SWP Comment

NO. 39 JULY 2023

Destructive Ambiguity Hampers Progress in UN Climate Process

At recent climate talks in Bonn, key pillars of the Paris Agreement came under fire

Gerrit Hansen

Entrenched positions, particularly between industrialised countries and some major emerging economies, dominated negotiations at June's UN Climate Change Conference in Bonn. Disagreements over the interpretation of "common but differentiated responsibilities" and the principle of equity hindered substantial progress. Preparations for the first Global Stocktake (GST) to ratchet up the ambition under the Paris Agreement (2015), which will conclude at the 28th Conference of the Parties (COP28) in Dubai in December, did not meet expectations. At the same time, some emerging economies, notably China, attempted to lessen the significance of the IPCC's Sixth Assessment Report (AR6) as a common scientific basis. Should China maintain this position, it could result in negative consequences for the multilateral climate process well beyond COP28.

The two weeks of technical negotiations at the 58th session of the United Nations Framework Convention on Climate Change (UNFCCC) Subsidiary Bodies (SB58) in Bonn in June served as an important forum to prepare for COP28 in Dubai. The December meeting in the United Arab Emirates will, among other things, finalise the first GST under the Paris Agreement. As an ambition mechanism, the GST aims to ensure that countries regularly revise their Nationally Determined Contributions (NDCs) in line with the collective goals of the Paris Agreement. It is seen as an opportunity to close — or at least significantly narrow — the gaps between current, still-growing emissions, the ambitions set out in existing NDCs and the mitigation pathways called for by science to achieve the Paris temperature goal. According to the IPCC's latest Synthesis Report, a 1.5°C scenario with no or limited overshoot would require global greenhouse gas (GHG) reductions of 43 per cent by 2030 compared to 2019 levels. By 2035, which is the target year for the next round of NDCs, the necessary reduction figure rises to 60 per cent. To accelerate action in the critical decade leading up to 2030, a kind of "fast-track programme" is being considered, which could be launched as part of the political outcome of the GST or the COP cover decisions in Dubai.

At the Petersberg Climate Dialogue in May, the German government, together

Stiftung Wissenschaft und Politik
German Institute for International and Security Affairs

with allied countries, first launched the idea of a global target for renewable energy as part of the COP28 outcome. Sultan Al-Jaber, CEO of the Emirati state-owned oil producer Adnoc and COP28 president-designate, endorsed the notion at a meeting with the EU Commission in early June. The Emirates' position on phasing out fossil fuel, however, remains characterised by ambiguous rhetoric and calls for a pragmatic approach to all mitigation options, especially carbon capture and storage (CCS). What exactly is meant by an energy system "free of unabated fossil fuels" and what conditions will be attached to such a transition will be among the key climate policy issues long after COP28.

Destructive ambiguity

In Bonn, another issue dominated discussions: the struggle to interpret key principles of the Paris Agreement, especially that of common but differentiated responsibilities and respective capabilities (CBDR-RC). Irreconcilable positions emerged between developed countries and the group of 'like-minded developing countries' (LMDCs), particularly on the provision of resources to developing countries and future mitigation contributions. The LMDC group represents mostly large emerging economies as well as resource-dependent and high-income developing countries such as Saudi Arabia, China and India.

Constructive ambiguity — the art of leaving a document's wording just vague enough for each party to interpret the agreement according to their own national context and priorities — enabled the adoption of the Paris Agreement in 2015. Now, however, the ongoing dispute over key concepts, principles and responsibilities threatens to thwart its implementation. The strict dichotomy between so-called developing and developed countries, once hoped to be overcome and replaced by joint efforts, continues to shape the disputes, with LMDCs and developed countries accusing each other of not accepting the Paris Agreement or reinterpreting it to suit their own interests.

Many developing countries rightly lament developed countries for their continued insufficient commitment to mitigation and lack of financial support. The LMDCs in particular fear that they will have to shoulder an increasing share of the burden for which the industrialised countries bear the main historical responsibility. The LMDCs' position became particularly pronounced in their opposition to the "Sharm el-Sheikh mitigation ambition and implementation work programme" (MPW). Although the underlying mandate, at their insistence, excludes new binding targets as an outcome, discussions about additional short- and medium-term mitigation options — such as sectoral targets and a phase-out of fossil fuels — could take place under the MPW. However, without a complementary agenda item on further finance from developed countries, the LMDCs did not allow for any discussion time to be given to the MPW in Bonn. The incoming presidency missed an opportunity to strengthen their own credibility by choosing not to mediate in the conflict that lasted almost the entire two weeks.

As in previous climate meetings, negotiations in Bonn were largely characterised by the consequences of multiple geopolitical crises (see SWP Comment 10/2023) and the growing tensions between the United States and China. As usual, no major political decisions were taken at the level of technical negotiators. Still the lack of trust and the uncompromising positions that surfaced once more during SB58 make the much-needed "step change" at COP28 seem increasingly unlikely.

Global Stocktake

The Paris Agreement is designed to be a dynamic process of collective effort. Every five years, the joint level of ambition is reviewed under the GST as a benchmark for the next round of NDCs. Given the extremely small remaining CO2 budget, the first GST should provide an incentive both to strengthen existing NDCs and to submit suitably ambitious commitments for the subsequent period, which runs to 2035. It is also significant as a precedent for the design of the ambition mechanism and as a touchstone for the viability of the Paris Agreement.

In Bonn, the 18-month technical phase of the GST concluded with a third round of deliberative formats, focusing on "what is next?" for the cluster topics of mitigation (including response measures), adaptation (including loss and damage), means of implementation and support (finance, technology and capacity-building), and integrated and holistic approaches. In addition, preparations were made for the "consideration of outputs" component of the GST, including the political outcome. These discussions were equally dominated by tensions between developed countries and LMDCs. As a result, there was little agreement on the proposed key messages that were intended to inform the process moving forward. The high-level committee's proposal for the design of the political phase at COP28 also fell short of many delegations' expectations.

The formal negotiations failed to agree on a structure for the decision text on the GST. The main point of controversy here was the hierarchy of issues to be addressed, in particular with regard to the long-term goals on temperature, adaptation and finance set out in Article 2 of the Paris Agreement. The treatment of Article 2.1c, which calls for global financial flows to be aligned with climate goals, was particularly contentious.

Finance in focus

The annual financial needs of developing countries alone for building resilience, setting up low-carbon infrastructure, and dealing with loss and damage are estimated to be in the order of trillions of US dollars by 2030. Despite all the rhetoric, it is clear that the necessary investments cannot be made through transfer payments from developed countries exclusively. With this dilemma in mind, many developed countries, as well as small island states and other climate-ambitious countries, support Article 2.1c as a more far-reaching, transformative approach. If implemented consistently, it would mean a shift in private and public investment from polluting assets and activities to low-emission and resilience-enhancing alternatives, and a concomitant restructuring of government subsidies.

Many developing countries and emerging economies are critical of Article 2.1c and emphasise the obligation of developed countries to provide financial support. They fear that industrialised countries will use Article 2.1c to shift responsibility onto other actors, including high-income developing countries. On the other hand, resource-dependent economies could be disadvantaged by a climate-friendly orientation of global financial flows, and increasingly face the threat of stranded assets. Finally, stringent climate requirements enforced by international financial institutions, for example in the allocation of loans by multilateral development banks (MDBs), affect national sovereignty in infrastructure decisions.

Issues such as scaling up public climate finance, reforms to contain the debt crisis, more effective coordination (both between MDBs and with other donors), and leveraging private investment for climate and development were on the agenda at the "Summit for a New Global Financing Pact" in Paris on 22 — 23 June. One of the focus areas of the informal meeting, which brought together heads of state and government, heads of international financial institutions, and leaders from the private sector and philanthropy, was the Bridgetown Agenda put forward by the Prime Minister of Barbados, Mia Mottley. Among the Agenda's proposed measures that could be advanced in Paris were the reallocation of International Monetary Fund (IMF) Special Drawing Rights (SDRs) to climate finance, a debt clause pausing repayment for indebted countries hit by natural disasters, and the establishment of an agency facilitating currency-exchange guarantees to hedge the currency risk for investments in green infrastructure in developing countries, thereby lowering the cost of capital for renewable energy. Other proposals that gained traction related to new sources of climate finance, such as a global levy on shipping fuel or a financial transaction tax.

French President Macron, who chaired the meeting, set out many concrete steps for the next two years in a roadmap. The document remains tenuous on fundamental reform of the international financial architecture. Nevertheless, if implemented expeditiously, it could make both a significant material contribution to climate finance and strengthen the eroding trust between traditional donor and recipient countries, and thus enable progress in Dubai.

Follow the science

The Convention and the Paris Agreement are rooted in science. Both refer to “best available scientific knowledge”, especially in goal-setting and review processes such as the GST. The IPCC and its reports provide the authoritative scientific standard in the UNFCCC process. They have often played a consequential role in COP decisions, e.g. by paving the way for consensus on raising ambition. The weight the panel carries is reflected in the extensive controversies over specific formulations during the adoption of its reports’ respective summaries for policy makers (see SWP Comment 25/2023).

There have also been increasingly fraught negotiations over the degree of formal recognition of the IPCC’s work in the consultations on research and systematic observation (RSO). At COP24 (2018), a dispute arose over the relevant wording in relation to the Special Report on 1.5°C global warming (see SWP Comment 9/2019). Since then, LMDCs have strongly argued that historical responsibility and equity issues have not been adequately addressed in the scenarios and mitigation pathways assessed by the IPCC. India, in particular, had repeatedly called for specific AR6 findings to be caveated accordingly for the policy process.

In Bonn, disputes escalated to a new level — despite a record number of negotiating hours, delegates were unable to agree on a draft decision on AR6. During the RSO negotiations, the LMDCs insisted on mentioning knowledge gaps and imbalances in every paragraph, particularly with regard to the concerns of developing countries. A late push by China to include alleged disagreements and challenges regarding inclusiveness in the IPCC, as well as a lack of robustness of the reports, forced a further weakening of the compromise text. The draft now omits any reference to urgency or the importance of the best available science for policy. This could weaken the relevance of key AR6 messages — such as global emissions reductions by 2035 or the importance of the 1.5°C limit — for the political process, including the GST. China’s move is particularly surprising given the country’s strong scientific and governance presence in the IPCC and its history of respecting the IPCC’s position in the UNFCCC process.

Should this really correspond to a repositioning of the world’s largest GHG-emitter, the consensus on the acceptance of “best available science” as a central pillar of the climate process could be lost. Germany and the European Union should anticipate the potential consequences at an early stage and seek compromises with China that preserve the integrity of the science-based process. Bilateral and plurilateral cooperation formats such as the Climate and Transformation Dialogue could turn out to provide fruitful platforms in that regard.

Dr Gerrit Hansen is a researcher in the Global Issues Research Division and the Research Cluster Climate Policy and Politics.

SWP
Stiftung Wissenschaft und
Politik
German Institute for
International and
Security Affairs

Ludwigkirchplatz 3 — 4
10719 Berlin
Telephone +49 30 880 07-0
Fax +49 30 880 07-100
www.swp-berlin.org
swp@swp-berlin.org

ISSN (Print) 1861-1761
ISSN (Online) 2747-5107
DOI: 10.18449/2023C39

(English version of
SWP-Aktuell 46/2023)