NEGOTIATING THE PARIS AGREEMENT

The Paris Agreement was more ambitious than many expected. Not only did governments commit to keep global temperatures well below 2°C, but they also agreed to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Paris package included provisions on climate finance and on addressing needs linked to loss and damage from climate change impacts.

The Paris Agreement has all the characteristics of a regime that is realistic, achievable and long-lasting. The European Union fought hard for three key components to be included in the Paris Agreement: a common long-term goal, a five-year ambition cycle to progressively update targets, and a transparency and accountability system to track progress against long-term objectives.

Work in the years leading up to Paris undoubtedly helped lay the ground for success. For example, while the time was not yet right in Copenhagen to deliver the legally binding, comprehensive agreement many had hoped for, it encouraged many countries that had never done so before to take on voluntary pledges and start planning for a climate-compatible economy. Ultimately, the Paris Agreement was the result of excellent climate diplomacy and extraordinary political will. The attendance on the opening day of 150 heads of state and government sent a strong message to the world of their collective resolve. Leaders also engaged in telephone conversations in the final days to help find compromise on outstanding issues.

The diplomatic skills of the French hosts have been widely recognised as contributing to the success of COP 21, and rightly so. France’s Foreign Minister and President of COP21 Laurent Fabius demonstrated great skill in leading diplomatic efforts towards a balanced and ambitious agreement. By keeping an open ear to all Parties and ensuring predictability on the negotiating process, the French hosts maintained steady progress on all matters of substance throughout the conference and generated a sense of inevitability that an ambitious agreement would eventually be concluded.

The EU played a central role in avoiding the threat of a low-ambition deal by leveraging its strong track record of international support and – through cooperation and dialogue – agreeing to a more contemporary approach to the outdated distinction between developed and developing countries.

In advance of Paris, EU Commissioner for Climate Action and Energy Miguel Arias Cañete travelled the world in 2015 to build an alliance of countries united for an ambitious deal. In Paris, the EU and the Group of African, Caribbean and Pacific countries (ACP), announced a coalition of developed and developing countries in favour of the highest level of ambition, the so-called High Ambition Coalition. They were joined by the US, Canada, Japan, Mexico, Colombia, Brazil and others.

Another specific example of successful collaboration in Paris was the joint EU - Brazil submission on international markets. This was instrumental in delivering an ambitious framework for common and robust rules to account for the use of

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international carbon markets and an ambitious mitigation mechanism to replace the Clean Development Mechanism. The proposal sought to underpin an ambitious and robust agreement by providing a common basis to avoid double counting – a key concern for both Brazil and the EU – to ensure the environmental integrity of carbon markets. All of these efforts, prior to Paris and during the two weeks of negotiations, were key to ultimately delivering the final Paris Agreement.

It is clear that carbon markets have a key role to play in delivering the emissions cuts needed to keep the global temperature well below 2°C by the end of the century.

We know that carbon markets are a cost-effective tool. Emissions from power plants and factories covered by the EU Emissions Trading System (EU ETS) are falling. By 2020, emissions from these sectors will be 21% lower than in 2005, and to achieve the EU’s ambitious emissions reduction target of at least 40%, they will need to be 43% lower than 2005 by 2030. The EU ETS also contributes to direct investment in clean energy and energy efficiency. A recent report shows that in 2014, Member States used or planned to use almost €3 billion generated from the auctioning of ETS allowances on climate and energy related action.

We are already seeing new emissions trading systems emerging and the EU has been sharing more than a decade of experience with international partners. For example, the EU is working with the Republic of Korea to support the implementation of East Asia’s first national ETS. The EU is also collaborating closely with China through a new €10 million project, as China prepares for the launch of a nationwide carbon market next year. In addition, the European Commission is the biggest contributor to the World Bank’s Partnership for Market Readiness, through which some €110 million has been made available to help 17 countries develop and implement domestic market proposals.

But while the Paris Agreement can facilitate markets through its framework, functioning carbon markets require countries to create the necessary supply and demand through their domestic policies. I am convinced that more carbon markets will likely emerge as countries move to implement their national climate policy plans prepared in the run-up to Paris. More than 90 countries have said they intend to use market-based measures to achieve their emissions reduction targets.

In the shorter term, we may see some demand if the International Civil Aviation Organization is successful in agreeing a global market-based mechanism this autumn to deliver the sector’s fair share of emissions towards the global effort. One of the most pressing challenges for all countries, therefore, is to put the Paris Agreement into practice on the ground. The EU is forging ahead with its preparations for delivering on its Paris commitments. In fact, before Paris proposals were made to strengthen the EU ETS to ensure the energy sector and energy intensive industries deliver the necessary emission reductions.

In July 2016, the EC brought forward proposals to accelerate the low-carbon transition of key sectors of the economy in Europe, including transportation, buildings, agriculture and waste. The Commission also presented a strategy on low-emission mobility, which sets the course for the development of EU-wide measures on low- and zero-emission vehicles and alternative low-emissions fuels. Later this year, the EC will come forward with proposals to adapt the EU’s regulatory framework in order to put energy efficiency first and to foster the EU’s role as a world leader in the field of renewable energy.

So, as COP 22 approaches and we resume the task of filling in the technical details of the landmark Paris Agreement, the EU will continue to do our homework and prepare the ground for its swift implementation in the EU.

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