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Paris Climate Agreement

The twenty-first Conference of Parties (COP21) took place in Paris, France from November 30 to December 11, 2015. The result of the two week summit is a commitment by 195 countries to take measures to reduce greenhouse gas (GHG) emissions, beginning in 2020, as a continuation of the Kyoto Protocol. The final Paris Climate Agreement (Agreement) was adopted on December 12 after an extra day of deliberation. The Paris Agreement has legal force, but not all of the provisions are legally binding. The U.S. is considering the document an “executive agreement” and, therefore, ratification by the Senate is unnecessary.

In a ceremony on April 22, 2016, in New York City, 174 nations and the European Union signed the Agreement. Next steps include ratification of the Agreement by at least 55 countries, representing 55 percent of total GHG emissions. This issue brief highlights key aspects of the agreement.

Overview

The purpose of the Agreement is to “strengthen the global response to the threat of climate change” and act as the next platform to implement GHG emission reductions beyond 2020. The Agreement aims to do so by (1) limiting global warming to 2 degrees Celsius above pre-industrial levels, (2) increasing adaptability to the impacts of climate change, and (3) create financial flows to mitigate GHG emissions and promote climate-resilient development. Previously, there had been no indication that there was the political will to support a more stringent level of holding the increase in global average temperature to 1.5 degrees Celsius, however, the final Agreement acknowledged this more aggressive mitigation path.

The balance between developed and developing countries’ emission mitigation was acknowledged in the Agreement. The Agreement resolves to peak global GHG emissions “as soon as possible, recognizing that peaking will take longer for developing country Parties,” and “achieve a balance between anthropogenic emissions by sources and removals by sinks of GHGs in the second half of this century”. The Agreement states that developed countries should continue to take the lead by undertaking economy-wide absolute emission reduction targets while developing countries should continue to enhance their mitigation efforts and move towards economy wide emission reduction targets over time.

Additionally, the Agreement calls for enhanced clarity and transparency in reaching the goals. Each party is requested to provide a national GHG inventory and “information necessary to track progress” as countries work to achieve their goals. To enhance accountability, the Agreement establishes a non-punitive expert committee in order to “facilitate implementation and promote compliance” with the Agreement.

Party Contributions

Prior to the summit, over 190 parties to the convention submitted Intended Nationally Determined Contributions (INDCs). As a bottom-up approach to GHG reduction commitments, these voluntary goals identified targets to reduce GHG emissions submitted by each party to the convention and are the foundation of the reductions to be

implemented by each party. The Secretariat published a synthesis report of INDCs submitted by October 1, 2015, which reported that the aggregate contributions will lead to a projected reduction of 55 gigatonnes by 2030, which is not estimated to be enough to meet the 2 degrees Celsius goal.

These contributions to GHG reductions have no enforcement mechanism for countries that fail to meet targets; however, they are the main component by which each country proposes to reduce GHG emissions. In the Agreement, parties agreed to review progress towards the long-term goal in 2018 and provide updates to the short term goals from each country every five years beginning in 2023. The final agreement invites all parties to the agreement who have not yet communicated their INDCs to do so before COP22 in Morocco in November 2016. The Secretariat will update the synthesis report for all INDCs reported after October 1, 2015 and make it available by May 2, 2016.

Financing

Financing was considered a critical component of the Agreement before negotiations began in November. A prior goal of \$100 billion from public and private sources in developed countries to help with adaptation and mitigation was set in 2009 in Copenhagen. The final Agreement does not set a new goal for developed countries to commit funds to developing countries for climate mitigation and adaptation, but the text “strongly urges” developed countries to increase the level of financial support above the current goal of \$100 billion per year beyond 2020. The Agreement suggests there will be a new collective goal set beyond the \$100 billion per year target before the 2025 COP, but does not set out further direction on the specific higher goal. Additionally, the Agreement suggests developed countries should continue to take the lead in mobilizing climate finance from a wide variety of sources to assist developing countries. In order to provide enhanced transparency about financial resources, the Agreement states that developed countries should biennially communicate their projected levels of financial resources to be provided to developing countries.

International Carbon Markets

The Agreement does not explicitly mention carbon markets, but includes a framework that allows for international carbon trading, which will be supported by a new mechanism to promote, incentivize, contribute, and deliver GHG mitigation. The framework allows for individual countries to establish their own carbon trading programs and pursue voluntary cooperation in the implementation of national programs. If countries engage on a voluntary basis in carbon markets, they agree to promote sustainable development, ensure environmental integrity, and transparency through robust accounting and avoidance of double counting. While carbon markets were not made a priority by key countries during the negotiations, more than 80 countries’ INDCs indicated they are open to using carbon markets to help them meet their goals. New Zealand, specifically, indicated that their INDC is conditional on access to international carbon markets.

At the conclusion of the Paris climate summit, New Zealand issued a Ministerial Declaration on Carbon Markets to “send a clear signal to the global carbon market and provide certainty that there is an important role for markets in the post-2020 period”. The 18 countries that have signed the declaration include: Australia, Canada, Chile, Colombia, Germany, Iceland, Indonesia, Italy, Japan, Mexico, Netherlands, New Zealand, Panama, Papua New Guinea, South Korea, Senegal, Ukraine, and the U.S. Prior to the Paris negotiations, China announced plans to enact a national cap-and-trade system to be implemented in 2017. During the Paris Agreement negotiations, Germany

presented the G7 Carbon Market Platform as a potential global carbon market that could be used to link national market mechanisms. The Platform is now open to countries outside of the G7.

Preservation of Forests

In the Agreement, there was significant recognition of the role that forests play in climate change in comparison to prior climate negotiations and agreements. The Agreement calls out support for the preservation of forests and encourages countries to implement and support forest management including through results based payments.

Deforestation and forest degradation are estimated to contribute 15 to 17 percent of GHG emissions. To address these emissions, the United Nations developed REDD+ (Reduce Emissions from Deforestation and Degradation) in 2008 and adopted the program at COP16 in Cancun to create financial value for the carbon stored in forests in developing countries. Currently there are more than 20 REDD+ donors and 80 recipient countries. In particular, Brazil, India, and Indonesia recognized the use of REDD+ in their INDCs for emission reductions, showing growth potential in the international offset market.

Agreement Ratification

The next steps after adopting the text of the Paris Agreement include: (1) countries formally signing the Agreement and (2) ratification of the Agreement. The signing of the Agreement signals each countries' intention to commence the domestic process for the ratification of the Agreement. The ceremonial signing took place on April 22, 2016 in New York City, where 174 nations and the European Union signed the Agreement. The large number of nations signing is considered a huge success and set a new record for the greatest number of countries signing an international agreement in one day. The previous record was set in 1982 when 119 countries signed the Law of the Sea Convention. Secretary of State John Kerry signed the Agreement on behalf of the U.S. and the Vice Premier of the State Council, Zhang Gaoli, signed on behalf of China. The Agreement will remain open for signing for one year, until April 21, 2017.

The Agreement enters into force 30 days after at least 55 parties ratify the Agreement. These 55 signatories must account for at least 55 percent of the total GHG emissions. At the signing ceremony, 15 small island countries submitted their ratifications. According to calculations by World Resources Institute, the 15 countries that ratified the Agreement only account for 0.04 percent of total global emissions. The U.S. and China together count for around 30 percent of the GHG emissions globally; therefore, their ratification will be critical to the Agreement coming into force. At the signing, a Chinese official reported that China will finalize legal procedures on its accession before the G20 summit in September. The U.S. intends to ratify the Paris Agreement through Executive Action, which will not require the consent of the Senate. The world's third largest GHG emitter, India, has also announced intentions to ratify the agreement.

Next Steps

An updated synthesis report combining the contributions from each country in the form of their INDCs will be published in May 2016. This updated report will aggregate the INDCs and give a clearer picture of the steps to be taken in order to get closer to reaching the goal.

The next UN climate meeting is the Bonn Climate Change Conference, which is scheduled for May 16 to 26, 2016. COP22 will take place in Marrakech, Morocco from November 7 through the 18, 2016. The target date for the Agreement to begin is 2020.

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