

## The 2015 Paris Agreement: What It Means for the European Union's Climate Policies

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### Executive Summary

- > The Paris climate summit in December 2015 resulted in an Agreement that pragmatically combines the science-driven demand for ambitious global emissions reduction objectives with key Parties' continued desire to protect their sovereignty. Its implementation will depend on a quasi-constant negotiation process over the coming years.
- > The constructive role played by the European Union during the negotiations of this Agreement allowed it to recover from the reputational damage suffered at the 2009 Copenhagen summit.
- > Over the coming years, the EU will need to sustain and reinforce this role to contribute to ensuring the environmentally effective implementation of the Agreement.
- > To this end, both EU internal and external climate policies and related policies need to be strategically geared toward a high level of ambition, based on solid support and ownership from its member states.

On 12 December 2015, the 195 Parties to the United Nations (UN) climate regime adopted the 'Paris Agreement' at their 21<sup>st</sup> Conference of the Parties (COP 21). The adoption of this treaty for the period after 2020 ended a reform process started in Durban, South Africa, in late 2011. The Agreement prominently contains the objective of holding "global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above

pre-industrial levels". Hailed by many observers as a turning point that marks the beginning of the end of the fossil fuel era, the Agreement is above all the fruit of a compromise that allowed all Parties to claim victory. Its provisions, as many Parties and observers also acknowledged, will need to be stringently operationalised and implemented in order to stand a chance of actually attaining the temperature objective. The European Union (EU), which played a very constructive role during the negotiations leading to the Agreement, can become instrumental in keeping up the pressure for implementing it and preserving the 'spirit of Paris' over the coming years. Based on a synthesis of the Agreement, the process that led to its adoption and the EU's role in that process, this Policy Brief discusses what the Agreement means for the EU's internal and external climate policies and related policies.

### The Paris Agreement - a triumph of pragmatism

The Paris Agreement is composed of two documents: a 20-page decision of the COP, to which the actual 12-page Agreement is annexed. The latter contains the following key provisions:

- *Ambition*: The Agreement enshrines the three-fold global goal of (i) keeping global warming "well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C" (Art. 2), (ii) peaking emissions "as soon as possible" (Art. 4.1), and (iii) achieving a balance of emissions and sinks by the second half of this century (Art. 4.1).
- *Differentiation (Art. 4)*: All countries participate in mitigation through 'Nationally Determined Contributions' (NDCs), to be ratcheted up every five years; developed countries adopt absolute emission reduction targets, while developing countries "are encouraged to move over time towards economy-wide emission reduction or limitation targets in the light of different national circumstances".

- *Finance (Art. 9)*: Developed countries shall provide finance for developing countries, whereas other countries can provide climate finance voluntarily. The COP decision speaks of at least 100bn USD to be mobilised per year until 2025 and an increased amount thereafter.
- *Transparency (Art. 13)*: An “enhanced transparency framework for action and support, with built-in flexibility which takes into account Parties’ different capacities” is to be established. To this end, the first meeting of the Parties to the Paris Agreement shall “adopt common modalities, procedures and guidelines, as appropriate”.

### *Squaring the circle*

With these main outcomes, the Agreement reconciles the most diverse party preferences, combining a top-down approach of global goal-setting with a bottom-up exercise of ‘pledge and review’.

On the one hand, the Agreement defines the ultimate objective of the UN climate regime. Where the 1992 UN Framework Convention on Climate Change had rather nebulously called for the “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system” (Art. 2), the Paris Agreement now for the first time indicates that Parties consider this level to correspond to a temperature increase below 2°C above pre-industrial levels, and that it might even be preferable to limit this increase to 1.5°C. While the 2°C objective reflects a long-standing position of the EU, first codified in the 2009 Copenhagen Accord, the reference to the 1.5°C aim represents a strong demand of especially the small island nations and least developed countries. On the other hand, the Agreement enshrines a bottom-up approach that was equally first introduced with the Copenhagen Accord, namely that Parties submit NDCs which are binding only in national law. This desire to protect their national sovereignty had been most strongly expressed by the United States and the emerging economies, especially China and India.

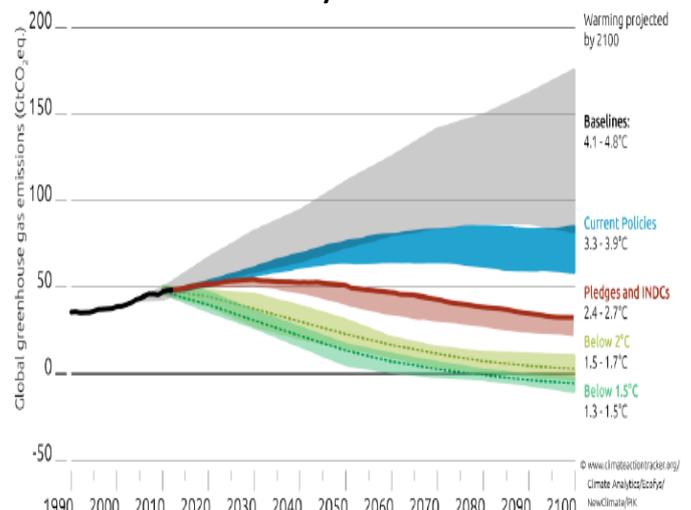
The Agreement thus re-designs the architecture of the global climate regime by essentially multilateralising unilateral action. Purely national (or in the EU’s case regional) commitments are subsumed under a common, aspirational goal, as well as – yet to be defined – common reporting and assessment rules. Differentiation and the decade-long ‘firewall’ separating developed countries from developing countries have generally been weakened by the fact that all Parties will in the future be

bound to adopt NDCs. Nevertheless the Agreement remains, in the words of US Secretary of State Kerry, “a monument to differentiation”, through its explicit reference to the principle of common, but differentiated responsibilities (Art. 2.2), but also via differentiation in the form of NDCs and on finance. In combining positions that seemed previously incommensurable, the Agreement represents a triumph of pragmatism within the climate regime. Its bindingness heavily relies on the legitimacy that comes from the wide support it enjoyed and is underpinned by a quasi-general submission of NDCs by Parties. The main compliance mechanism will therefore be ‘naming and shaming’ based on a stringent application of a robust transparency framework.

### *The beginning of the end of the fossil fuel era?*

From the institutional incrementalist perspective that has characterised the global climate regime ever since its inception, the Agreement can be viewed as an unexpected success demonstrating the resilience of the multilateral system. Its environmental effectiveness remains however to be proven. Currently, the top-down component of the Agreement embodied in the “well below 2°C” aspiration stands in stark contrast to its bottom-up features, above all the level of ambition of the (intended) contributions. The NDCs submitted by December 2015, if duly implemented, are bound to lead to a temperature increase of at least 2.7°C (see below). At the same time, the broad support for the Agreement is expected to provide for a strong ‘signaling effect’ for public and private actors alike that they should prepare for the end of the fossil fuel era.

### **Ambition gap under Intended Nationally Determined Contributions submitted by COP 21**



Source: *Climate Action Tracker*, 8 December 2015, [www.climateactiontracker.org/](http://www.climateactiontracker.org/)

As many of its provisions remain imprecise, including the crucial section on transparency, the Paris Agreement provides not just the endpoint of the reform process kicked off in Durban, but also the starting point of quasi-constant negotiations over the coming years. These negotiations will have to further define and operationalise the architecture of the post-2020 climate regime in the newly founded Ad Hoc Working Group on the Paris Agreement (APA) and at future COPs. Moreover, Parties will, besides ratifying the Agreement, also individually need to adopt, implement and transparently report on NDCs so as to attain the key objective of the treaty. The process started at Paris is therefore again bound to become arduous. To effectively implement the Agreement, it is quintessential that Parties manage to preserve both their ambitions and the willingness to compromise displayed in Paris. The task of facilitating future talks rests on those who considerably contributed to shaping the Agreement – among them the French COP Presidency (in office until COP 22) and the EU.

### **Success factors and the role of the EU in the negotiations on the Paris Agreement**

Six years after the infamous Copenhagen summit (COP 15) that had resulted in a minimalistic ‘Accord’ and saw the EU sidelined during the final bargain, the UN climate regime delivered a legally binding outcome, and the EU was an integral part of the deal-making process in Paris.

#### *Getting to ‘yes’: lessons learned and creative coalitions*

To avoid reproducing the Copenhagen experience, the COP Presidencies of Peru and France had meticulously prepared COP 21 as an ‘anti-COP 15’. Expectations had been lowered through able media strategies, procedures had been made more transparent and party-driven, heads of state had been invited to give guidance and large-scale climate finance initiatives involving public and private actors (e.g. the ‘Breakthrough Energy Coalition’ involving 20 governments and major investors such as Bill Gates) had been announced at the beginning of the summit instead of at its end. All this allowed for demonstrating broad support for climate action from various actors, ranging from national, regional and local governments to civil society and the private sector.

Moreover, COP 15 had demonstrated a power shift away from the industrialised countries in general to the US and the emerging economies (BASIC – Brazil, South Africa, India, China). The US, with reinvigorated climate leadership during President Obama’s second term, and

China had already in 2014 found common ground on the overarching form of the future agreement. The desire of these powerhouses for a loose bottom-up framework was counterbalanced in Paris by a strong ‘High Ambition Coalition’ of more progressive players, including the small island states, a multitude of other developing countries and the EU, pushing essentially for a legally binding, ambitious and dynamic agreement with a clear long-term, science-based goal and a review mechanism. This group had formed before COP 21, was approached and joined by the US during the summit, and later even by Brazil, breaking ranks with the BASIC group in what was described by some as a ‘game-changer’ for the talks.

#### *The EU’s new climate pragmatism*

In the negotiation process that led to the Paris Agreement, the EU played a non-negligible role, displaying an unprecedented level of pragmatism in its climate diplomacy. Already at the 2011 Durban COP, the EU’s engagement, based on a coalition with progressive developing country Parties, had been instrumental in setting the agenda for the regime reform talks. In the run-up to Paris, the Union then operated with its firm support for a legally binding outcome, but also generally lowered levels of ambition and a more flexible approach. First, its own climate policies, including a 40% emissions reduction target for 2030 (from 1990 levels) and resulting from difficult internal negotiations remained clearly below earlier ambitions to ‘lead by example’. Second, the EU’s general objectives, as outlined in the September 2015 Environment Council conclusions, were much more dynamic than in the past. They included – apart from the 2°C goal – a five-yearly ‘ambition mechanism’ for an upward adjustment of such commitments, and, without much specification as to what this would entail, a robust common rules-based transparency regime. Third, and in stark contrast to past negotiation rounds, the EU was more prudent in formulating specific expectations regarding other Parties’ efforts, which were to be judged “in light of different national circumstances and evolving economic realities and capabilities”. Fourth, and in terms of its outreach strategy, during COP 21 its major contribution consisted in co-sponsoring the above-mentioned ‘High Ambition Coalition’, based on a pre-existing cooperation with the small island states, which was enlarged to the countries of the African, Caribbean and Pacific (ACP) group. When the US and Brazil joined towards the end of the COP, the Group received significant media attention and demonstrated its commitment to achieving an ambitious outcome by

jointly marching into the plenary meeting during which the final draft outcome of the Agreement was presented.

Many provisions in the Agreement, including the level of ambition and the demand for a robust transparency framework, correspond rather closely to the EU's post-COP 15 wish list. This was also highlighted in statements of the European Commissioner for Climate Action and Energy Cañete, the Luxembourg Presidency of the Council and many other EU member state representatives. They also acknowledged shortcomings, however, and the need to further strengthen the post-2020 regime architecture. In the Commissioner's words: "Now, what has been promised must be delivered. Europe will continue to lead the global low-carbon transition we have agreed."

### **Building on Paris - next steps for EU climate policies**

Commissioner Cañete set an ambitious agenda for the EU for the years to come. With its diplomatic performance during the negotiations, the EU has demonstrated its recovery from the traumatic Copenhagen experience. If the Union wants to pursue its constructive role in global climate politics and aim at promoting a high level of environmental protection, it can, however, not afford to rest on its laurels. The Paris Agreement represents above all a promise, whose delivery will depend on continued action. One of the EU's main tasks will be to defend the ambition embedded in the Agreement's key objectives by preserving the 'spirit of Paris' via both internal and external climate policies as well as related policies.

#### *Doing its homework: the EU's internal climate policies*

Besides a rapid ratification of the Paris Agreement, the outcome of COP 21 imposes if not a legal, then at least a political and moral obligation on the EU to consider reinforcing its internal climate policies for 2020 and 2030. Currently, the European Environment Agency projects that emissions in the EU will have been reduced by 24-25% by 2020, exceeding the 20% target. Reinforcing its pre-2020 ambition seems thus feasible. It would provide a strong signal to other parties about the EU's commitment to the climate cause. Moreover, and beyond striving to fulfil its intended NDC of 40% reductions by the year 2030, the Union should also reflect on whether and how to ratchet up this contribution already prior to that date. A first science-based global stock-taking exercise under the Paris Agreement is already foreseen for 2018. By then, the EU should have clarity on how it "will continue to lead the global low-carbon transition" in the medium to long term.

To seize the opportunity for demonstrating its commitment to a long-term transition process towards a low-carbon society, existing intra-EU differences need to be settled. The litmus test for the member states' willingness to support this transition will arguably be this year's negotiations on the EU's 'effort-sharing'. The new Polish government has already voiced its desire for renegotiating the 40% target, which it considers as too ambitious. The Commission's leadership ambition can also be questioned: Commissioner Cañete's announcement at a press conference right after the Paris summit, that "it will be for the next Commission to lead" the process of discussing the EU's post-2030 target seems to contradict his otherwise very ambitious rhetoric during COP 21. Given the importance of climate change for both EU internal and external policies, and especially the global signaling effect that its domestic policies in this domain will have during the ratification and operationalisation phase of the Paris Agreement, the EU would be well-advised not to postpone trend-setting decisions to the future. The Energy Union project, which stipulates a parallel development of EU energy and climate policies, should provide ample opportunities for trade-offs allowing to solve conflicts between the more and the less progressive member states.

#### *Reinforcing EU climate diplomacy*

While COP 21 was hailed as a success of EU external climate policies, there is no time for complacency for Europe's climate diplomats. Paris may have been a peak followed by the valleys of regular APA negotiations and less high-profile COPs, but the devil is in the detail. The negotiations on the implementation of the Paris Agreement will require the EU to operate with a clear-cut strategy. In a context where the implementation of the regime relies heavily on 'naming and shaming', the EU will, on the one hand, need to operate with clear positions regarding the operationalisation of crucial components of the regime, especially its future transparency framework. On the other hand, it will again need to closely cooperate with the COP Presidencies of France and Morocco, build coalitions, but also reach out to those Parties that may have diverging viewpoints (e.g. China, India), and make targeted use of financial and other incentives to preserve the level of ambition displayed in Paris during the ratification and operationalisation stages. Helping developing countries to propose and implement solid NDCs could be a one cornerstone of the EU's future climate diplomatic strategy. Such a strategy could, especially in the UN framework, again be formulated and defended primarily

by the apparently very well-functioning cooperation between ‘team EU’, led by the Commission and several lead negotiators in cooperation with the Council Presidency, and the member states. At the same time, when it comes to strategy-building and bi- and multilateral outreach beyond the UN, the experience of the French COP Presidency, aptly steered by Foreign Minister Fabius and his ministry in cooperation with Environment Minister Royal, has demonstrated the value added that can come from close cooperation between generalist diplomats and climate experts. The EU as a whole could equally stand to gain from reinforcing this type of cooperation, making more stringent use of the diplomatic networks of EU Delegations and member state embassies for getting key messages. An effective monitoring of the ratification and implementation processes of the Paris Agreement in third countries would also permit swift reactions to any attempts at rolling back the achievements of COP 21.

#### *Integrating climate change into other EU external policies*

Climate change has developed into a cross-cutting challenge for EU foreign policy that touches on multiple other external policies, among them development, energy, migration, trade and security policies. To implement the terms of the Paris Agreement, activities in other than purely climate-related fora (e.g. G7, G20) and comprehensive contacts with public and private actors beyond the EU will be necessary. The Union should

therefore take its environmental integration principle (Art. 11 TFEU) seriously, and embed climate change even more firmly across the entire portfolio of external relations, including through a strategic upgrade of the EU’s Green Diplomacy Network. To do so, High Representative Mogherini and, the Foreign Affairs Council should be allowed greater co-ownership of the policy. In full recognition of its multiple interlinkages with other areas of EU external and security policies, climate change should also be given a prominent place in the EU’s forthcoming ‘Global Strategy’.

#### *Committing member states to an ambitious EU climate agenda*

To enable the EU to follow up on all these points and “lead the global low-carbon transition”, internal coherence between its members remains a crucial precondition. This implies that member states will need to recognise the immense potential that lies in jointly developing the EU’s climate and energy policies. If this is done effectively through internal and external policies, the EU will not only contribute to reducing the pressures from climate change as an environmental challenge and ‘threat multiplier’, but also enhance its energy independence, seize the economic opportunities associated with a low-carbon transition and gain in global prestige. Acknowledging these opportunities implies assuming much-needed joint ownership of the EU’s climate policies in the years to come.

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