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Green is Good: Keeping 1.5 Alive
Part 1

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Last December a reasonable optimist might have been looking forward to a year in which the global economy emerged from the pandemic in good order, and where a successful United Nations Conference of the Parties (COP 26) in Glasgow charted the way to keeping global warming under control (at no more than 1.5 degrees C above pre-industrial levels).

But the second half of 2021 has seen significant economic dislocation: shortage of micro-processors hitting new car production; shortage of investment hitting oil and gas supply in the OECD and coal supply in China; and a shortage of HGV drivers hitting goods-handling across Europe and North America. This has disrupted global supply chains at precisely the time when demand for consumer goods in the West has returned to something at, or above, pre-pandemic levels. The upshot has been price spikes in energy, domestic price and wage inflation, and problems for the retail sector at the most critical time of the year.

Against this backdrop, COP 26 opened in Glasgow on 30 October and ran until 13 November. About 40,000 delegates took part, including 14,000 'observers' from NGOs and civil society, as well as about 100,000 activists and demonstrators.

In the opening days one of the bright spots was the announcement of an agreement between the US and China to collaborate on 'clean energy technologies, decarbonising the power sector, and methane emissions' – this despite the Chinese Foreign Minister Wang Yi having previously said that they would not isolate Climate Change from the other issues of contention in the US/China relationship.

With an irony which will not have escaped the COP delegates, this agreement came in a week when President Biden was asking the UAE and the Saudis to increase oil production to take some of the heat out of the international market, and Xi Jinping was asking three provinces in China to increase coal production by 200 million tons next year to prevent another winter of power cuts. It illustrates neatly how difficult it will be to transition to a clean energy economy at the global level.

That said, COP 26 achieved some genuine positives. Pledges by UN members in advance of the conference (their Nationally Determined Contributions (NDCs)) were estimated to be enough to reduce Green House Gas emissions (GHGs) by 40% by 2050, which – if met in full – would nevertheless lead to warming of some 2.1 degrees by 2100. Pledges made during the talks improved this to the point where warming might be only 1.8 degrees.

Another key element on the agenda was the finalisation of the 'Paris Rule Book' covering rules for global carbon markets, common time frames for evaluation, and transparency in reporting. These were agreed: more significantly, it was also agreed that NDCs needed to be strengthened still further and that they would be reviewed not in five years' time but at the next COP: COP 27 in Egypt next year. UN Secretary-General Guterres was therefore able to say that 1.5 was still alive – though, as he put it, 'on life-support'.

Also among the positives were a series of 'plurilateral' deals on specific areas of the climate agenda which not every country might be able to join in. Thus: an agreement to stop deforestation by 2030 included, significantly, Brazil, Congo and Indonesia; an agreement to reduce methane emissions by 30% by 2030 included 100 countries, though significantly NOT China, India or Russia; an agreement on eliminating coal in the power sector brought in 40 countries including South Africa, Vietnam, Poland and Chile, but NOT Australia, India, the US or China.

The Glasgow Climate Pact itself – representing the central conference conclusions – was finalised a day late on 13 November. Seasoned delegates reasoned that the inclusion for the first time of references to fossil fuel subsidies and to coal in the final text was a real success; but the sight of the UK conference chairman going into a huddle with the Chinese, Indian, US and EU delegates to agree a last-minute toning down of the language was a rather visible demonstration of where the real power lay.

This was also true on the topic of climate finance. On the plus side, the Glasgow Financial Alliance for Net Zero, masterminded by Mark Carney as the UN Special Envoy on Climate Change, is to bring together 450 financial institutions with worldwide assets of $130 trn to coordinate investment in low carbon technologies and assistance for less developed countries. The other side of the finance agenda was less encouraging, particularly for small island states. These already face a need not only to finance the transition to a low-carbon economy but also to adapt their economies and infrastructure to the challenges that climate change is already presenting. Since Copenhagen in 2009, the richer countries have been promising $100bn of official and private-sector finance per year. This target has never been achieved, though the need is now much more urgent. There was an agreement to review this at COP 27.

Even more contentious is the concept of 'Loss and Damage' in respect of climate impacts already felt by smaller states: a charge to be laid at the door of those countries with the major historic responsibility for GHG emissions. This topic has been danced around at previous COPs, notably at Warsaw (2013) and Santiago (2019). The proposed Glasgow Loss and Damage Finance Facility did not fly, and was replaced by the Glasgow Dialogue. There is no chance of the US agreeing to any legal commitment in this area; and very soon China herself will have the second highest historical accumulation of emissions.

Much discussion at events like COP 26 has focussed on reaching 'Net Zero Emissions' by 2050 (NZE2050). That is now the target date for most UN members, with only Saudi Arabia (2060), China (2060), and India (2070) among the prominent outliers. While the experts gauge that the world as a whole needs to reach Net Zero 2050, if catastrophic climate change is to be avoided, too many NDC pledges are 'backloaded', with much of the heavy lifting left until after 2030. If GHG emissions do not begin to fall significantly in the course of the next ten years, achieving Net Zero by 2050 will not be enough – too much warming will already be 'baked in' to the climate system. 'To win slowly is to lose' as one delegate put it.

In this context, the reluctance of China to bring forward to 2025 the date at which it plans to 'cap' its GHG emissions and begin to bring them down is a major disappointment – which either jeopardises the overall NZE 2050 strategy or places an unsustainable burden on everyone else. It is to be hoped that this might be reviewed in time for COP 27 in Sharm al-Sheikh.

Governments which set clear NZE2050 targets and which force industry to de-carbonise are wary of seeing their businesses lose out to countries which do not. The EU is therefore considering imposing tariffs on imports from China or India or indeed the US, in proportion to the carbon footprint of their manufactured goods. This is the Carbon Border Adjustment Mechanism (CBAM). It is likely to prove contentious, but may be necessary in order to focus minds on the importance of moving forward together when addressing climate change.

Part 2 will be published on Thursday 2 December looking at how business, society and technological development are addressing the challenge of global warming.

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