

Success at COP26: four issues to watch

Blog post by GC climate and energy experts, 25 September 2020

China shifts its policy, but how far will it go in practice?

Chinese President Xi Jinping revealed bold plans this week to enhance China's Nationally Determined Contribution (NDC) and achieve carbon neutrality before 2060. The announcement surprised many, as China has historically been a more reluctant player on climate. It's clear that the economics of renewables are helping make this an easier course to adopt. However, it may also be part of a charm offensive to counterbalance rising geopolitical tensions related to covid-19 and its conflicts in Tibet, the South China Sea, Taiwan, and Hong Kong. Climate is closely tied to China's politics both at home and abroad. Popular discontent against air pollution provides a strong threat to the government's legitimacy and stepping into the US' shoes at a time of heightened US-China tension would be an undeniably symbolic move that may win points at home and abroad. What remains to be seen is how far China will go in implementing changes aligned to its new commitment. The government's next five-year plan, soon to be released, will provide the detail needed to understand just how far China is willing to shift economic, industrial, and environmental policies to achieve the new pledge. If China is serious, it could go a long way in bringing emerging economies on board with setting their own net zero targets. By doubling down on renewables, China will also make these technologies cheaper globally. China has now laid down the gauntlet ahead of COP26: the question will be whether they themselves are up to the challenge of shifting their position from reluctant emerging economy to superpower, ready to lead.

Mollie Brennan

Resilience and adaptation finally having their moment?

Mitigation has been the focal point of climate talks since they began, but the covid-19 crisis may be opening the door for greater attention on resilience and adaptation. Even with COP26 delayed by one year, it is likely that the economic fallout will still be reverberating well into 2021 and will frame priorities for nations. With increasing disasters worldwide - from fires on the West Coast of the US to typhoons in SouthEast Asia - there is a greater understanding that these types of disasters are part of the foreseeable future, no matter how fast we mitigate. The time to adapt and build more resilient infrastructure and systems is now. While countries may be ready to focus on adaptation and resilience within their own borders, it remains to be seen whether this translates into allocating funds for 'loss and damage' in emerging or less developed countries. Funding for adaptation and resilience was one of the key areas where countries could not reach agreement at COP25 in Madrid. A growing focus on biodiversity may tip the scales towards agreement at COP26 and greater funding for adaptation and resilience as countries look to preserve natural systems that can help build resilience in coastal and fire and drought prone areas. Next week's Biodiversity

Summit will be the first indication of how closely countries may link up funding to address the triple threats of climate change, biodiversity loss, and the pandemic.

Charley Roberts

A global carbon market: ready to buy or still on the shelf?

The infamous Article 6 of the Paris Agreement creates the framework for mechanisms that will allow nations and sub-national actors to trade emissions. This has arguably been one of the stickiest areas of the negotiations over the last five years because it has the potential either to significantly reduce emissions by creating a financial incentive, or generate a worldwide scheme for paid greenwashing without actually reducing emissions. With an increasing number of countries and companies making net zero commitments, many of them are banking on using offsets - or traded certificates of emissions reductions - to meet their goals. These offsets can come from abated emissions (like switching from coal to solar), but also reforestation and carbon sequestration. Pressure to find agreement on a system of international carbon trading is increasing each day new countries and corporates commit to net zero. Whether this pressure will be enough to push countries into finding agreement remains to be seen, particularly with holdouts like Australia and Brazil looking unlikely to shift their position. The EU's threat of a carbon border adjustment to those not making net zero commitments, and establishing a price on carbon, may help to make the difference depending on how it is formulated. China's ETS coming into operation may also help to provide evidence for how a global system could work in practice.

Ermenegilda Boccabella

The US question: instead of in or out, is it who and how?

The US is still scheduled to leave the Paris Agreement in November, one day after the election. If Trump wins, the US will formally leave the Paris Agreement. If Biden wins, he has committed that the US would re-join. The real difference between a Trump or a Biden win is not just whether the US will be formally in or out, but whether US climate action and leadership will be taken at the national level, or by states and the private sector. Trump has rolled back or removed much of the Obama-instituted climate and energy legislation and is set to go further. The question is over the real effects on actual emissions from those rollbacks. California has committed to ending the sale of new gas and diesel cars by 2035. Michigan has set a goal of net zero by 2050, and some of the biggest energy utilities have already set their own net zero targets. With more than 64% of Americans now in favour of climate action - and over half saying that addressing climate change will help the economy post covid-19 - it is more than likely that this will translate into more net zero commitments from both states and corporates across the US over the coming year. With some form of US climate action all but certain, no matter who is in the White House, the question to focus on is what that action will look like and in what form. A key battleground will be the use of carrots versus sticks - incentives versus taxes - and which industries are targeted first.

Elizabeth Beall