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Policy | brief

Paris Climate Agreement 2015 – EU needs to ensure 'signal' and 'direction'

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Parties to the UN Framework Convention on Climate Change are expected to agree on a new international climate agreement applicable to all countries from 2020 at the Paris climate summit in December 2015. This Policy Brief investigates the possible role of the European Union (EU) towards the 2015 Paris climate agreement. It argues for renewed efforts by the EU at coalition building with progressive developing countries, leadership by example and a more prominent, complementary role of individual EU member states. It also argues for a Paris agreement that provides a strong "signal" and "direction", and discusses what this may entail.

Introduction

Ever since the 2009 Copenhagen climate summit, the European Union (EU) and its member states (from here onwards: the EU) have struggled to redefine their role in international cooperation on climate change. The EU's international leadership on climate change that had been prominent in much of the 1990s and 2000s was seriously shaken in Copenhagen in 2009 (e.g. Groen and Niemann 2013). While it has recovered slightly in subsequent years, including by putting more emphasis on coalition building with progressive developing countries, the EU is no longer unequivocally considered the international champion on climate change (e.g. Bals et al. 2013). In addition to increased internal discord on climate policy (Skovgaard 2014), uncertainty about its own role and potential for influence in the international constellation are factors at play.

Concurrent with the EU's attempt to redefine its role, the understanding of international climate policy and the UN Framework Convention on Climate Change (UNFCCC) process itself has evolved significantly. Whereas the multilateral process had long been considered as the major forum of (international) climate policy-making, it is increasingly recognised as one among several fora and instruments in the toolbox of multilevel governance. This system of multilevel governance evolves dynamically with different elements influencing each other. The fight against climate change is not decided at the UNFCCC; rather, decisions at various levels matter and interact. Having said that, the UNFCCC can and does provide an important impetus to, and anchor point for, the overall efforts. In this perspective, part of the task is rather to encourage, facilitate and reinforce action at other levels (see also Bodansky and Diringer 2014).

Against this backdrop, this paper proceeds in three steps. The next section briefly reflects on the EU's role towards the 2015 Paris climate conference that is expected to agree on "a Protocol, another legal instrument or an agreed outcome with legal force" applicable to all parties from 2020. Subsequently, we make the case for pursuing an agreement that focuses on providing a strong signal and determining a clear direction for the long-term global efforts to combat climate change. Finally, we indicate main elements of such a Paris Agreement.

Reflections on the EU's role towards Paris

Balancing Europe's declining power through smart coalition building

The EU's power position in international climate politics has changed dramatically over the past decade. Not only has the EU's share in global greenhouse gas (GHG) emissions declined

significantly, reducing its relative weight as compared with other major players (e.g. China and the US), but the EU's power base has also eroded due to continuing economic stagnation and financial turmoil it has experienced since the crisis of 2008/09 (also Skovgaard 2014). In other words, the lesson of Copenhagen – that the EU cannot base its influence in international climate politics simply on its structural weight – still holds, and is probably further pronounced in the run-up to Paris.

As a result, coalition building remains a priority. The EU enhanced its efforts at coalition building after the Copenhagen conference. In tandem with the offer to enter into a second commitment period of the Kyoto Protocol, its renewed and redirected diplomatic efforts, especially towards progressive developing countries such as the least developed countries and small island states (e.g. in the Cartagena Dialogue), paved the way for launching negotiations on a 2015 agreement in 2011 (Bäckstrand and Elgström 2013). Delivering on the ratification of the Doha Amendment establishing a second commitment period of the Kyoto Protocol and continuous diplomatic efforts towards (developing) countries with overlapping interests therefore remain a *conditio sine qua non* for successful EU climate diplomacy for Paris. This could be crucially enhanced by the EU backing of some of the key demands of progressive developing countries (adaptation/loss and damage, finance, capacity building) and priority support for these countries (including in targeted EU development cooperation under the new Multi-annual Financial Framework). Aligning progressive developed and developing country players also offers the important prospect of gaining leverage over the two heavyweights - the US and China.

New and greater relevance for EU leadership by example

Far from becoming irrelevant, EU "leadership by example" has potentially even greater relevance for the EU's international standing than in the past. Climate action at home has traditionally been a major source of the EU's international credibility, but has also been increasingly questioned in recent years (e.g. Bäckstrand and Elgström 2013; Bals et al. 2013). As the EU's relative power position declines, domestic action as a source of international credibility arguably acquires additional relevance. With discussions on climate policy advancing and increasingly taking a long-term decarbonisation perspective, it becomes clearer that mid-term GHG emission reduction targets (e.g. for 2025 or 2030) and reform of the flagship instrument of the EU Emissions Trading Scheme (ETS) – albeit important – are not the only elements required. Increasingly, attention needs to turn to complementary instruments that advance innovation and (large-scale) investments for long-term decarbonisation in specific sectors and action areas (including heavy industry, transport and energy infrastructure, renewables, appliances and buildings efficiency, cars, etc.).

Advancing the internal policy framework will require a new balancing of interests. EU-28 diversity, with Eastern member states displaying different socio-economic profiles and energy infrastructures, needs to be acknowledged in the forthcoming 2030 policy framework. Resolving the resulting internal disagreements, possibly in a big new deal that allows advancing the modernisation of the energy sector in Eastern member states, again offers the chance to showcase to the world that widely diverging interests can be reconciled.

Broadening the EU's contribution through its Member States

European leadership by example does not have to be driven only by action at the EU level and by a GHG emission reduction target. For example, when it comes to the deployment of renewables or the enhancement of energy efficiency, member states have a wide scope for action, as is apparent from their varying track records in these fields (EEA 2013). Within the new context of "intended nationally determined contributions" that countries will bring to the Paris process, member-state policies and goals could in principle be put forward internationally next to EU-level climate action. Designed properly, both elements may well complement and reinforce each other. Bringing policy action beyond climate mitigation targets and emissions trading to the debate may actually support the narrative of co-benefits and opportunities of low-carbon economic development. Carefully broadening the international debate to action in areas that are of strategic importance for long-term decarbonisation, such as renewables and energy efficiency, could be helpful in this respect. In the possible/likely absence of binding national targets on renewable energy and energy efficiency in the EU post 2020, it is worth considering whether member states could have a stronger international role in promoting some of the related policies and measures they seek to implement domestically after 2020.

Broadening international discussions on climate policy beyond emission reduction targets can also occur beyond the UNFCCC context. "International cooperative initiatives" provide other forums for advancing this debate. In the bustle of these initiatives, the EU and its member states should carefully and strategically select and push those initiatives with the highest added value of international cooperation and potential for mutual learning and policy diffusion (e.g. heavy industry transition and efficiency standards).

However, it would be unrealistic to expect the EU – even if based on a renewed leadership by example – to be able to move the world towards sufficiently ambitious commitments in a 2015 agreement. The leeway may be larger when it comes to pushing

for a durable, smart and directive design of the Agreement and general (in contrast to specific and quantifiable) commitments in this framework. We now turn to what such a design might entail.

Putting 'Signal' and 'Direction' Centre Stage

At the time of writing, countries have not yet put forward their "intended nationally determined contributions" for climate action post 2020. It is unclear how much these may close the gap between "business as usual" and action required to put the world on course for the internationally agreed objective of limiting global average temperature increase to no more than 2°C above preindustrial levels. It is widely expected, however, that these contributions will be insufficient to meet this objective. Furthermore, the longer we put off the transition required, the more expensive this transition will become and the less we will be able to limit climate change and its impacts, since the level of unavoidable climate change is constantly increasing. How can Paris 2015 help create and reinforce the required impetus under existing political circumstances? On what should the EU focus its efforts?

We suggest that Paris may contribute to creating the required impetus especially through two very much interrelated and interacting elements. The Paris agreement should thus give:

1) A firm **signal** that increasingly stringent climate action is politically inevitable for all parties; and

2) A clear **direction** of the policy pathway towards realising the 2°C objective.

Such a signal and direction are two sides of the same coin. A firm signal would provide direction to future climate protection, while a clearly determined direction is also part of the signal required. Both together have the potential to provide a clear orientation for investment decisions and policy development by private and public actors in a long-term perspective at sub-national, national, regional and trans-/international levels. This signal and direction would also provide the EU with assurances to further advance domestic policy development towards decarbonisation.

Creating Signal and Direction: Main Elements

The signal and direction are the result of a combination of several elements. Each element on its own is not necessarily essential to achieving the desired signal and direction but taken as a whole these elements are significant and should be considered by the EU. The strength of the signal and the clarity of the direction result from the **combined effect of the elements**, including:

- **Long-term mitigation objective (phase-out)** - Clarifying that achieving the established objectives of international climate policy (preventing dangerous anthropogenic interference with the climate system and the 2°C objective) entails phasing out GHG emissions in the second half of the 21st century could greatly enhance their relevance for direct action. This would send a clear message to governments, investors and others. Long-term investments in GHG emitting technology are to be averted and action needs to be initiated immediately to fully decarbonise the economy within this century.

- **Long-term objectives for other core areas** - Long-term qualitative objectives for other core areas of international climate policy might provide further guidance to their targeted development and unlock potential to guide future action. They could point the way towards climate-resilience (**adaptation**), the continuous scaling-up of climate finance and re-direction of financial flows/investments (**finance**), and intensifying technology cooperation so as to enhance research, dissemination and deployment of low-carbon and climate-resilient technologies (**technology**).

- **Commitment to direction** - The signal and direction immanent in these objectives could be further reinforced by the commitment of each and every party to a continuous deepening of international cooperation towards achieving the long-term objectives.

- **Structured commitment cycles** - Since the mitigation commitments entered into in 2015 will need to be strengthened, provision needs to be made for regularly and flexibly ratcheting them up. Such a "cycle of commitments" could be based on: 1) clear requirements for parties to put forward strengthened future commitments at least every five years with accompanying information that facilitates their transparency, assessment and comparison; 2) a clear process of assessing and finalising the proposed commitment, and 3) provisions for easy adoption and expedited entry into force of new commitments (e.g. Morgan et al. 2014). It would need to proceed in tandem with the consideration of next steps on adaptation and 'means of implementation' (see below).

- **Transparency and compliance** - Deepening international cooperation requires trust and transparency, and the danger of free riding and cheating can undermine the signal the 2015 Agreement needs to give. Appropriate transparency provisions (discussed internationally under the heading of "measuring, reporting and verification" – MRV) and a mechanism for facilitating and promoting effective implementation (including through tackling related problems) provide a way forward. They can enhance confidence that governments are serious about

implementing their commitments and achieving the long-term objectives and that implementation problems will be discovered and addressed effectively.

- **Medium-term GHG mitigation commitments** - The signal and direction of the 2015 Agreement will also depend on the ambition of the quantified mitigation commitments it contains for 2025 and/or 2030. These targets can be further strengthened by an obligation for each party to pass domestic regulations, legislation and policies to ensure their effective implementation by 2020 at the latest.

- **Means of implementation** - Finally, how serious countries are seen to be about combatting climate change will also depend on their action to provide the means for effective implementation in terms of financial support, technology and capacity building (for both adaptation and mitigation).

Some other elements may further reinforce signal and direction - For example, low-carbon development strategies, long-term financing strategies, and adaptation plans may all serve to enhance the long-term perspective required, as may the requirement to integrate long-term climate objectives into all relevant national planning processes.

Conclusion

Coalition building and leadership by example remain important cornerstones of an international climate strategy of the EU. This implies increased attention to:

1) Offsetting Europe's declining structural power on climate change through continued investment in smart coalition building and renewed leadership by example;

2) Implementing and highlighting strategically important policies beyond GHG emission reduction targets, including support for renewables, energy efficiency and core sectoral policies (industrial low-carbon innovation, cars/transport, buildings, infrastructure); and

3) Exploring the potential for complementing EU-level action with showing leadership by example at member-state level, where important competences for these areas reside.

On the road to the 2015 Paris Climate Summit, the EU should give particular consideration to the need to create a strong signal for a climate transformation and to provide clear directions for the path towards decarbonisation. Calling for a focus on signal and direction is not to lessen the urgency of stepping up action to address and counter climate change. Rather, it aims to contextualise and complement a focus on medium-term mitigation targets and financial support with the identification of additional elements that can help incite action 'on the ground' and provide the basis for sustained worldwide efforts by enshrining general commitments in long-term objectives and a process for getting there.

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