

## Talking point

### UN Climate Change Conference in Paris: Between optimism and realism

November 26, 2015

**Roughly 150 countries have submitted their national climate protection commitments in the run-up to the United Nations Climate Change Conference in Paris. While these commitments will probably not suffice to meet the 2°C target, related assessments are very favourable nonetheless. Obviously, the bottom-up approach, that is to say the voluntary national climate protection commitments, promises greater progress than the globally coordinated negotiated solution targeted at past UN climate conferences. There is an awareness that the current proposals have shortcomings as regards the 2°C target, but there are hopes that the individual countries will aim for more ambitious targets over the next few years. Sentiment is thus swinging between optimism and realism. Considering the growing demand for energy, the international community is clearly only just beginning to encounter the real challenges of climate protection.**

So far, roughly 150 countries (including the EU) have submitted their national climate protection commitments (referred to as Intended Nationally Determined Contributions (INDCs)) in the run-up to the upcoming United Nations Climate Change Conference in Paris. Therefore, Paris differs in one major point from earlier important climate conferences. These often represented the "hot phase" of negotiations on climate protection agreements that were to be as ambitious, globally valid and capable of consensus as possible – yet they delivered largely disappointing results. An (obviously) overambitious target objective led to the failure of the 2009 climate conference in Copenhagen, among others.

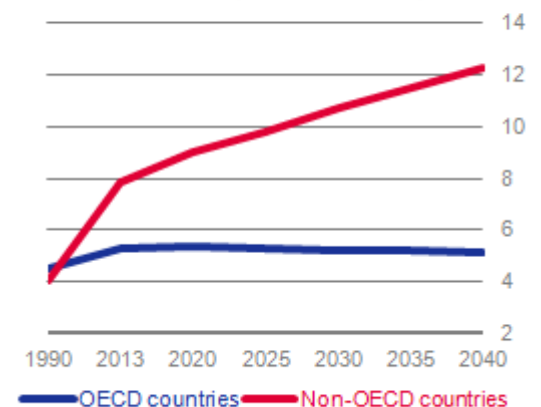
This time around, the INDCs are already on the table prior to the conference, indicating what the individual countries intend to undertake in terms of climate protection at least until 2030. It is scarcely likely that major emitters will appreciably reinforce their objectives further in Paris. According to the pledges made to date, total global greenhouse gas emissions will continue to climb in absolute terms up to 2030; however, the per capita emissions are set to fall. In the run-up to the Paris conference, analysis of the national commitments is ambivalent. The judgement that the planned measures will not suffice to enable compliance with the often cited 2°C target is pretty clear. Given the science-related uncertainties about the process of climate change it is quite bold anyway to conclude that certain planned climate protection measures will result in (pretty specific) future temperature changes. According to estimates from, for example, the United Nations Framework Convention on Climate Change (UNFCCC), though, the submitted INDCs at least pave the way to the possibility of capping the average global temperature increase to less than 3°C until the end of the century.

It is interesting to see that, despite this (anticipated) long-term non-compliance with the target, most market observers have not been alarmist and view the planned commitments very much as a sign of progress; this also applies to many ecologically oriented non-governmental organisations (NGOs). This hint of satisfaction with the national plans comes as a surprise, since it is based on two imponderables:

- Firstly, the countries now have to actually meet their submitted INDCs by 2030. Experience to date with international climate protection agreements (the Kyoto Protocol, for instance) and Germany's current difficulties in meeting its targets by 2020 show that this is not going to be easy.

#### Growing thirst for energy in non-OECD countries

Primary energy demand according to the IEA's New Policies Scenario, bn tonnes of oil equivalent



Source: IEA



- Secondly, global greenhouse gas emissions will have to decline rapidly and substantially as soon as possible after 2030 if the idea is to keep focused – in the face of all the uncertainty – on the 2°C target.

In view of these imponderables and challenges, it takes (much more than) a good dose of optimism to make a favourable assessment of the current INDCs. Naturally, it can also be argued that more realism is finding its way into international climate protection policy. After all, the bottom-up approach, that is, voluntary national climate protection commitments, obviously promises greater progress than the globally coordinated negotiated solution targeted at past UN climate conferences. There is an awareness that the current proposals have shortcomings as regards the 2°C target, but there are hopes that the countries will aim for more ambitious targets over the next few years.

### Energy demand rising – renewables will have to become more efficient

A realistic assessment also takes into account that the international community is only just beginning to encounter the real challenges of climate protection. The International Energy Agency (IEA) forecasts in its latest World Energy Outlook that global primary demand will increase by 1% per year up to 2040. This is solely attributable to the growing thirst for energy in the non-OECD countries, where population numbers are continuing to rise. In the IEA's baseline scenario, which already factors in huge investment in renewable sources of energy and extensive energy efficiency measures, the absolute demand for fossil fuels will increase rather than decline up to 2040. Many developing economies and emerging markets will therefore (also) rely on coal, even though the use of coal will probably decrease in the OECD countries in the years ahead. The IEA says the share of the "new" renewables (that is, excluding hydropower and bioenergy) in global primary energy demand will grow from 1% at present to (only) 5% in 2040. Despite the well above average growth of these energy forms, their absolute contribution will thus remain low also in the long run. It is hardly surprising that in this IEA scenario CO<sub>2</sub> emissions continue to rise up to 2040.

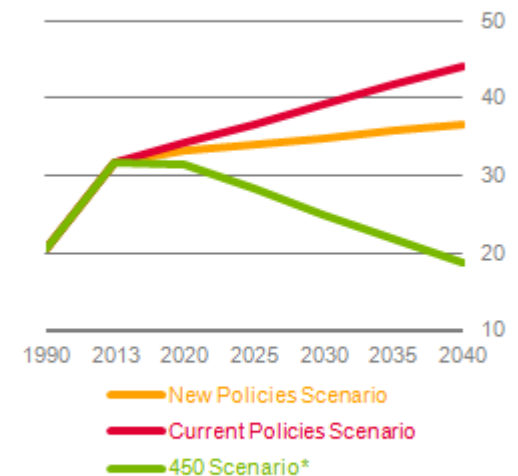
Ultimately, the most probable scenarios for future global energy demand, from today's perspective, continue to contrast sharply with the huge reduction of CO<sub>2</sub> emissions required in the medium to long term and also being officially targeted by government policymakers. Realistically, a (rapid) resolution of this contradiction is not yet in sight. The non-fossil (renewable) forms of energy would have to become much more efficient, cheaper and more reliable (in the sense of baseload capacity) by 2030, and beyond, than they are today in order to ensure that the IEA energy scenario outlined above does not materialise and that CO<sub>2</sub> emissions do actually fall sharply after 2030 (or better yet before that) – a gigantic challenge for technology, business and politics.

Regardless of the outcome in Paris, several tasks will remain high on the global energy and climate policy to-do list:

- The subsidies for fossil fuels must be eliminated more rapidly than up to now. Considering the currently low prices of fossil-based energy sources, it is legitimate to ask: if not now, when?
- CO<sub>2</sub> needs a price so that the negative externalities of CO<sub>2</sub> emissions can be better internalised. Whether this happens via an emissions trading system or a carbon tax is of secondary importance for now.
- There needs to be a huge (publicly subsidised) research drive and investments in the areas of non-fossil (renewable) energy forms and energy efficiency. The corresponding regulatory framework should be set up with as open a technology approach as possible, not lead to permanent subsidisation, and should cover the electricity sector, the heating market and mobility.
- More attention needs to be devoted to forest conservation.
- The countries hit hardest by climate change have to be given greater support in adapting.

### Climate future uncertain

Global energy-related CO<sub>2</sub> emissions according to various scenarios, bn tonnes



\* Development of global CO<sub>2</sub> emissions needed to enable compliance with the 2°C target

Source: IEA



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