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**Research Report**

## A new balance of power at the 29th World Climate Conference: International climate policies after the US elections

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# SWP Comment

NO. 57 DECEMBER 2024

## A New Balance Of Power at the 29th World Climate Conference

International Climate Politics after the US Elections

*Ole Adolphsen and Jule Könneke*

**The 29th Climate Change Conference (COP29) in Baku revealed a shift in the balance of power in international climate politics following the US elections. While China played a constructive role in the negotiations on international climate finance, vulnerable countries were forced to make painful compromises. Saudi Arabia managed to systematically block progress on mitigation, while middle powers increasingly criticised the EU's climate protection measures. To obviate the risk of isolation and avoid repercussions for its climate and competition agenda, the new European Commission needs to reorientate its climate diplomacy.**

The 29th World Climate Change Conference (COP29) took place under difficult circumstances. The meeting, held in Azerbaijan from 11 to 24 November 2024, revolved around the New Collective Quantified Goal on Climate Finance (NCQG). This topic lies at the heart of the fundamental conflict in multilateral climate policy, the division between industrialised and developing countries. Donald Trump's election as the next US president shortly before the conference did nothing to improve the prospects of an ambitious outcome, coming on top of geopolitical conflicts and budget crises in countries around the world.

The three-year negotiating process for the NCQG, which replaces the previous annual target of US\$100 billion in international climate finance for developing countries, resulted in a nominal tripling

to US\$300 billion per year by 2035. In addition to industrialised countries – which “take the lead” (Article 9) under the Paris Agreement – wealthy developing countries are also invited to contribute on a voluntary basis. Singapore, South Korea and China have declared their willingness to do so. Climate finance provided by multilateral development banks on the basis of contributions from developing countries may also count towards the annual target. Otherwise the new target changes remarkably little. It will continue to include grants, loans and mobilised private capital. No quantified privileged access for vulnerable countries was defined, nor any sub-target for “loss and damage”. An additional, broader mobilisation target of US\$1.3 trillion by 2035 does reflect the actual needs (and demands) of developing countries up



to 2035. It is to be fleshed out in the *Baku to Belém Roadmap to 1.3T* between now and year's COP in Brazil.

No progress was made on mitigation. After the Azerbaijani Presidency repeatedly rejected a cover decision, efforts focussed on individual negotiations. Deep disagreements between industrialised countries and major emerging economies over a dialogue on the implementation of the first Global Stocktake (GST) led to the negotiations being postponed at the last minute to next year's interim meeting in June 2025. Neither the Mitigation Work Programme (MWP) nor the Just Transition Work Programme (JTWP) saw any progress.

In light of the global political situation, industrialised countries and China were cautiously optimistic in their public assessment and framed the results as a success for multilateralism. Poorer and particularly vulnerable developing countries, which at one point staged a walk-out, were deeply disappointed with the magnitude and quality of the finance goal. During the chaotic final moments of the negotiations India objected vehemently to the compromise on the NCQG. In the wider public discourse, a growing number of voices questioned the COP process as a whole.

### **The end of the Sino-American climate détente?**

In all likelihood, the Trump administration will withdraw from international climate cooperation. In Baku, this meant that the United States was negotiating constructively for the last time until at least COP34. Overall, this gave COP29 a decidedly transitional character. Some avenues of cooperation continued to function, others seemed to appear precisely because of the expectation of Washington's imminent withdrawal. At the same time, the respective constellations on fossil fuels and financing showed clearly which way the wind is blowing.

### **Trump's election: No deal-breaker (yet)**

Historically, the role of the United States in international climate policy has been ambivalent at best. At COP29, however, the Biden administration maintained its constructive stance of recent years. At COP27 (2022), Washington relinquished its long-standing resistance to the discussion of loss and damage. And in 2024 it made its first significant contribution to international climate finance (US\$11 billion) – although this is small in light of its historical responsibility. Washington's diplomatic weight was crucial for the agreement on the first Global Stocktake in Dubai 2023. At home, the Biden administration has created a robust plan for greenhouse gas reduction with the Inflation Reduction Act (IRA), which should at least ensure the continued expansion of renewable energy under the Trump administration.

Despite their growing rivalry, climate policy remained a key area of cooperation between the United States and China (apart from a brief interruption in 2022). Agreements between them created the basis for important successes in negotiations, such as the renewable energy targets at COP28 and progress in dealing with non-CO<sub>2</sub> greenhouse gases like methane. During COP29, their informal understanding on the donor base served as a baseline for agreement on the NCQG. As well as softening their bilateral relationship as a whole, climate cooperation thus also protected the COP-process from becoming another arena of the US-China conflict.

### **China in the lead?**

China has built up a dominant position in green technologies and supply chains over the past decade, while its historical emissions have just surpassed the EU's for the first time. The likelihood of Washington withdrawing from the Paris Agreement presents China with an opportunity to translate its industrial prowess into a narrative leadership role in multilateral climate

negotiations. At COP29 China expressed a general willingness to shoulder more responsibility and repeatedly emphasised its commitment to multilateralism.

This new openness was most apparent in relation to the NCQG. For the first time, China did not characterise its renewable energy investments in developing countries (US\$24.5 billion since 2016) as South-South cooperation, but explicitly used UN terminology that characterises such investments as part of international climate finance. In doing so, China was signalling that it would become part of the donor base, albeit on a voluntary basis and as a developing country. Later, China also supported the compromise that will allow developing countries' contributions to multilateral development banks to count towards the NCQG – the very point to which India objected during the turbulent end of the conference. China also coordinated constructively with the EU's negotiating team, led by EU Commissioner Wopke Hoekstra, on the NCQG and managed to prevent major emerging economies from blocking it – with the exception of India.

Nevertheless, China's commitment should not be overstated. At no point was China prepared to have its status as a developing country questioned and make more than voluntary contributions based on funds that would have flowed anyway. In the negotiations on mitigation China showed considerably less willingness or ability to exert decisive influence on obstructive actors within the G77. Looking ahead, the key question is the extent to which China's actions were a transient response to the expected US withdrawal from the Paris Agreement and a subsequent political decision to publicly support multilateralism, or whether it indicates a long-term shift. China's nationally determined contribution (NDC) will provide a first indication.

## Difficult conditions for progressive coalitions

The EU's climate diplomacy revolves around forming progressive coalitions for the energy transition, as at COP28 in Dubai. This will be more difficult without the United States, and with previously allied developing nations disappointed by the outcome of COP29. In Baku the Small Island Developing States (SIDS) and Least Developed Countries (LDCs) were forced to make painful concessions in order to secure the continuation of the multilateral process. They are the big losers of the climate finance compromise reached at COP29. Neither the EU nor China were able to effectively represent their interests, even though they involved these country groups in the process vis-à-vis the Presidency. As a result, the High Ambition Coalition (HAC) of progressive industrialised and developing countries, which had often catalysed breakthroughs in past negotiations, was unable to make an impact either.

Towards the end of the first week of the conference, the Dubai Coalition of around 120 countries successfully insisted that mitigation would form part of the overall COP29 package. However, the "Like-Minded Developing Countries" (LMDCs) resisted progress on mitigation until the very end. Saudi Arabia in particular used every diplomatic tool available to undermine the GST results of COP28 and prevented any mention of fossil fuels. The overwhelming momentum that had led Saudi Arabia to accept the move away from fossil fuels in the GST negotiations in 2023 proved too hard to replicate. The Presidency's conduct, in particular the lack of consultation with vulnerable countries during the final phase, accentuated these difficulties.

## Middle powers at the centre

In the wider context of shifting power relations, middle powers from the Global South play a central role. For all Brazil's commitment, reinforced by its role as host

of COP30 in Belém, there is no denying that middle powers are using their new-found strength to block rather than form progressive coalitions.. Their representation in various negotiating groups (BASIC, LMDCs, OPEC, Arab Group) allows them to position themselves flexibly on specific issues. The LMDC group usually attempts to slow progress on mitigation, and has increasingly influenced the negotiating process as a whole. It insists on the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), emphasises strict separation between industrialised and developing countries, and stresses the principle of national self-determination in favour of global goals in all areas. China, the G77 and the LMDCs are likely to remain committed to progress in the areas of adaptation and finance. Mitigation, however, risks being increasingly sidelined.

In addition, resistance to EU climate policy is growing among middle powers, and putting the EU under pressure. COP29 saw renewed attempts — coordinated by ministerial meetings of the BASIC group (Brazil, South Africa, India and China) and the BRICS+ — to place the Carbon Border Adjustment Mechanism (CBAM) on the agenda as a climate-harming “unilateral trade measure”. The Trump administration’s likely hostility to the CBAM and other EU climate measures such as the methane regulation could aggravate such problems and isolate the EU, forcing it to play diplomatic defence and limit its scope of action. The consequences for the EU could extend well beyond the climate negotiations, to jeopardise the new European Commission’s climate and competition agenda and its foreign policy as a whole.

### **Recommendations for the 2024–2029 EU term**

To prevent such a scenario, the new Commission needs to invest in effective EU climate diplomacy. It should combine and communicate the EU’s climate policy and

its emphasis on competitiveness in the field of green technologies.

### **Diplomatic support for the European Green Deal**

In order to mitigate diplomatic tensions over measures such as the CBAM, the EU should make more strategic use of foreign policy instruments such as the Global Gateway Initiative and the announced Clean Trade and Investment Partnerships (CTIPs). Although the EU managed to block an agenda item on “unilateral trade measures” in Baku, a much more vigorous push should be anticipated at COP30, which will be held under a Brazilian Presidency and likely without US support.

### **Taking the lead on implementation**

The EU can consolidate its leadership role by consistently implementing its own climate targets. To this end, it should formulate an ambitious emissions reductions target for 2040 and present its nationally determined contribution (NDC) as soon as politically possible. At present, all indications suggest that this will not occur before the second half of 2025, on account of internal matters such as the Polish presidential election in May. That will be too late to influence the international process. Nonetheless, COP29 might have created an opportunity for the EU to coordinate its submission with China, in order to inject momentum into the faltering NDC process. This should give the EU a new incentive to search for ways to communicate at least the target elements of its NDC prior to official submission, despite the difficult internal politics. The United Kingdom could serve as an example, after becoming the first industrialised country to announce the outline of its NDC (at COP29).

## **Demanding climate responsibility from China**

If China wants to play a constructive leadership role in international climate politics, it needs the EU as a partner in the camp of the industrialised countries. In return, the EU should demand consistently demand climate responsibility from China. This includes clear expectations regarding ambitious national climate plans. In preparation for future COPs and to support UN-based multilateralism as a whole, the EU should aim to fulfil – as far as possible – the stabilising function formerly played by US-China climate cooperation. The 5+1 format – which brings together the European and Chinese climate envoys and met for the first time in 2024 – could be expanded to play a leading role in the climate dialogue with China.

Beyond climate diplomacy, deeper EU-China cooperation on climate issues would involve identifying common interests and recognising and addressing potential conflicts at an early stage, especially in the areas of technology and geopolitics. This could also prevent China's alliance with countries of the Global South against EU climate measures such as the CBAM from gaining further influence. Another promising field of cooperation is methane reduction, in particular within the framework of the Global Methane Pledge (GMP).

Internally, the EU faces the challenge of reconciling China's potential willingness to engage on climate cooperation with the diverging interests and attitudes of EU member states towards China and the growing anti-Chinese rhetoric. The EU will need to embed climate cooperation in the broader context of EU-China relations. Instead of isolating climate issues, a holistic strategy is needed that links climate diplomacy with trade, green technology and security, and seeks a balance between cooperation and competition.

## **Advancing climate finance**

To sustain the UN climate process despite difficult geopolitical conditions, support for and cooperation with SIDS and LDCs is essential. The success of the *Baku to Belém Roadmap to 1.3T* and the fulfilment of financial promises will determine whether these countries continue to support the multilateral process and whether progress will be made on mitigation. The EU has an important role to play in sustaining the ongoing reforms of the international financial architecture and work on innovative sources of finance. Multilateral development banks in particular must be shielded from the effects of Donald Trump's election.

To this end, the EU should increase its diplomatic presence outside the formal negotiations. Progressive North-South coalitions are still possible: at COP29, the United Kingdom, Kenya, Brazil, Colombia and Chile (re-)emerged as constructive partners. The EU should work with these countries in order to find ways to advance multilateral negotiations despite geopolitical crises.

## **Embed COPs in broader multilateralism**

The process and outcome of COP29 provoked unusually fierce criticism. Baku showed that the COP process may no longer be isolated from geopolitical turmoil.

Cooperation within the UNFCCC is constrained by the demands of universal participation and consensus, and smaller club formats are often discussed as a more promising alternative. However, such hopes are regularly disappointed by the political realities – as demonstrated by the experience with the climate club founded by Germany, which has been downgraded to a platform for industrial decarbonisation.

Although the G20 brings together all the major emitters, its Rio summit – which was held concomitantly with the COP – produced no more ambitious results than those achieved in Baku, despite a committed Brazilian Presidency. For the coming years, the constellation of actors in the G20



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offers little prospect of change: with the United States, Saudi Arabia, Russia and Argentina all led by fossil fuel – friendly governments there are fewer opportunities for progressive coalitions than in the UNFCCC. Nevertheless, Brazil's scheduling of the G20 summit for 18 and 19 November 2024 – at the beginning of the second week of the COP29 negotiations – could serve as a model. Forward-looking planning of presidencies and dates can create synergies between multilateral forums. That would create a shrewd opportunity to embed the climate conferences within geopolitical discussions instead of isolating them with little prospect of success.

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