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**Research Report**

## Next COP ahead: Europe has work to do

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# SWP Comment

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## Next COP Ahead: Europe Has Work to Do

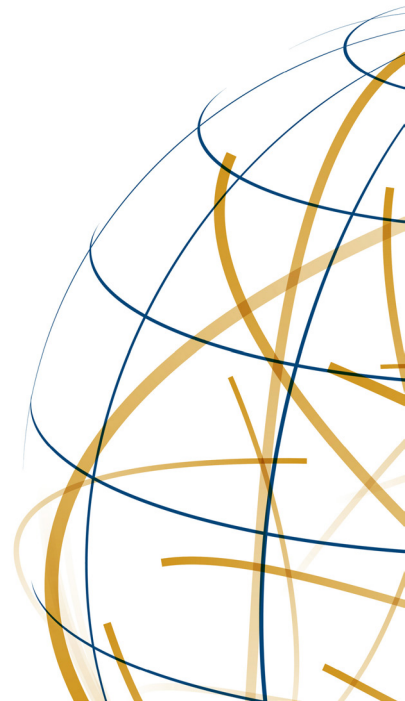
*Susanne Dröge and Oliver Geden*

International climate negotiations at the 26th Conference of the Parties (COP26) in Glasgow were surprisingly productive. The Glasgow Climate Pact adds new tasks to the already full climate agendas of the European Union and its member states. European policy makers will need to focus even more on limiting the long-term temperature increase to 1.5 degrees Celsius and to secure adequate commitments and action by the biggest global greenhouse gas emitters – all before the next COP in Egypt (COP27) at the end of 2022. Climate financing also needs to be secured in a manner that generates trust on the part of the developing countries. Germany's G7 presidency in 2022 will be crucial for accelerating international climate cooperation. The German government must also work to involve the G20 states and push to speed up adoption of the European Union's Fit for 55 package.

As the 26th Conference of Parties (COP26) of the United Nations Framework Convention on Climate Change (UNFCCC) demonstrated yet again, implementing the Paris Climate Agreement of 2015 requires continuous engagement by state and non-state actors to generate momentum over and above the primarily procedural obligations. Lack of ambition in emissions reduction and agreement on the main causes of the ongoing rise in greenhouse gas emissions were still the key issues in Glasgow. For the first time the final declaration – the Glasgow Climate Pact – explicitly names two central drivers of climate change: coal power generation and fossil fuel subsidies.

### Challenging Circumstances

The portents for COP26 were anything but rosy. The conference had to be postponed for a year because of the pandemic, and COP25 in Madrid in 2019 had produced little progress on critical issues. In particular there was no agreement on the last unresolved issues from the "Paris Rulebook", which provides guidance on implementing the Paris Agreement. The United States withdrew from the international process in 2017 and only returned to the negotiating table at the beginning of 2021 (see SWP Comment 14/2021). Moreover, civil society scepticism about the UN climate process became louder, protesters claimed that out-



comes of the climate conferences were inadequate: too much talk, too little action.

The ambitions of the British hosts remained moderate until shortly before the conference began, even though the preparations had proceeded well in 2021. Early that year, the new US administration invigorated the international process by rejoining the Paris Agreement and leaning diplomatically on influential states. The G7 and G20 – under British and Italian presidency respectively – also made important contributions for a successful COP26, for example by announcing that they would end international financing for coal-fired power plants.

Efforts to encourage governments to update their *Nationally Determined Contributions* (NDCs) and increase their targets for 2030 were less successful, however. Updating after five years had been agreed in the Paris Agreement and was due in 2020. Furthermore, many states still lacked long-term national decarbonisation plans in which they communicate target years for achieving net zero emissions.

### **“Keeping 1.5°C Alive” – the Conference Outcomes**

The Glasgow conference produced two types of outcome: On the one hand, the results of the official UNFCCC workstreams and a final declaration approved by all 197 parties. On the other, diverse initiatives supported by individual countries and groups outside the official UNFCCC negotiating agenda.

In the COP26 outcome document the parties agreed to focus international climate policy more strongly on the 1.5°C target. The Paris Agreement of 2015 aims to restrict the temperature rise to “well below 2°C” while only “pursuing efforts” to limit the temperature increase to 1.5°C above pre-industrial levels. The 2018 IPCC special report on global warming of 1.5°C shifted the focus, not least on the basis of changing risk perceptions.

At the end of 2021 the *remaining carbon budget* for the 1.5-degree target is merely

320 – 420 gigatonnes, against current annual global emissions of just above 40 gigatonnes. In that context the British COP presidency’s insistence on keeping the 1.5 degree target “within reach” can be understood as anticipating that a temporary temperature overshoot starting in the mid-2030s will be unavoidable. In order to get back below 1.5 °C in the course of the century, more CO<sub>2</sub> will eventually have to be withdrawn from the atmosphere than is emitted (net negative emissions). This is laid out in the “Summary for Policymakers” in the latest IPCC report (August 2021) but has not to date been communicated clearly in the UNFCCC context.

One key success of COP26 was to finalise the Paris Rulebook. Article 6, on the rules for international emissions trading, remained a sticking point to the last. Also common timeframes were agreed for the NDC process. The target years and implementation periods are now identical for all parties, improving the comparability of updates and making it easier to determine the emission reductions resulting from national climate policy measures. Overall, common timeframes increase the transparency of international climate policy and allow more precise estimates of the medium-term global emissions trajectory.

### **Improved Temperature Estimates Based Mainly on Pledges**

The projections for global warming by the end of the century – studies presented during COP26 suggest a range from 1.8 to 2.7 °C – that have come to dominate media coverage are problematic in three respects. First of all, they almost all assume that governments will keep their promises. Secondly, they extrapolate national emissions pathways to the end of the century even though most governments have formulated targets only for 2030 (in some cases also for mid-century). And thirdly, comparison with similar calculations made in the past creates a false impression of dramatic climate policy progress. In fact the effect is largely attributable to announce-

ments being more ambitious, partly also to an expansion of the remaining global carbon budget in recent IPCC reports. In fact annual emissions have continued to increase — albeit more slowly — since the Paris Agreement of 2015. In 2021 they have returned almost to pre-Covid levels.

Not least for that reason, short- and medium-term ambition level upgrades play a central role in the UNFCCC negotiations. Long before the Glasgow COP the parties had been called on to submit more ambitious NDCs. The EU did so in December 2020 when it raised its reduction target for 2030 from 40 to 55 percent (baseline 1990). Other G20 members like the United States, Turkey and South Africa followed in 2021, China just a few days before the COP. India made only verbal announcements and some countries simply submitted their old figures. Against this background, the signatories of the Glasgow Climate Pact call for more ambitious national targets for 2030 to be defined during 2022. This applies above all to those states that have yet to submit an update. But it is unclear whether major emitters like Russia, China, India and Brazil will respond to this non-binding request. The governments of Australia and New Zealand announced immediately after COP26 that they would not be increasing their targets for 2030.

The European Commission has already declared that the EU will not be announcing a new NDC with increased ambition in 2022. Nor does the coalition agreement of the new German government — published after Glasgow — go any further than the existing climate targets for 2030. The dominant view within the EU is that its priority must be to actually implement the promises already made.

## Further COP26 Initiatives

In the run-up to the Glasgow meeting, the British hosts announced and sought partners for four additional initiatives: phasing out coal, phasing out the internal combustion engine, increasing financial assistance and afforestation (*“coal, cars, cash and trees”*).

Concerning coal, various announcements and initiatives had already been set in motion: the G7 and G20 decisions to end international financing of coal power projects; the turn to “clean” coal (with carbon capture and subsequent re-use or underground storage); and financial support, such as the Just Energy Transition Partnership agreed with South Africa. In the latter, a group of donors — the European Union, France, Germany, the United Kingdom and the United States — agreed to fund a programme totalling US\$8.5 billion. The South Africa deal is part of a portfolio of coal phase-out financing agreements that also includes Asian countries and brings new donors to the table.

Another initiative is the Beyond Oil and Gas Alliance (BOGA) launched by Denmark and Costa Rica, which brings together states and regions seeking a just transition from oil and gas.

Reducing methane emissions was another prominent concern in advance of COP26. US President Joe Biden and EU Commission President Ursula von der Leyen launched the Global Methane Pledge, aiming to reduce methane emissions by 30 percent between 2020 and 2030 and to measure progress using the latest technologies. To date 105 states have signed up. Reducing methane is also an important goal of the joint statement by China and the United States.

The number of new initiatives announcing cooperation on reducing emission from fossil fuels is larger than ever. A closer look reveals that the participants and topics frequently overlap. Given that similar initiatives already exist, a systematic stocktaking and clarification of the relationships between the various initiatives on energy transitions, financing and technological cooperation would be useful. Moreover, it is an open question whether the new initiatives are supposed to support participating countries in achieving their existing NDC targets or to enable them to raise their aims.

## From COP26 to COP27

Not all countries are enthusiastic about the outcomes of the Glasgow meeting and many civil society actors remain sceptical. One reason is the repeated experience that powerful players can overturn an agreed consensus at the very last minute — as China and India did over the wording on coal-fired power — while smaller states are denied such possibilities.

The many vulnerable countries are also dissatisfied with the pace of progress on measures for adapting to climate change and criticise poor follow-through on financial commitments. They demand that climate adaptation be recognised as a global challenge, not just a national or regional one. In Glasgow the poorer states succeeded in persuading the industrialised nations to increase their funding for climate adaptation for the period 2019–2025. The donor countries promised a doubling of these funds. That would correct the existing imbalance, where climate finance has to date concentrated largely on reducing emissions. The size of the relatively small Adaptation Fund was doubled and a levy on international emissions trading will be used to fund adaptation measures. Yet these commitments still fall short of the promise made by the industrialised countries at COP15 in Copenhagen to provide US\$100 billion annually from public and private sources to support developing countries.

The vulnerable countries also remain dissatisfied with the rich states' engagement on the issue of "loss and damage". Although liability and compensation for the impacts of climate change are longstanding demands in the negotiations, such initiatives have been repeatedly blocked, mostly by Washington which anticipates large financial claims (see SWP Research Paper 6/2020). The Scottish first minister Nicola Sturgeon thus broke a taboo, committing one million pounds for loss and damage. If the lack of trust is to be addressed, initiating further financial commitments will need to be a central element of the preparations for COP27 in Sharm al-Sheikh.

## Europa Has Work to Do

While London hands the COP presidency on to Cairo, the EU will be working in 2022 to speed up adoption of the Fit for 55 package. It comprises a wide range of measures and will allow the EU to demonstrate to other nations that it is serious about delivering of climate targets — and how this can be organised. At the same time, this puts pressure on those states that lag behind on implementation and NDC ambition. However, there will be no further strengthening of EU climate targets under the 2022 upgrade agreed in Glasgow. The EU has already exhausted its scope to do so. It will now have to demonstrate that it is able to share the burdens of the 55 percent target fairly between its member states and among economic sectors — an endeavour with significant potential for conflict in light of the recent energy price increases.

Even if the EU and the member states underline that their own climate plans are aligned with the 1.5-degree target, they must also continue to lead the way on tackling the expected global temperature overshoot. Such engagement could help to persuade the other major emitters to improve their NDCs. The European Commission's strategy on "Sustainable Carbon Cycles" unveiled in December 2021 lays out in detail for the first time how the EU could promote and regulate methods for removing CO<sub>2</sub> from the atmosphere. The debate now also gaining traction in the EU institutions shows that the vision of long-term net negative emissions formulated in the climate framework legislation of the EU and some of its member states (for example Finland, Sweden and Germany) is being taken increasingly seriously. Given that the IPCC is reporting that exceedance of the 1.5-degree threshold is probably inevitable in the 2030s, the ubiquitous communication of the "path towards 1.5-degrees" should be interpreted as follows: European climate policy is seeking to contribute to bringing global warming back down to the 1.5-degree threshold (from above) in the longer term. This will only be possible if net nega-

tive CO<sub>2</sub> emissions are achieved on a global scale, with the EU and its member states as obvious pioneers (see SWP Research Paper 08/2020).

Moreover, the Commission is seeking to create new medium-term incentives through its Global Gateway strategy. Based on the G7 decisions of 2021, this initiative is designed to channel financial support to development projects — including climate and energy — in partner countries. The EU institutions and member states have pledged to invest up to €300 billion in these and other policy areas (including digital infrastructure, education, health) by 2027.

On the other hand, international pressure will have to be stepped up on hesitant states. In 2021 the G7 and some members of the G20 worked hard on China, India and Russia. But the EU's toolbox is limited. Talks with important trading partners about the Carbon Border Adjustment Mechanism (CBAM; see SWP-Studie 9/2021) could contribute political leverage; from 2026 the CBAM is supposed to impose a CO<sub>2</sub> charge on selected emission-intensive imports to the EU, making them more expensive. Beyond this and financial engagement, however, it will be difficult to generate fresh incentives or leverage to support Egypt's preparations for COP27.

Climate financing remains decisive for productive international cooperation. It should be complemented with targeted programmes investing in decarbonisation, for which the "South Africa deal" offers a good template. The United States needs to be brought on board too; Washington has to date made promises on the international stage, but no national decisions to increase financial aid.

Engagement by European heads of state and government will also be crucial in 2022. High hopes rest on the French Council Presidency in the first half of the year. But they are dampened by the prospect of the French presidential elections in April. Campaigning will strongly constrain Presi-

dent Emmanuel Macron in pursuing European projects. In the second half of the year, when the preparations for COP27 will intensify, a comparably small EU member state — the Czech Republic — will take over the Council Presidency. This will inevitably limit the capacities available for important international EU projects. Additionally, European External Action Service's chronic lack of adequate human resources will hamper its ability to press the EU's climate agenda internationally. After all, the annual COPs place growing demands on Europe's climate policy-makers. International climate diplomacy is all too familiar with the challenge of guiding these ongoing processes towards substantial progress in the UN framework.

All the more will therefore depend on the new German government and its ability to influence global climate cooperation, in particular the expanded role the foreign office intends to play. Germany holds the G7 presidency in 2022, offering opportunities to deepen the G7 — which already constitutes a "climate club" — in the interest of international cooperation. All the G7 states are currently engaged in climate policy, including the United States which will be stepping up its climate diplomacy in 2022. The G7 should increase its efforts to motivate the more hesitant G20 states, which will be led in 2022 by Indonesia. Jakarta will need support for its endeavours to keep China and India, as the biggest G20 members, on board. Individual climate alliances and concrete sectoral initiatives announced at COP26 could foster elevated ambition in the G20. At the same time the Indonesian government will underline its engagement for the developing countries' concerns. Accordingly, the urgent topics in the UN process — climate adaptation, loss and damage, climate financing — will certainly be on the G20-agenda.

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