

EU position for COP 21 climate change conference

SUMMARY

Ahead of the United Nations (UN) climate conference (COP 21) in Paris, the European Union (EU) institutions and advisory bodies have made statements regarding the EU position for the negotiations towards a new universal climate agreement. They agree on a number of core principles: an ambitious legally binding agreement with strong provisions for transparency and accountability, and a mechanism for raising the ambition over time. Beyond this common negotiating position, each institution emphasised its priorities.

The EU's level of ambition was set by the October 2014 European Council conclusions on the EU 2030 climate and energy framework. It forms the basis for the EU's Intended Nationally Determined Contribution (INDC), which commits the EU to a domestic reduction of greenhouse gas emissions by at least 40% below 1990 levels by 2030. The EU submitted its INDC on 6 March 2015, as one of the first Parties to do so.

The European Commission outlined its vision for the Paris agreement in February 2015. In July the European Economic and Social Committee adopted a recommendation calling for stronger involvement of civil society. In October, the Committee of the Regions and the European Parliament adopted positions calling for more EU ambition. Parliament called on the EU and Member States to agree a roadmap for EU climate finance. Council adopted a negotiating mandate on 18 September and conclusions on climate finance on 10 November.

Analysis by think-tanks and academics has focused on the level of EU ambition, and on the prospects for European leadership in international climate negotiations.



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State of the negotiating process

The 21st Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) will be held in Paris from 30 November to 11 December 2015. As decided in 2011 (COP17 in Durban), the Paris Conference should agree on a legally binding climate change agreement applicable to all Parties, which should come into effect in 2020. The Paris Conference is considered decisive for the future of international climate action.

Building on the outcome of <u>COP20 in Lima</u>, several UNFCCC negotiation sessions were held in in 2015 to draw up a negotiating text for the Paris agreement. On 23 October 2015, the UNFCCC meeting in Bonn adopted a <u>draft text</u> of the agreement. However, this text does not resolve the <u>points of disagreement</u> between the different countries and groups of countries. Instead, it still contains many options and brackets, so that the conflicting positions of all Parties are represented. <u>Key issues</u> regarding fairness, responsibility and finance remain open, and will have to be resolved at COP21.

Ministers from more than 60 countries attended a <u>pre-COP21 meeting</u> held in Paris from 8-10 November 2015. The ministers confirmed their determination to conclude a universal agreement in December in Paris. They reached consensus on periodic review of the national contributions, regular presentation of new contributions by all countries, and the principle that each new objective must be more ambitious than the previous. The EU was represented by Luxembourg's Environment Minister, Carole Dieschbourg, and Commissioner Miguel Arias Cañete.

In the course of 2015, national governments laid out their plans for post-2020 climate action in the form of Intended Nationally Determined Contributions (INDCs). 165 out of 196 Parties <u>submitted</u> an INDC by 17 November 2015. The UNFCCC secretariat <u>analysed</u> the INDCs submitted by 1 October 2015, and found that greater emissions reductions were needed to limit global warming to an increase of below 2 degrees Celsius, the target agreed in the 2009 <u>Copenhagen Accord</u>. Studies <u>estimate</u> that the current pledges would lead to a temperature increase of around 3 degrees.

Climate finance for mitigation and adaptation in developing countries is expected to be a crucial issue in the Paris negotiations. At the 2009 climate conference in Copenhagen, developed countries promised to mobilise US\$100 billion per year from public and private sources by the year 2020. A recent OECD report on climate finance estimates that climate finance in 2014 amounted to US\$62 billion, up from US\$52 billion in 2013.

Current EU climate policies and international commitments

Together with other developed countries, the EU and its Member States committed to reduce their greenhouse gas emissions under the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change adopted in 1992. The EU participates in the second commitment period of the Kyoto protocol (2013-2020), but large emitters such as the USA, Russia, Canada and Japan do not.

Domestically, the EU has binding targets for the reduction of greenhouse gas emissions. By 2020, the EU aims to achieve a reduction of 20% below 1990 levels. On current figures the EU has already more than achieved its goals for 2020, having <u>reduced</u> its GHG emissions by 23% between 1990 and 2014.

The main instrument for achieving emissions reductions is the EU emissions trading system (ETS), a cap and trade system that applies to electricity generators, industry and

the aviation sector. For sectors not covered by the ETS, such as transport and heating, national targets for the EU Member States are set out in the Effort Sharing Decision. The EU's greenhouse gas (GHG) emissions targets are complemented by targets for renewable energy sources and energy efficiency. Climate legislation in the EU includes ecodesign and energy labelling, the Renewable Energy Directive, the Energy Efficiency Directive, CO₂ limits for cars and vans, and on F-gases (fluorinated greenhouse gases).

EU bilateral and multilateral engagements

The EU and its Member States have engaged in climate diplomacy ahead of COP21, along the lines of the Commission's action plan for climate diplomacy in 2015. France, which hosts COP21, has also reinforced its climate diplomacy. The EU and its Member States have engaged in international fora that deal with climate issues, including the Montreal Protocol, Clean Energy Ministerial, International Maritime Organisation, and International Civil Aviation Organization, G7 and G20.

The G7 leaders issued a <u>declaration</u> during their June 2015 summit meeting in Schloss Elmau, Germany, affirming the target of keeping global warming below a 2°C increase. It calls for a decarbonisation of the world economy by the end of this century, and for a cut in global greenhouse-gas emissions of up to 70% by 2050, using 2010 as a baseline. The G7 countries aim to transform their energy systems by 2050 and commit to developing national long-term low-carbon strategies.

The <u>G20 leaders' communiqué</u>, adopted at the summit in Antalya on 15-16 November 2015, affirms the determination to reach a legally binding agreement in Paris in line with the below 2°C goal. In the field of energy, <u>G20 energy ministers</u> agreed to work together on renewable energy deployment and energy efficiency, as well as efficiency and emissions performance of vehicles, networked devices, buildings, industrial processes and electricity generation.

The EU and China addressed climate change during the EU-China summit on 29 June 2015 in Brussels. In a joint statement on climate change, the EU and China committed to working towards an ambitious and legally binding agreement at the Paris conference. They agreed to cooperate on developing a low-carbon economy while maintaining robust economic growth, enhance bilateral cooperation on carbon markets, launch a low-carbon cities partnership, and strengthen their cooperation on a number of issues.

The EU and its Member States contributed €14.5 billion in climate finance in 2014. France has promised €5 billion annually of climate finance by 2020. The EU assists the world's most vulnerable developing countries in addressing climate change through the Global Climate Change Alliance (GCCA) that supports 51 programmes around the world and has a budget of more than €300 million.

EU approach to COP21 and post-2020 commitments

Acting as a strong bloc with an ambitious common climate policy, the EU has long played a leading role in international negotiations. In October 2014, the EU was the first economy to decide and announce its climate policies for the post-2020 period, and in March 2015, among the first UNFCCC Parties to submit its INDC. Based on the October 2014 European Council conclusions on the 2030 EU climate and energy framework, the EU commits to a binding target of at least a 40% domestic reduction in greenhouse gas emissions by 2030, compared to 1990. The emissions target in the EU INDC covers land use, land-use change and forestry, but defers policy decisions on how to include this sector.

In July 2015, the EU started the legislative process to turn the post-2020 commitment into EU law, with a <u>legislative proposal</u> for lowering the cap for greenhouse gas emissions covered by the EU emissions trading system by 2.2% annually.

European Commission

In February 2015, the Commission issued a <u>communication</u> on the 'Paris Protocol'. It proposes a transparent and dynamic legally binding agreement, whose long-term goal should be to reduce global emissions by at least 60% below 2010 levels by 2050. Mitigation commitments should be binding on all Parties; countries with the highest responsibilities and capabilities would have the most ambitious commitments. The Commission advocates a five-year cycle for reviewing and strengthening mitigation commitments. Linking of carbon markets and transfers of mitigation commitments between countries should be allowed. The EU considers that the agreement should provide a framework to shift investment towards low-emission, climate-resilient programmes and policies, and improve the environment for climate-friendly investments.

European Economic and Social Committee (EESC)

The <u>EESC opinion of 2 July 2015</u> generally supports the Commission's negotiating position, but argues for strengthening the role of civil society. It recommends that the Commission, Council and European Parliament engage in an intensive and structured dialogue with civil society actors that will play an essential role in implementing any climate agreement aimed at building a low-carbon economy and society.

Council of the European Union

The Foreign Affairs Council conclusions on climate diplomacy, adopted on 20 July 2015, point out that unmitigated climate change is a threat to peace, stability and security, and commit to addressing the security dimension of climate change. Council highlighted the EU's cooperation with developing and emerging countries on both adaptation and mitigation, and stressed the need to intensify joint efforts in EU climate diplomacy.

On 18 September 2015, EU Environment Ministers adopted <u>conclusions</u> on the COP21 preparations, calling for a durable, legally binding agreement, preferably a protocol. The agreement should include mitigation commitments for all Parties, to be updated every five years. Concerned about the slow progress of the negotiations, the Council proposed early ministerial engagement before COP21 as a way forward.

EU Finance Ministers adopted conclusions on climate finance on 10 November 2015, highlighting the contribution of €14.5 billion from the EU and its Member States in 2014, an increase from the previous year. They recognise the importance of climate finance, and propose that provisions on finance in the Paris agreement should be dynamic, outcome-oriented and flexible to take changing and emerging realities into account. They confirm that the EU and its Member States will continue to provide public climate finance for mitigation and adaptation in developing countries, but also stress the role of the private sector as a source for low-carbon, climate-resilient investments.

Committee of the Regions

The Committee adopted its <u>opinion</u> on 14 October 2015. It calls for a multi-level governance approach that recognises the role of non-state actors in dealing directly with the impacts of climate change, and turning policy objectives into concrete results. It supports increased ambition: a global target of zero carbon by 2050, and a 50% reduction in EU emissions by 2030. It suggests expanding at global level the Covenant of Mayors, an initiative of European cities that commit voluntarily to go beyond EU legislation.

European Parliament

EP delegations regularly participate in UN climate change conferences. The delegation to COP21 in Paris will be led by Giovanni La Via, Chair of the Environment, Public Health and Food Safety (ENVI) Committee.

The European Parliament favours a more ambitious EU climate policy. Its February 2014 resolution on the 2030 climate and energy framework considered the Commission's proposal as 'short-sighted and unambitious', and called for at least a 30% market share for renewables and a 40% improvement in energy efficiency by 2030. The European Parliament resolution on COP20 in Lima of 26 November 2014 stressed that 'the EU's credibility in international negotiations depends on its ambition for domestic action'.

The European Parliament <u>resolution of 14 October 2015</u> on the Paris agreement urges a phase-out of global carbon emissions by 2050 or shortly thereafter. It advocates five-year commitment periods for the Paris agreement, and calls on all Parties to revise their INDCs before 2020. It calls on the EU and Member States to agree a roadmap for scaling up EU climate finance, and earmark revenues from the EU ETS and from future taxes on aviation and shipping emissions for that purpose. It calls for a reinvigoration of EU climate policy, and urges Member States to consider commitments complementary to the 2030 target, including action outside the EU.

On 29 October 2015, the ENVI Committee exchanged views on COP21 with Laurent Fabius, French Minister of Foreign Affairs and chair of COP21. On 9 November 2015, the Committee discussed COP21 and climate finance with Werner Hoyer, President of the European Investment Bank.

Parliament <u>decided</u> on 13 November 2015 to become carbon-neutral from 2016, by continuing efforts to cut its own emissions and offsetting its irreducible emissions.

Analysis and opinions

There have been varied <u>reactions</u> to the EU INDC. PwC, a consultancy, considers the emissions target as ambitious, as it requires the EU to nearly double the rate of decarbonisation. Greenpeace and WWF disagree, and consider that the EU should set more ambitious targets. Some analysts are critical of the lack of transparency on how to include emissions from land use, land-use change and forestry, and warn that this may lead to a weakening of EU ambition.

Oxfam, WWF and Climate Action Network Europe consider that the Council position on climate finance is insufficient to address poor countries' needs, and risks undermining the EU's alliance with vulnerable countries. They warn that already stretched development aid funds may be diverted to provide climate finance.

<u>BusinessEurope</u> is in favour of a legally binding agreement with comparable mitigation efforts from major economies. It proposes to institutionalise business engagement in the UNFCCC and to incentivise the creation of linkable carbon markets.

The EU has historically had a strong leadership role in international climate negotiations. European climate policies are often seen as having set an example for other countries. However, <u>research</u> suggests that the EU's perceived legitimacy and credibility have started to decline as the economic crisis has led to a more negative attitude towards climate-policy proposals which may undermine competitiveness.

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EPRS

The 2014 bilateral US-China announcement indicates a willingness by these major emitters to take on a leadership role. The <u>VUB Institute for European Studies</u> proposes that the EU should strengthen its climate diplomacy through smart coalition building and renewed leadership by example. The <u>Heinrich-Böll-Stiftung</u> suggests that the EU should build alliances and reinforce its climate diplomacy.

A <u>study</u> by the Free University of Berlin of reactions to EU climate leadership found that India and China reacted in different ways. While China responded with increased accommodation of the EU approach, India resisted EU attempts at diffusion. The study's author suggests that EU leadership can be enhanced by paying greater attention to domestic politics and preferences of the intended 'followership'.

The <u>EU Think Tank Platform for Paris 2015</u> analyses the EU role in a geopolitical situation that has evolved since the adoption of the Kyoto Protocol. It calls on the EU to provide leadership through its 'soft power' towards reaching a strong Paris agreement under the UNFCCC, which would also strengthen the credibility and influence of the UN and the multilateral system. A strong international commitment to decarbonisation can also address concerns about European competitiveness, giving the EU a chance to reconcile good global citizenship and self-interest, according to the authors.

Guntram B. Wolff, Director of Bruegel, <u>argues</u> that a coordinated EU approach to technology transfer and climate finance can help with the adoption of an ambitious agreement at the Paris conference. He proposes that the EU should therefore come forward with strong financial commitments for the period before and after 2020. If a strong climate agreement results in trillions of euros of investment in low-carbon technologies and services, European exporters stand to benefit.

Main references

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eprs@ep.europa.eu

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