

The Economics of Climate Change

Final Lecture: Outcomes of COP 20 in Lima & Group Work on Aviation

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20th Conference of the Parties (COP) to the UNFCCC in Lima, Peru

- Idea: to continue negotiations with respect to a new international binding agreement on how to deal with climate change
- Duration: Two weeks of negotiations (1-12 Dec) with high-level, ministerial segment at the end
- Parallel: 10th session of the Meeting of the Parties (CMP) to the 1997 Kyoto Protocol
- History: 1st COP held in 1995 (Berlin)

Main outcome of COP 20 in Lima

- Shared commitment to reach for an ambitious agreement at COP 21 in Paris in 2015
- Commitment of developed countries to mobilize enhanced financial support to developing countries
- Discussion of a new classification of nations (self-differentiation according to “different national circumstances” instead of Annex 1 / Non-Annex-1)
- Agreement on a draft negotiating text for COP 21 in Paris

Agreements on future climate deal

- Agreement that COP 21 should adopt a “protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties”
- Agreement that this “protocol,...” should address “mitigation, adaptation, finance, technology development and transfer, and capacity-building, and transparency of action and support”

Next steps

- Next round of negotiations in Geneva in February
- Submission of Intended Nationally Determined Contributions (INDCs) for the period after 2020 by March 2015 (for those Parties ready to do so)
- UNFCCC Secretariat provides synthesis report of aggregate effect of INDCs by Nov 1st

Why was COP 20 a failure? (1)

- Non-binding character of the agreements
- Weakened language on national pledges (e.g.: “countries may” instead of “countries shall” include quantifiable information showing how they intend to meet their self-imposed targets)
- Many decisions were postponed, e.g. on implementation of climate finance, a regime on loss and damages, etc.

Why was COP 20 a failure? (2)

- The new deal at COP 21 can be expected to be a mere patchwork of national offers for emission reduction (“climate bazar”)
- Because of the voluntary character of the INDCs, it is unlikely that the INDCs will put the world on track for limiting global warming to 2 degrees (as is the declared goal of the Convention)

Why was COP 20 a failure? (3)

- The range of options in the draft negotiating text is very wide (from strictly binding quantified emission reductions to declarations of intent), e.g.

All Parties to take action and cooperate to further implement the Convention in order to reach its ultimate objective as stated in its Article 2, on the basis of equity and in accordance with their historical responsibilities and common but differentiated responsibilities / evolving common but differentiated responsibilities and respective capabilities, by achieving an emission pathway consistent with limiting the global average temperature increase to below 2 °C or 1.5 °C above pre-industrial levels, which entails:

3.1 **Option (a):** Ensuring significant global greenhouse gas emission reductions over the next few decades or a 40–70 per cent reduction in global greenhouse gas emissions below 2010 levels by 2050 and near-zero emissions of CO₂ and other long-lived greenhouse gases by the end of the century;

Option (b): Ensuring that global greenhouse gas emissions peak by 2020 at the latest, are reduced by at least 50 per cent by 2050 and continue to decline thereafter;

Option (c): Ensuring significant global greenhouse gas emission reductions over the next few decades in order to achieve a global goal for substantially reducing global emissions by 2050 / consistent with the agreed global goal for substantially reducing global emissions by 2050 / consistent with the agreed global goal, and based on the best available scientific knowledge and equitable access to sustainable development;

Why was COP 20 a success? (1)

- Necessary step to reach a deal next year in Paris
- Lima was only there for setting the stage for Paris: the aim was not to agree on a deal but to agree on the procedural settings
- All parties agreed on a draft negotiating text in preparation for the meeting in Paris

Why was COP 20 a success? (2)

- All parties are encouraged to make contributions to the future agreement
- Proposed INDCs **should** (but only “may”) include quantifiable information on reference points, time frame, implementation and coverage, methodological approaches, etc.

Why was COP 20 a success? (3)

- Industrialized countries successfully mobilized funds of about 10.2 billion USD for the Green Climate Fund
- Robert Stavins: «within the next six months the other industrialized and large, emerging economies (China, India, Brazil, Korea, South Africa, Mexico, and Indonesia.) Coverage of 80% to 90% of global emissions can be anticipated.»
- Advantage of broad participation, even if the initial level of ambition is low.

Group work:

International Regulation of Aviation

- Divide into 4 groups:
 - EU
 - Countries opposed to EU regulation (e.g. US, China, India)
 - UNFCCC Economists
 - Airlines
- Discuss the position of your group for 15 minutes
- Defend the position of the stakeholders you represent within the discussion in plenum

Happy holidays!