

# SWP Comment

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## After the Katowice Climate Summit

**Building Blocks for the EU Climate Agenda**

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In Katowice, Poland, the 24th meeting of the Conference of the Parties (COP24) under the United Nations Framework Convention on Climate Change (UNFCCC) took place in December 2018. The parties adopted a rulebook for the implementation of the Paris Agreement, which was an urgent and necessary step to operationalise the climate regime that is taking effect from 2020 onwards. The COP also addressed short-term climate ambitions by finishing the Talanoa Dialogue, a platform dialogue including stakeholders from civil society for sounding out mitigation potential before 2020. The European Union (EU) and its member states are among the few global actors remaining with the means and determination to follow up on supporting the international climate agenda. Thus, in preparation of the 2019 September climate summit convened by the UN Secretary-General (UNSG), António Guterres, the EU will have to demonstrate its willingness to reduce emissions by upgrading short- and long-term targets and to support poor countries, politically and financially. The vulnerable developing countries rely on the EU and its member states as leaders and partners for the national implementation of the rulebook's technicalities. Not least, the EU has to focus on deepening cooperation with emerging countries and on raising awareness for climate change across policy fields.

The Katowice Rulebook spells out rules and procedures for nearly all provisions of the Paris Agreement (2015), such as mitigation, adaptation, finance, transparency, and periodic stocktakes of global and national activities. Taking final decisions on how the Paris Agreement can be operationalised was the primary mandate for COP24 in Poland. At the outset of the conference – even though parties stressed the need for a complete and balanced rulebook – there was still scepticism regarding delivery, considering that a wide array of issues were to be

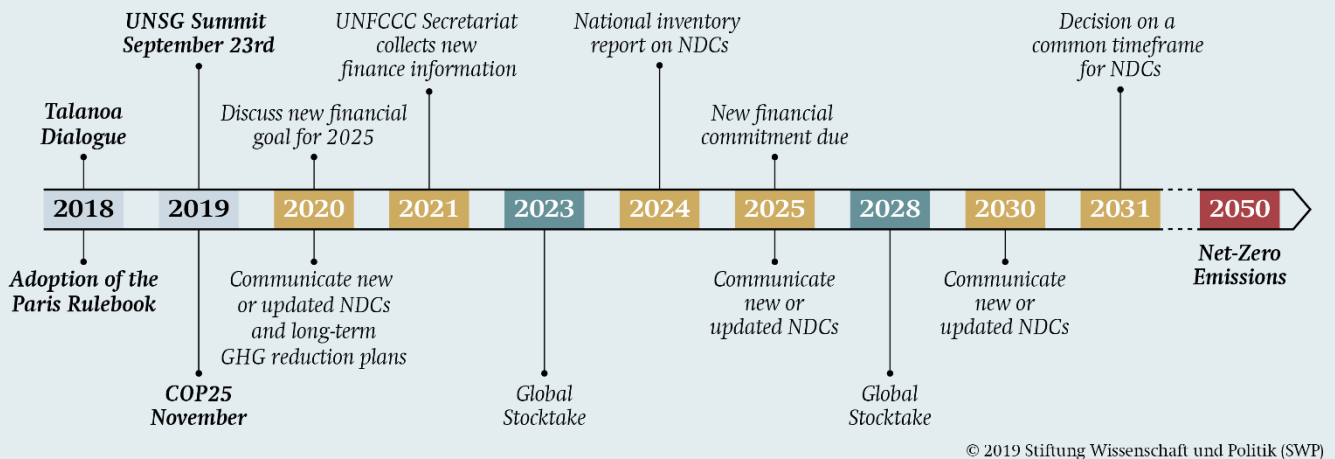
deliberated and agreed upon in a short span of the conference. As the Polish COP presidency came in late to pull the strings – and seemingly was occupied pushing for domestic priorities such as E-mobility, a just transition in the energy sector, as well as the role of forests as carbon sinks – a completion of the rulebook was not a safe bet.

Two issues on which parties could not fully agree during COP24 were postponed, as were a number of details. Final details on rules for market instruments such as emissions trading and the Clean Development



Figure 1

## UN climate agenda – timeline and deliverables



Mechanism, which are integrated with new instruments as “cooperative approaches” under Article 6 of the Paris Agreement, are due to be agreed upon in 2019. A process for defining the annual financial resources that will be provided to developing countries will start in November 2020.

### Rules on Information and Transparency

#### Differentiation – a Never-ending Story

A crucial step in the rulebook negotiations was to overcome calls for differentiation. Basically, this call goes back to a division of parties: those with a larger responsibility for climate change – the developed countries – and those that are mostly affected by the impacts. A division between developed and developing countries was established under the UNFCCC and the Kyoto Protocol to substantiate the principle of common but differentiated responsibilities and respective capabilities (CBDR&RC; UNFCCC Article 3). The bifurcation of the parties was surmounted by using language in the Paris Agreement that includes emerging economies such as China, Brazil, and India on a voluntary basis in all climate policy dimensions.

The demands for equity in the rulebook negotiations refer to the differentiation of obligations along the CBDR&RC principle – including losses and damages caused by climate change. The differentiation issue returned because the installation of rules on emissions accounting and reporting require considerable technical and bureaucratic capacities. As the idea of uniform reporting gained traction during the talks in 2018, the need for “selective flexibility” emerged. As a result, the “enhanced transparency framework” of the Rulebook offers some flexibility for those countries that do not have the capacity to immediately deliver all information and reporting, for example the Least Developed Countries (LDCs).

The Rulebook introduces an obligation that parties – on the backdrop of their nationally determined contributions (NDCs) – provide a national inventory report and the necessary information to track what actually is being achieved at the national level. Two more reviews are introduced that draw on experts in order to judge on actual national achievements: one as a technical review, the other as a peer review. Parties need to submit a first report by 2024. Only the LDCs and small island states are provided flexibility in terms of scope, frequency, and details of reporting.

Similarly, also for the global overview of the national climate policy activities,

the Global Stocktake (GST, see below), differentiation concerns were raised. The Paris Agreement requires equity as a guiding principle for the stocktake. The Rulebook, however, does not address how equity should be incorporated when conducting the stocktaking or how to include it in the content and overall outcome.

Last, but not least, the developing countries demanded differentiation — meaning stricter rules — for communication on financial commitments and more ambitious NDCs for the developed countries. This way, assessing their willingness to take over responsibility and financial burdens would become more transparent.

### **Information about Emission Reductions**

Regarding the mitigation of emissions, parties agreed how “information necessary for clarity, transparency, and understanding” should be provided. Countries can determine for themselves which information is applicable to their NDCs. The actual technical accounting guidelines for NDCs were established. This step was necessary because, as with the Paris Agreement, more countries have pledged to reduce emissions than were previously bound to do so under the Kyoto Protocol. The accounting guidelines are set out by the Intergovernmental Panel on Climate Change (IPCC).

Again, the differentiation theme was raised because common metrics were a matter of dispute that needed to be resolved (“a ton is a ton”), as were the methodological approaches to reporting. Both are crucial for consistency in the national reports and the global stocktake of climate action.

The existing NDCs include a wide range of timelines, for example the EU submitted a target for 2030, Australia has chosen 2025, and moreover, countries have chosen different base years. A decision on a common timeframe for reporting was postponed until 2031, which means that, in the meantime, countries can create NDCs for any time period they prefer.

### **Adaptation, Finance, and Stocktaking**

Moreover, the Rulebook lays out communications about adaptation to climate change more precisely. Countries can choose to communicate their priorities, plans, actions, and support needs either in their NCDs, national communications, or using national adaptation plans. The topic of climate-induced losses and damages — introduced by small island states and covered by the Warsaw International Mechanism since 2013 — is not mentioned in any section of the Rulebook. Instead, countries are instructed to report on loss and damage in the sections on adaptation, transparency, and the global stocktake. This represents a step backwards for developing countries.

Developed countries are obliged to report their financial support for developing countries on a biennial basis. The obligation includes information on the climate-specificity of the finance provided, which will prevent “green-washing” of pre-existing development finance, and on any further efforts that could bring about more funds, especially from public sources. Starting in 2021, the UNFCCC secretariat will collect the relevant information and set up related workshops. A ministerial dialogue on climate finance should also convene biennially to draw on the reports. However, a new long-term financial goal was not agreed. Instead, deliberations on a new financial goal that goes beyond US\$100 billion per year will start in November 2020.

The “Global Stocktake” (GST, Article 14 PA) is the primary top-down component of the otherwise decentralised architecture of the Paris Agreement. The idea behind it is to have a global review of announced climate policy pledges made by the parties (NDCs) every five years (see Figure 1, p. 2), including mitigation achievements, financial commitments, and other support measures such as technology-transfer and capacity-building. The GST will be a key tool for informing parties on the collective progress regarding the Paris Agreement as a whole, namely on its purpose to limit the

rise of the global mean temperature to well below 2°C and to strive for 1.5°C, climate resilience and low-carbon development.

The parties agreed in Katowice on “sources of input” for the GST beyond the already existing ones, such as the IPCC Sixth Assessment Report. Additional sources include non-party stakeholders’ submissions to the GST. Also agreed was the actual conduct of the GST under the UNFCCC and the responsibilities for preparing it.

## Perceptions of the Outcomes

Although most developed countries view the Rulebook package as being balanced and hail the fact that it could be agreed, the developing countries — including least-developed countries and small island states — think that developed countries were successfully able to pressure them into giving in to their demands. They see the overall outcome as “mitigation-centric” — meaning that aspects crucial to them were watered down, including predictable financial support and equity.

The equity issue is exemplified by the risks from loss and damage: Developing countries believe that they are mostly left on their own to counter climate risks and impacts, with no funds in sight. This perception is reinforced by the lack of immediate climate action being taken by developed countries in the short run. Small island developing states, the African group, civil society, and youth groups were dissatisfied that the Rulebook does not prescribe an action plan to immediately raise climate ambitions, especially in light of the IPCC 1.5°C global warming report, which shows that pathways which do not overshoot temperature limits can only be achieved if decisive action is taken in the next 12 years. Another UNEP Emission Gap Report released ahead of the COP substantiates that current global efforts would need to be increased by five times in order to stay within the 1.5°C limit. A discussion held on the IPCC report magnified the division between countries with ambitions and those that wish to block;

Kuwait, Russia, Saudi Arabia, and the United States rejected “welcoming” the report.

The different judgements on the Rulebook, however, refer to different expectations about the Rulebook. It is the backbone of the Paris Agreement, as it spells out details of its application. Thus, by itself, the Rulebook is a significant step for the climate regime. Yet, it cannot provide sufficient ambition for lowering emissions more quickly, as the regime is not providing binding mitigation mechanisms or sanctions to enforce compliance. Climate action is left to the political processes, nationally and internationally, as well as to non-state actors. Enforcement is left to the diplomatic skills of proactive countries.

## The EU at COP24

The EU was crucial in driving the negotiations forward and supporting the Polish presidency in the formation of the Rulebook. Its most notable success was teaming up with developed countries and partnering with China to push for stringent, uniform reporting rules. It also gave in to developing countries’ calls to discuss modalities for indicative finance provisions and agreed to a clear process for assessing and reviewing the financial provisions.

The EU could not deliver much in detailing equity and its implementation in the GST though. It is now left to the final negotiations on the GST as to how equity could be reflected and operationalised.

Developing countries and civil society were dissatisfied with the EU’s noncommittal approach to matters of adaptation finance and loss and damage. In particular, they expressed further disappointment that the EU was not able to increase its short-term climate ambitions. Still, the EU pushed for stronger language on the 1.5°C temperature target in the Talanoa Dialogue (a forum introduced under the Fiji COP presidency in 2017, which included civil society members). This dialogue was ended in Katowice with a “Talanoa Call for Action” and produced a High Ambition Coalition — a revival of the 2015 coalition in Paris. In this

context, the EU declared it would look into options for more climate protection measures by 2020. Yet, it is unlikely that this announcement can bring about an actual reduction in EU emissions during the course of 2019.

### **The EU Still ahead of the Curve?**

Shortly before the summit in Katowice, the EU highlighted in a Council decision in November 2018 the need for an ambitious and robust rulebook and for stepping up climate protection measures. The European Commission drafted a vision for a climate-neutral Europe by 2050 (“A Clean Planet for all”).

This vision will be subject to further debates and elaborations in 2019 and will develop into the EU’s submission to the UNFCCC for a long-term climate strategy next year. With this vision, the EU is following up on the Paris Agreement concept of climate neutrality as a target for the second half of this century. The scenarios applied include a wide range of EU policy areas and options to tackle greenhouse gas (GHG) emissions. With the publication, the EU once more sets the tone and serves as an example for other countries — even though it is not clear whether the 2019 EU spring Council will endorse the vision already this year.

A more critical issue is the EU’s short- to mid-term engagement through the next round of NDCs, due in 2020 for COP26. A first attempt by the Commission to suggest an increase in the 40 per cent emissions reduction target for 2030 to 45 per cent failed with member states in summer 2018. In February 2019, the European Parliament’s Environment Committee suggested an increase to 55 percent emission cuts compared to 1990 levels. By increasing the target for 2030 and submitting a higher pledge, the EU could increase its credibility and thereby also mask the inaction regarding its ambitions prior to 2020 under the Talanoa Dialogue.

### **EU Partnerships – Strengthening of Ties Needed**

With the Katowice Rulebook, the gap has widened between the clarity of how global climate policy should be conducted and the actual climate measures being taken on the ground. Meanwhile, GHG emissions are surging — having reached an all-time high in 2018 — and are further accumulating in the atmosphere, thereby impeding the chances for a near-term trend reversal.

In order to follow the concept of the Paris Agreement — a progressive pledge and review process based on national actions — the EU has been attempting to find and strengthen allies. In particular, since the United States dropped out in 2017, this has become one of the major climate diplomacy challenges. The attempts at closing ranks with China, Canada, and Mexico have been overshadowed by conflicts in trade relations with the United States and China as well as the EU’s internal preoccupations during the last two years with a pending Brexit. In May, before the European elections this spring, EU leaders will decide in Sibiu, Romania, how to approach their key challenges. Additionally, the EU and its member states have to take up loose ends and feed strategies into a new Commission, which will take office at the end of 2019. EU coalition formation has become even more challenging as Brazil, which was a key supporter of the Paris Agreement, is no longer engaging in collective actions for climate protection. In fact, after the election of Jair Bolsonaro, Brazil joined the group of naysayers and is leaving it to other Latin American countries to support the Paris Agreement. Brazil will no longer act as host to the next COP; instead Chile and Costa Rica will host the COP25 and the pre-COP meeting respectively.

This will bring more attention to the Latin American countries’ interests and to their potential role in climate diplomacy. For instance, the EU can engage with the proactive AILAC countries (Independent Association of Latin America and the Caribbean) — a group of eight countries, includ-

ing Chile, Peru, and Colombia — on finishing the rules for market mechanisms in the Rulebook and delivering on the agreed next steps.

With both India and China, a crucial area of cooperation with the EU is clear and transparent reporting that is in compliance with the Rulebook. With respect to India, this has gained urgency considering that the UN recently questioned India's forest-cover data submitted for potential funds due to lack of transparency. Both Asian giants have showcased their domestic climate achievements related to renewables, energy efficiency, sustainable cities, and green growth, but they have nevertheless shown reluctance to pledge greater ambitions internationally.

India, in particular, has claimed to be a climate champion in the area of installed renewables capacity and has looked towards the EU for cooperation in related technologies. Access to affordable, climate-friendly, sustainable technologies should continue to be a basis for regular cooperation between the EU and its Asian partners. The EU declared in Katowice its interest in technological cooperation in bioenergy storage and capture as well as the circular economy. This could also provide an area for future cooperation to promote investment opportunities.

The most vulnerable countries to climate change, including the small island states, rely on the EU both with regard to greater ambitions towards mitigation as well as more support in the financial and political dimensions.

The EU and its member states will have to assist them with the next round of NDCs and the related conceptual and procedural challenges, as well as with the implementation of the new accounting and reporting rules. Since much of the climate action in developing countries hinges primarily on predictable and sustainable financial sources, this remains a sensitive topic. In 2020 a process will begin to increase the floor of US\$100 billion per year from 2025 onwards. While this will entail both mitigation and adaptation finance, a sustained

commitment to the Adaptation Fund — which is currently replenished on an ad hoc basis — and progress on the operationalisation of financial means for losses and damages from climate impacts are equally important.

## September Climate Summit in New York

With current and projected climate impacts becoming more severe, the climate summit on 23rd September — convened by UNSG Guterres under the heading “A Race We Can Win. A Race We Must Win” — is a venue where not only the EU, but also India and China could show political will in preparation of an ambitious national strategy and action plan to counter climate change. Thus, a competition among the great players regarding the revision of their NDCs would be a positive signal in preparation of this UNSG event. The UNSG wants to link the UNFCCC process more strongly with different levels of governance (regions, cities), private business, and citizens across several key areas of climate policy. In this regard, engagement with sub-national actors and civil society in the United States needs to be maintained to safeguard the role of the United States in the climate regime — even though this is only in anticipation of another U-turn in the US approach to climate cooperation.

Given the list of deliverables of the Rulebook, EU external activities that strengthen ties and deepen collaboration are needed this year. This should not be limited to COP25 and the New York summit. Political support should include raising awareness across other policy fields and institutions. The loss and damage issue is one example, because it has been subject to debates in the UN Security Council several times already under the header of climate risks, peace and security. The latest debate was hosted by the Dominican Republic on 25st January 2019. Following up with five EU members (Belgium, France, Germany, United Kingdom, Poland) being members

of the UN Security Council in 2019, the EU can walk the talk together with small island states by keeping attention focussed on climate risks.

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