According to the current national determined contributions (NDCs) submitted to the United Nations, the world is not on track to achieve the targets agreed upon in 2015 in Paris. Currently, the world is on pace for around 3°C and has already reached a 1°C increase.

The Paris Agreement mandates that each country outline and communicate their post-2020 climate actions, known as their NDCs. The NDCs are important tools that need to be understood and properly analyzed, as they determine whether or not the world is likely to achieve the long-term goals of the Paris Agreement.

If predictions in the latest scientific information published by the IPPC are to be changed, it is necessary that major economies update their respective NDCs in the upcoming years to respect the well-below 2°C target. However, expectations ahead of COP 24 in Katowice remain low. This year’s UN Climate Conference is not about increasing the level of ambition but keeping all parties committed to it. It is not just about Trump and the US; Australia and Brazil also have newly elected governments opposed to more powerful climate actions.

This rather disappointing outlook ahead of COP 24 is due to a number of factors. The rise of populism in an era of anti-mainstream politics is one of the main reasons. This is a clear threat to increasing the level of ambition toward the Paris Climate Agreement. As reported by the Financial Times1 a few days ago, moving towards cleaner energy sources does not come at the expense of workers and the economy, but populists have used the opposite of this argument to increase their support in regions that depend on coal. The protests of the “Gilets Jaunes” in France, that were triggered by plans to increase the tax on diesel, also illustrate that climate policies can face heavy public resistance. Policymakers need to reflect on this and use the best of their knowledge tools to bring change in climate policy.

The consequences of not increasing the ambitions of the climate targets are very concerning. According to the IPCC report, sea levels will continue to rise well beyond 2100. Many marine species will move to higher latitudes, and ecosystems will be devastated by the accompanying temperature changes. For instance, a 2°C rise would wipe out more than 99% of corals. Climate change is also expected to drive the loss of coastal resources and reduce the productivity of fisheries and aquaculture. On land, climate change will have a severe impact on biodiversity and ecosystems, likely leading to species loss and extinction. Additionally, climate change will also have a huge impact on people’s health, livelihoods, food security, water supply and even on human security.

Such alarming conclusions should be a wake-up call for enhancing the NDCs by all parties involved in the UN negotiations. This needs to be done soon – under the Paris deal, countries have informally agreed to consider increasing the ambition of their near-term emissions pledges by 2020. New policies need to be introduced or strengthened and more ambitious targets need to be agreed on and implemented and many of them will face resistance.

Let’s take a closer look at what regions are doing.

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1 https://www.ft.com/content/acd0e8b6-f3d2-11e8-ae55d4bf40f9e0d
The European Union Climate leadership:

The European Union has been at the forefront of international climate change negotiations. In 1996 the EU became the first region to suggest that the goal of preventing “dangerous anthropogenic interference in the climate” meant, in practical terms, keeping global warming below 2°C. Today, the EU is well advanced in cutting its domestic GHG emissions by at least 40 percent by 2030 from 1990 levels. This is in line with the EU objective to reduce its emissions by 80-95 percent by 2050 compared to 1990. Europe is clearly showing the way to the rest of regions.

The new targets agreed upon in the 2030 Energy and Climate framework (Energy Efficiency Directive, Renewable Energy Directive and EU ETS) would de facto mean that the European Union would be in a position to raise the level of ambition of the NDC, and increase its emissions reduction target from the current 40 percent to slightly over 45 percent by 2030. This situation is technically realistic, but politically challenging as de facto increasing the level of ambition is not the same as EU countries agreeing politically on a new and more ambitious framework. That’s the reason why the discussion around the energy and climate targets still focus on the 2030 targets and has not yet become a discussion on the 2050 targets.

Nevertheless, the European Commission with its recent publication on the EU mid-century strategy intends to open a thorough debate as to how Europe should prepare itself for a 2050 horizon and the subsequent submission of the European long-term strategy to the UN. The document is ambitious and does not only talk about CO2 but about reducing all emissions. The impacts of the different sectors of the economy are significant, including a fully decarbonized power sector by 2040. Therefore, this will be a lengthy and intense debate on the vision presented by President Juncker’s team as most of the EU Member States don’t have yet a position on the different scenarios.

In total, eight scenarios have been taken into consideration. There are two scenarios outlining a path towards net zero emissions by 2050. There are also five scenarios looking at emissions cuts of around 80 percent, which is more or less the EU’s current target, and lastly, there is one scenario exploring different technology choices such as renewables, energy efficiency, and alternative fuels resulting in emissions cuts of up to 90%.

An agreement on one of the scenarios will not be easy. In the Council, 14 Member States known as the “Green Growth Group” are likely to push for an ambitious scenario and likely to update the EU’s pledge chart to include a pathway consistent with a 1.5°C temperature increase by 2050. In the European Parliament, politicians have signalled their willingness to increase the EU’s NDCs to the Paris Agreement. However, the EU Elections taking place in May 2019 are likely to change the politics of climate change. Established pro-European parties EPP and S&D are set to lose a large number of seats. The rise of anti-establishment parties and the increased polarisation will make it more difficult to agree on ambitious climate targets in the next European Parliament, but it will still be possible as anti-establishment parties are not always anti-climate (see the 5-star movement in Italy or Podemos in Spain) and Green parties are also expected to gain more seats.

To conclude, when looking at increasing the EU NDCs, the EU will continue to demonstrate climate leadership at an international level. There is political support to update the EU’s pledge for 2030, but the debate is not finished. Further discussion of the EU mid-century strategy is needed and will continue until the end of 2019 or beginning of 2020. The 2019 European Elections will be an important milestone for the EU Energy and Climate policy. All sectors of the economy will have their roles to play in the transition towards climate neutrality, and thanks to the recently approved Governance Regulation, the EU has the right framework to oblige all EU countries to prepare and report their long-term strategies with a perspective of at least 30 years.

US

Although it is too soon to understand the economic repercussions of the US leaving the Paris Agreement, it is already clear that the Trump Administration is having a major influence in the current international climate change negotiations. The consensus reached in 2015 is unlikely to happen again this year in Katowice, and even if legally speaking, it is not possible for any country who signed the agreement to withdraw from Paris until four years after it went into effect. Therefore, it is very important to keep all parties committed to it. Several countries like Australia and Brazil are reassessing their climate commitments. Even China, which is pushing for a higher level of ambition, can clearly decide that is unhappy some of the key elements of the Paris agreement and turn things in its favour.

The Obama Administration had previously pledged to cut emissions 26-28% below 2005 levels by 2025. It was unlikely to reach these ambitious objectives given the Trump Administration’s political agenda. However, keeping the world’s second largest polluter in the Paris Agreement would have continued to send a strong political and market signal that countries at the UN level are united in addressing global environmental challenges.

The fact that the process of withdrawal can only begin the day after the 2020 U.S. presidential elections is a very convenient coincidence for the Trump Administration, as is well known President Donald Trump likes to keep his administration renegotiating deals made by Obama. At the same time, last year’s announcement had positive repercussions within the US. It triggered a movement led by the Californian governor and former New York mayor Michael Bloomberg, that pushed cities, states and businesses to commit to reducing their emissions. Unfortunately, an effective climate policy needs supporters from both sides of the political spectrum, and in the US the development of effective policies, has become deeply partisan. One key aspect of the Trump
withdrawal that is raising a lot of concerns is the question around the climate fund. According to the agreements from the past, around $10bn is due to be paid in to the Green Climate Fund by the end of this year. However, as part of the US withdrawal, President Trump has immediately stopped the payment of $2bn. When working towards more ambitious NDCs, it is very unlikely we will see the US committing to the higher ambition before the US elections in 2020.

The past has shown that China is serious in achieving the objectives of its five-year plans. China surpassed the climate related targets of its 12th Five-Year Plan (2011-2015). However, much will depend on whether China can counter its growing middle class, that will have different consumption patterns and will lead to higher emissions. The fact that China’s coal consumption is still increasing, illustrates the tremendous challenge that still lies ahead.

China

Global emissions have risen in 2018 by 3 percent. This is in part due to coal usage in China, driven by government efforts to boost the economy. Despite this situation, China ambition on playing a leadership role at the climate talks has increased. If there is one country that can raise hope that the 1.5 target is possible, it is China. It contributes over 25 percent to global GHG emissions. Therefore, its efforts matter more than those of other countries. In fact, recent improvements in global decarbonisation were more driven by China than by the rest of the world. On the one hand, economic development and continued GDP growth are still China’s top priorities. On the other hand, China clearly has set its course towards becoming a low carbon economy. Already China’s pledges for the Paris Agreement were impressive, namely reducing the carbon intensity of its economy by 65 percent of its 2005 level and to peak GHG emissions by 2030. As it looks now, China could even manage to peak its GHG emissions before that date. However, several doubts about China remain. One of the key questions is regarding the transparency of the decision-making process. There is a multitude of stakeholders beyond the Communist Party and President Xi that influence the decision-making process. On the one hand, there are a minority of companies and organisations that resist overly ambitious climate targets and do not want to go beyond the existing NDCs. These organisations include coal companies and coal-producing regions.

On the other hand, there are think tanks and civil society groups that push for very ambitious targets. In the end a consensus is likely to be found in the middle that roughly reflects the position of the Communist Party and President Xi, that support a balanced or even significant increase of the NDCs.

Another question is whether China will be able to implement its NDCs. The key policy document that helps to assess the political will of China to fulfil its NDC pledges is the current five-year plan for the period of 2016 – 2020.

The most significant element of the plan is the switch from an industrial economy towards a services-based economy, which is predicted to make up to 56 percent of the economy by 2021. In addition, China is accelerating the development of new climate-friendly technologies. The plan also includes quantified guidance on energy consumption control, stating that China should limit its energy use to 5 billion tons of standard coal equivalent.

India

India is similarly important regarding the prospect of winning the battle against climate change. While India’s GHG emissions only make up 6.4 percent of global emissions, it is with an average growth rate of over 7% one of the fastest growing economies. The UN estimates that India’s population could equal China’s in 2024, reaching 1.44 billion each. The past 25 years illustrate the impact of economic growth on GHG emissions in India. India’s energy production doubled, its electricity consumption increased fivefold from 238 TWh to 1,216 TWh (in comparison, Germany consumes 573 TWh) and its CO2 emissions increased from 528 Mt in 1990 to 2077 Mt in 2016. By 2040, India’s energy consumption will be more than OECD Europe combined, and approaching that of the United States.

The good news is that the decoupling of economic growth from CO2 emissions has already started. It lies now at a ratio of 0.84 kg/C02 per USD, compared to 1.13 kg/C02 per USD in 1990. India as a developing country its ambitions were relatively low. For example, India committed to lower its CO2 intensity by 33-35 percent from 2005 levels. Considering that today India’s carbon intensity is four times higher than Germany’s, there is much room for more ambitious targets.

When working towards more ambitious NDCs, India is facing many challenges. Despite astonishing progress in recent years, poverty is still a grave issue, with about 5 percent of the population living in extreme poverty (defined as 1,90 USD per day), and according to the UNDP around 364 million Indians continue to experience acute deprivations in health, nutrition, schooling and sanitation. However, it could very well be that India is another country that gives reasons for hope.

The biggest obstacle is India’s coal industry, which is still the country’s most important source of energy and an important sector for the economy. According to the IEA, coal-fired generation is forecast to increase at nearly 4 percent per year through 2022. Consequently, the sector has a powerful lobby that will resist overly ambitious changes. On the other hand, there is a renewable sector that is bound to benefit from more ambitious climate targets.

1. Reuters, 5 March 2018
3. 2017 UN World Population Prospects
4. Business Wire, Coal in India 2017 - A Comprehensive Analysis on Trends & Outlook of Coal Sector - Research and Markets
5. International Energy Agency (IEA), Country report India
6. UNDP, 2018 Multidimensional Poverty Index
A VIEW INTO THE CURRENT NDCS AND THE UNLIKELY SUCCESS OF THE COP 24

According to research by KAPSARC, the King Abdullah Petroleum Study and Research Centre on the Indian decision-making process, there is a strong majority of stakeholders that support more ambitious climate targets – and Prime Minister Modi is among them. The research predicts that the most ambitious influencer group would support a target to lower the emissions intensity of its GDP by almost 60 percent. However, most likely a consensus can form at a target of about 50-55 percent. If India can really put forward such a target it would represent an extremely ambitious action in the current state of development.

Conclusion

The look at the NDCs from four of the most important global economies gives a very fragmented picture. The alarming scenario presented by the IPPC should be a wakeup call for enhancing the NDCs by all countries involved in the UN negotiations.

The disappointing outlook of COP 24 should not stop the momentum created in Paris in 2015. To avoid a backlash, from the rise of populist parties, it will be necessary to exploit all technological options to reduce emissions without ideological preconceptions. Policymakers and all actors involved in the climate debate need to reflect on this and use to the best of their knowledge tools to bring change in climate policy. For example, the consequent use of natural gas as a bridging fuel from coal towards renewable energy could reduce emissions much more quickly than solely focusing on long-term technological options. The rise of populism is a threat to actions to save the climate and transforming the economy. However, they are only a minority. The majority of global economies, including the G7 economies are determined to accelerate the work towards the transition to an energy system that enables a decarbonization of the global economy.