Paris Agreement's global average temperature target of a global warming "well below 2 degrees Celsius" (Article 2 PA) and strive for 1.5 degrees Celsius by the end of this century. The earlier the investments in mitigation are raised, the more likely it is for policymakers to deliver on the long-term targets.

The dialogue was suggested back in 2015 and called the *Facilitative Dialogue*. Non-party

stakeholders from civil society and sub-national governments will also provide it with information, which is a new concept. The *Talanoa Dialogue* is a test run for regular reviews of national climate policies in light of the two-degree target, planned from 2023 onwards (global stocktake). Another review process is planned for 2019 on financial and technological support for reaching climate targets (Articles 9 and 10 PA).

### **Finance**

The financial commitments and transparency of financial flows under the Paris Agreement were once more at the centre of attention in Bonn. Parties to the Paris Agreement had agreed that climate finance should reach 100 billion USD by 2020. For this, more commitments are needed. Projections by the OECD, based on pledges made up to 2016, show that annual public financial resources would total 67 billion USD in 2020 if they are not ratcheted up. In Bonn there were no further commitments to fill the Green Climate Fund, which is the UN fund with a mandate to channel financial resources for climate projects. However, some progress was seen with respect to the Adaptation Fund. In recent years, it has been continuously short of funding and the initial source, a small charge per emissions certificate traded under the Clean Development Mechanism, has already faded and will end in 2020. New market mechanisms (Article 6, Paris Agreement), which could qualify as a source, are not yet established under the Paris Agreement. At COP23, Germany pledged 50 million EUR, Sweden, Italy, the Walloon Region and Ireland joined in with another 30 million EUR. With an approximate amount of 93 million USD in resource mobilization, the initial goal for 2017 of 80 million USD was exceeded. However, these are pledges that still need to be delivered on.

### **More ambit for the UNFCCC agenda**

At COP23, after six years of an impasse in negotiations, a decision was finally taken on how to deal with climate change in both agriculture and food security. Parties are now required to submit their reports on climate action in agriculture, adaptation assessment methods for improving soil health, soil carbon and soil quality as well as considerations for improving nutrient use and manure management; and reporting on socio-economic and food security dimensions. A stocktake is planned for COP26 in 2020.

Another issue is recognizing the role and empowerment of women in climate actions. This agenda was already included in the Lima work programme in 2014 and COP23 arrived at the adoption of a Gender Action Plan. It includes sixteen activities to build capacity and improve the participation of women in climate negotiations and actions in the work plan. Also, a new platform to include local communities and indigenous peoples' voices in the implementation of the Paris Agreement has been operationalized. The platform will undertake activities to educate, build capacity and facilitate the incorporation of the diverse and traditional knowledge systems in international and national climate action policies. Full operationalization is planned for spring 2018 during the inter-sessional meeting.

Finally, the Fijian Presidency's launch of an ocean initiative was a big success for the island state, as it establishes the crucial link between climate change and oceans. A work programme on the same is expected to be devised by 2019.

### **The US at the Bonn climate talks**

The Bonn summit was the first UN climate meeting since US President Donald Trump announced the US's withdrawal from the Paris Agreement in June 2017. As the US announcement has no immediate legal bearings, with the actual withdrawal process yet to begin, the US will be part of the

negotiations until late 2020, coinciding with the next federal elections. Ahead of the COP, signals from Washington were mixed. On the one hand, the administration had announced its intention to re-negotiate the terms of the Paris Agreement, especially in changing the US Nationally Determined Contributions (NDC). On the other hand, it claimed to play a 'constructive' role in Bonn. Accordingly, there was a high degree of uncertainty as to how the US delegation would contribute to the items on the agenda.

Even though political resistance would have been an option for the negotiators and was anticipated by most of the Parties, it was business as usual for the delegates at the COP as far as the US was concerned. The US, for its part, forged ahead with its position on the use of coal and fossil fuels, the delegation even held a side-event on the use of clean fossil fuels which was met with heavy protest from civil society. It also indicated its intention to re-join the Paris Agreement under conducive circumstances beneficial for the US economy, also reflected in the US's Statement during the High-Level Segment at the COP. However, delegates from various negotiating groups made it clear that re-negotiation was not an option. Going along with its established climate stance, the US continued to block negotiations on the inclusion of pre-2020 actions in the COP Agenda, finance discussions and equity in components of accounting, stocktake, adaptation and loss and damage. While on transparency issues the US, together with China, worked towards formulating rules pronouncing the importance of data.

New momentum was created by the US non-state actors' alliance that presented itself in Bonn and had set up a pavilion outside the official negotiation zone. The "We are still in" initiative comprises US states, companies, mayors and NGOs, demonstrating their commitment to upholding climate action despite the US federal government's anti-climate approach.

## **Who will lead on international climate policy?**

The idea of leadership in international climate policy is not a fully defined and commonly shared concept. Leadership can be expressed as a political concept, implemented by targeted diplomacy. Also, leadership can evolve by undertaking climate actions and delivering on targets. As a best-case scenario, these two types of leadership go hand in hand. For solving a global challenge of such large a dimension as climate change, a single country's leadership, while being necessary to stimulate others, is by no means sufficient. Cooperation amongst the players needs to be part of the diplomatic leadership.

In light of the US turnaround in 2017, it is not clear who will be in the driving seat during the next years of UN climate negotiations. Until the 2016 elections in the US, the Obama administration was the most significant driver behind the Paris Agreement, together with the EU. The EU, however, has a long-standing tradition of supporting multilateral climate policy measures and negotiations and a successful record of climate diplomacy, while the US has been a difficult actor and obstructionist in implementing meaningful progress on climate issues in the past. The active engagement in the negotiations coupled with significant domestic climate policies under president Obama was rather the exception than the rule, but it also left its mark domestically as the "We are still in" coalition demonstrates.

### **China has still to deliver on its claim of leadership**

The Chinese government announced a strong leadership role in international climate policy back in January 2017, after the US elections. In the course of the year, when the US was openly pondering a withdrawal from the Paris Agreement, China joined the EU and Canada in claiming to have built a new coalition for driving the Paris Agreement forward. The Chinese

government, however, sees the leadership narrative grounded in delivering on climate action and quickly moving to a low carbon economy. At the COP23, it was obvious that China continues to have common position with developing countries, such as the group of Like Minded Developing Countries (LMDC) and G-77, demanding finance for the Adaptation Fund and for the overall 100 billion USD commitment to international climate finance post-2020 under the Paris Agreement. This clearly falls behind the stance China held when the Paris Agreement was negotiated and Beijing offered 3 billion USD for climate finance under the South-South climate cooperation fund and thus intended to join the group of donor countries.

### **India**

Unlike China, India has not made any public statement pledging leadership on climate change issues. Rather, New Delhi has welcomed the proposed EU-China partnership on climate change and has emphasized the role of developing countries in any concrete response to climate change cooperation.

Moreover, while the EU has spoken openly about collaborating with China on furthering climate action, it has been rather quiet about engagement with India on climate change. At the 14<sup>th</sup> India-EU Summit that concluded in October 2017 in New Delhi, the two countries merely confirmed their commitment to climate change targets, whereas the platform as such provided more political space for a concrete proposal or pathway on how to proceed with the climate change agenda in a constructive way that is also balanced. Moreover, at the Bonn COP, India, with a view towards the EU, stressed the need for adopting sustainable lifestyle and consumption patterns without offering a clarification of the concepts. Over the years, the EU-India bilateral dialogue has been marred by logjams on trade agreements. The resumption of the dialogue in 2016

provided new hope for the bilateral relation to realize its full potential, especially in areas of climate change and energy. The Joint Statement and Agenda for Action 2020, adopted in 2016, has a separate and detailed section on climate change, but progress still needs to happen on that front. From an EU point of view, India is too important to be ignored in climate policies and the EU aims to achieve more meaningful cooperation through intensified talks with India. Yet, in diplomatic circles, the EU has refrained from using the word 'leadership' in any political statement on climate change in relation to India.

Even though India intends to play an active and relevant role, it does not seem to be equipped diplomatically to climb into the driver's seat on international climate change policy. The Indian side is seen as more focused on procedural issues at the UN climate talks, and showcasing its domestic achievements towards 2020 targets with energy and climate policy initiatives largely hinging on solar power generation and increasing energy efficiency.

### **EU facing a new dimension of climate leadership**

The EU was the unilateral leader in the climate regime during the early Kyoto Period (1997 – 2005) and up to the Copenhagen summit in 2009. Thereafter, the EU's role as an international actor has weakened. The financial crises, the rise of populism and not least the 2016 Brexit referendum decision by the UK led to a decreasing impetus of the EU at international level. Nevertheless, during the creation of the Paris Agreement, the EU was a bridge builder and facilitator. The EU has varying diplomatic skills and tools at its disposal. A pool of well-capacitated political leaders comprising the European Commission, the incoming Presidency, a Directorate for climate action and agencies such as External Action Service gives the EU a range of political resources and diplomatic capa-

bilities. This is unique among any other actor in international affairs.

In 2017, the EU attempted to close ranks internationally to safeguard the Paris Agreement against political erosion, e.g. with China and Canada at the Petersburg Dialogue meeting in May. In relation to China, it is unclear how this could now be successfully implemented as both the EU and China are very different actors and while the EU has been successful on soft issues including human rights, justice and environment, China's record in this sphere has not been laudable.

### **EU failed as a bridge builder**

At the same time, the EU found it difficult to deliver on particular issues of importance to the international process, as seen in Bonn. For example, it sided with the US in blocking the inclusion of pre-2020 actions in the COP Agenda and on procedural matters of the global stocktake, new market mechanisms, loss and damage and adaptation. During the negotiations, the EU was unable to drive constructive discussions in Bonn, while the debate on the issue of equity in such discussions failed to be resolved. This is due to at least two reasons. First, the EU cannot initiate more climate action in the short term. It takes a long time to draft legal proposals and to pass them. Its 2020 targets were decided back in 2008 and the 2030 targets are currently subject to the legal process. The EU was very late to deliver on its ratification of the Doha Amendment to the Kyoto Protocol, which it submitted on 21<sup>st</sup> December 2017. Secondly, the efforts of European negotiators to reflect equity in the light of new emerging realities were strongly resisted by countries including China and India, who continue to refuse this narrative that shifts some responsibilities for increasing climate efforts to emerging economies. They interpret equity under the Paris Agreement in the traditional sense of differentiated responsibility, as enshrined in the UNFCCC. The Paris Agreement includes the obliga-

tion that developed countries must make key contributions to emission cuts and that the provision of finance to developing countries in their efforts to move to low-carbon scenario, but it also opens up some avenues for emerging countries to engage on a voluntary basis. It became obvious in Bonn that China is not ready to follow through on the leadership intentions it signalled earlier in 2017, although since 2014, it had stated this intention when teaming up with the US during preparations for a new Agreement.

Externally, the assertive climate stances by China, India or the Island states, which have assumed more relevance since the Copenhagen Summit in 2009, imply that leadership is getting more complex to organize. Thus, the spirit of the Bonn talks also places demands on new climate alliances the EU commits to.

The next COP will be in Poland and offers another opportunity for the EU to demonstrate commitment to global negotiations. Since Poland is not amongst the progressive EU member countries, but rather has been a bottleneck in promoting climate action, high demands will be placed on the European Commission, who will have to balance the interests of not only its external partners, but also those within the EU itself. The progressive EU Member States want to accomplish implementation of the Agreement with the rulebook, emissions reductions and other processes. In particular, French president Macron has assumed an active role in pushing for more international action on climate change and finance. He hosted the One Planet Summit on 12<sup>th</sup> December 2017 to raise climate finance to meet the goals of the Paris Agreement. However, while private finance took centre stage with new initiatives announced, a lack of commitments from public finance, especially in the case of adaptation finance persisted. The French government did not offer any significant plan on raising ambitions either. Therefore, while at present France is clearly pushing

for more action, this alone will not suffice to fill the leadership void.

## **Moving forward**

Climate negotiations in 2018 face a set of pressing issues that will need to be addressed by the EU and its partners. Up until the COP24 in Poland, pressure will mount to finish the Paris Agreement rulebook and to deliver on finance and on more climate action in the short term, pre-2020. Moreover, the UN process will need to include an increasing number of non-state actors and issues, extending the sphere of climate diplomacy.

As discussions in Bonn were not constructive on more equity in procedural as well as agenda items and the usual familiar rhetoric and divide was witnessed, it is high time a concept of equity is consensually operationalized. To this end, the Talanoa Dialogue will be an opportunity to set the stage and to guide the exchanges that are needed for the rulebook into a direction that is acceptable for developing countries. In particular, India's engagement is crucial as it has been an ardent advocate of equity for a long time.

For the EU along with China and India, fulfilment of 2020 climate commitments seems to be an already done deal. More climate actions with regard to pre-2020 can, therefore, only materialize through EU Member States. Some of them, including France, the Netherlands, Finland, Denmark, Italy, Portugal and Austria, have already committed themselves to addressing the phase-out of coal power production and joined a global initiative called Powering Past Coal Alliance, led by the UK and Canada. However, Germany is not on board. The European Commission could become more pro-active on this by initiating a post-2020, long-term plan for phasing out coal internally as well as a move to support the new alliance.

Prospects of increasing the 2030 climate target are very limited as legal procedures are still underway to implement the 40 per-

cent target offered as the EU NDC under the Paris Agreement. The target is weak and will not suffice to lay the ground for meeting the mid-century emissions reduction target of up to 95 percent. This situation constitutes a challenge that would need to be addressed by revising the 2050 Climate and Energy Roadmap and rethinking the traditional approach to climate targets (see Geden 2017, SWP Comments 2017/C 48).

Significantly, climate finance is an area where the EU can demonstrate leadership. In 2016, the EU and its Member States contributed 20.2 billion EUR, mostly through loans for largely mitigation-related actions to middle income economies. This needs to be updated with a view to revisiting the nature of finance, along with focussing on adaptation finance and supporting the resilience of vulnerable countries.

Another field for the EU is to follow up changing the consumption patterns in order to achieve climate targets – the need for which it has repeatedly identified. This could also contribute to international exchanges on how lifestyles can be made compatible with the overall constraints on emissions needed at the global level. For the time being, there is no clarity as to whether and when the US would return to a constructive role in international climate policy and under whose Presidency that might happen. Yet, dealing with the US remains strategically important for the EU. Within this context, empowering the pro-climate alliances at different levels of governance and engaging with non-state actors addressing climate protection, in the US as well as globally, must be an integral part of the climate diplomacy of the EU and its Member States.

Considering that the state of the climate negotiations is in flux, the EU is still the most relevant actor in the international climate process with its past successes and reliable follow-up on new regulations. In the current sensitive state of Paris Agreement implementation, the EU's directional and instrumental guidance is highly impor-

tant, also in view of the urgency of addressing climate change. But instead of merely aiming to revive the “leading-by-example” narrative, the EU and its Member States should also invest in intensifying partnerships with key countries and other actors who support the model of the Paris Agreement climate regime.

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