

Searching for Renewed Climate Leadership: The EU, China and India as Engines of Paris Implementation?

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1 THE CURRENT STAY OF PLAY OF INTERNATIONAL CLIMATE POLICY AFTER THE PARIS CONFERENCE

Time is running short for the global community to tackle climate change. Donald Trump's election as United States (US) president and the US's withdrawal from the Paris Agreement has cast a long shadow over international climate cooperation and diplomacy. The world community is looking to the European Union (EU), China or India to help fill the leadership vacuum in international climate politics. But what are the prospects for these players to take the lead and what are pathways for cooperation between the EU on the one hand and China and India on the other? In the following, we describe major current challenges of international climate politics and explore if climate policy ambition, status of Paris Agreement implementation and international engagement in the EU and Asia are likely to maintain the promising momentum of climate diplomacy which was prevalent in the run-up to and during the landmark Paris climate conference in 2015.

1.1 From Paris to Bonn—a changing political climate

Between the signing of the Paris Agreement at Conference of Parties 21 (COP21) in 2015 and the latest climate negotiations in Bonn in November 2017 at COP23, a number of important developments on the international and European stages have created new challenges and opportunities for European climate diplomacy.

In Europe, the US and elsewhere, political candidates, parties and groupings that are more openly defiant or hostile towards international agreements, institutions and trade have experienced greater political success in recent years. This has led to a more difficult multilateral environment and arguably also shrunk the room to manoeuvre for climate diplomacy. A key indicator for this at the international level was the US's announced withdrawal from the Paris Agreement. This does not necessarily mean that the US will fail to deliver on their actual pledge announced in the run-up to Paris: In 2017, fossil fuel-fired electricity generation declined in the United States for the first time since the 2008 financial crisis, as wind and solar reached record shares in the electricity mix, and 6.3 GW of coal-fired capacity was shut down, despite the Trump Administration's attempts to boost coal usage. Renewables and gas are expected to increasingly replace coal in electricity generation. US emissions projections even decreased slightly through the early 2020s according to the most recent Climate Action Tracker calculations.¹ However, the Federal outlook on climate action has not improved, given a set of crucial decisions by the Trump Administration, including the increase in tariffs on imported solar cells, the Environmental Protection Agency (EPA)'s consideration of a new and weaker rule to replace the Clean Power Plan and its plan to weaken fuel efficiency standards for cars and truck.

Against the backdrop of this situation, there are increasing hopes that initiatives like the "We Are Still In" campaign, where at least 21 states have set emission reduction targets, could take a dynamic that helps the US to meet its Nationally Determined Contribution (NDC) commitments. However, the US target under the Paris Agreement would be "insufficient" anyway to limit warming to below 2°C, let alone below 1.5°C. This brings us to another worrying development: the increasing disconnect between the pledges and targets outlined by countries in their NDCs, and the policies, legislation and action being taken by many to drive their overall economic development. The eighth edition of UNEP's *Emissions Gap Report*, released in autumn 2017, warned "that as things stand, even full implementation of current national pledges makes a temperature rise of at least 3 degrees Celsius by 2100 very likely."² Equally, climate finance flows still fall significantly short of the US\$100 billion a year target promised in Copenhagen in 2009, and reiterated in Paris,

¹ Climate Action Tracker, accessed 9 May 2018, <https://climateactiontracker.org/countries/usa/>.

² United Nations Environment Programme, *UNEP's Emissions Gap Report* (Nairobi: UNEP, 2017).

let alone the strong call in the Paris Agreement decision text to developed countries to scale up their level of financial support and provide US\$100 billion annually by 2020.

1.2 The need for new leadership initiatives and coalitions

Conversely, the steps taken by some governments, notably the Trump administration, to distance themselves from multilateral institutions and the Paris Agreement have elicited a defiant response from other actors and galvanised new and existing stakeholders, partnerships and coalitions to increase their commitments for more ambitious climate action. Already, a first step in this direction was the establishment of the High-Ambition Coalition in the run-up to Paris Conference 2015 (see below). A prime example today is the “We Are Still In” coalition of American non-federal leaders already mentioned. And there are other ambitious approaches like the Powering Past Coal Coalition, an initiative announced at COP23 in Bonn which aims at promoting rapid decarbonisation processes. More than 20 countries are part of this coalition (including France, Canada, and Mexico), which also brings together a wide range of businesses and civil society organisations that have united for climate protection. Already, one year previously, the Climate Vulnerable Forum (CVF), around 50 of the most vulnerable countries in the world, announced the intention to exit the use of fossil fuels. In addition, there are increasingly ambitious action being taken at city level through initiatives like the Covenant of Mayors for Climate and Energy.

These initiatives have presented European climate diplomacy with a landscape of new and evolving strategic opportunities for building and deepening its cooperation with actors at various governance levels, as well as with non-state actors.

2 THE EU SEARCHING FOR PARTNERS TO TAKE THE LEAD ON PARIS AGREEMENT IMPLEMENTATION

2.1 EU climate diplomacy as a pillar for the Paris deal

The European Union has played the role of international agenda setter in global climate governance for decades and enacted policies to put it at the

forefront of efforts to mitigate the effects of climate change.³ Even after the failure of the Copenhagen climate conference in 2009, the EU was flexible enough to adopt a changed negotiation focus, shifting from a top-down obligations approach to one based on bottom-up contributions. This shift was the key to enabling the comprehensive nature of the Paris Agreement.⁴ The Paris Agreement was the landmark achievement of EU climate diplomacy to date, with EU Climate Action and Energy Commissioner Miguel Arias Cañete hailing the deal as “a great success for the EU’s climate diplomacy” and “a major win for Europe and its allies.”⁵

The concerted efforts of the EU and its lobbying partner countries in the months leading up to the negotiations led to the brokering of the High-Ambition Coalition, which ultimately helped deliver the Paris Agreement and a major victory for multilateral diplomacy at large. The High-Ambition Coalition in the Paris conference consisted of 79 African, Caribbean and Pacific countries, the US and all of the EU member states. Major emerging economies such as China and India did not join the coalition but in the final days of the Paris negotiations the US, Canada, Brazil, a number of other Latin American countries and Japan did. Particularly in the six months preceding COP21, European Commission officials nurtured the alliance in discreet “informal ministerial gatherings” with a growing number of officials from progressive countries to formulate a strategy to build pressure and alliances for higher levels of ambition in the negotiations—including a legally-binding agreement, a clear long-term goal in line with scientific advice, a mechanism for reviewing countries’ emissions commitments every five years and a unified system for tracking countries’ progress on meeting their carbon goals.⁶

³ Miranda Schreurs and Yves A. Tiberghien, “Multi-Level Reinforcement: Explaining European Union Leadership in Climate Change Mitigation,” *Global Environmental Politics*, Vol. 7(4) (2007): 19-46, 23.

⁴ Stephan Wolters, Dennis Tänzler, Gerald Stang and Teresa Ribera, “Climate Change and European Foreign Policy after COP21,” *Climate Diplomacy Brief* (Berlin/Brussels/Paris: adelphi/EUISS/IDDRI, 2016).

⁵ European Commission, “Historic climate deal in Paris: EU leads global efforts,” Press Release, 12 December 2015.

⁶ Karl Mathiesen and Fiona Harvey, “Climate coalition breaks cover in Paris to push for binding and ambitious deal,” *The Guardian*, 8 December 2015, accessed 25 April 2018, <http://www.theguardian.com/environment/2015/dec/08/coalition-paris-push-for-binding-ambitious-climate-change-deal>.

As stated by German environment minister Barbara Hendricks: “Every day new members joined...And then it was clear that the old bipolarity was broken open—that was the defining moment.”⁷ In tearing down the “firewall” between developed and developing countries, the coalition, and thus in part the EU, constructively overcame the cleavage that had dominated the United Nations Framework Convention on Climate Change (UNFCCC) negotiations from the very beginning. The divide between developed and developing countries thus turned into a divide between those advocating high ambition and those who did not. This created a normative incentive to be seen as an ambitious, progressive actor and join the coalition—and led to the landmark success of climate diplomacy in Paris. However, the current debates on the operationalisation of the Paris Agreement have witnessed some throwbacks, indicating that the firewall has still some potential to return.

2.2 Current state of play of implementing the Paris Agreement in the EU

The political environment in many EU member states has changed significantly since 2015. The pressures resulting from the refugee influx into the EU have tested the solidarity of the EU and its member states. Overcoming this challenge will require significant political and financial resources. In particular, it has destabilised governments trying to contain the rise of populist movements that threaten domestic policies as well as the willingness for cooperation—the United Kingdom (UK) and Brexit being only the starkest example. The UK decided in a referendum in June 2016 to leave the EU—bringing significant uncertainty into both UK and EU political environments, and weakening economic prospects. Such developments can impact climate diplomacy efforts by complicating the space for compromise on EU climate action and making it harder to ensure climate diplomacy is a political priority. Both by weakening member states’ ability to agree on further steps, and by undermining their capacity to implement existing climate policy decisions and instruments—such as the EU NDC or the EU emissions trading system (ETS).

⁷ Kalina Oroschakoff, Sara Stefanini and Andrew Restuccia, “How the Paris climate deal got done,” *Politico*, 14 December 2015, accessed 25 April 2018, <http://www.politico.eu/article/how-the-paris-climate-deal-got-done>.

Although there has been some progress since Paris, the European Union has not yet effectively proposed an adequate policy framework to meet its 2030 target but is still discussing a comprehensive package of measures. The situation is similar in most member states. Obviously, the EU long-term climate strategy to be prepared by 2019 offers a window of opportunity to increase the ambition and the EU can position itself as a leader by example. In addition, the draft multi-annual financing framework (2021-2027) presented by the Commission in early May suggests an increase in the share of climate-relevant spending from 20% to 25% of the overall budget.

A crucial example is the progress in the power sector: emissions have been significantly reduced here but in 2017, coal still accounted for nearly two-thirds of the emissions. Some member states (Austria, Denmark, France, Finland, Italy, Portugal, Sweden, the Netherlands and United Kingdom)—accounting for about one quarter of the coal consumption in the EU—introduced phase-out goals by 2030. Germany is about to establish a commission to address this issue whereas Poland is planning the construction of new coal-fired power plants. The EU is currently taking measures to address the role of coal through regulation (e.g., through the reform of the EU emission trading system) but it remains to be seen if these efforts will be effective and also accompanied by measures in other crucial sectors such as transport. The current status of activity is hardly promising: the EU is losing ground compared to countries such as China and India when it comes to increasing the fleet of electric vehicles.

3 CHINA

Though China was not a member of the High-Ambition Coalition in Paris, the country is at present one of the few remaining driving forces keeping the Paris momentum.

3.1 Ambition level of China's climate action

In its Nationally Determined Contribution, China outlined to peak CO₂ emissions by 2030—or even earlier if possible. To this end the country intends to increase the share of non-fossil energy sources in the total primary energy supply to around 20% by 2030. In addition, the country states that it will lower the carbon intensity of GDP by 60% to 65% below 2005 levels by

2030. An independent analysis of the NDC⁸ indicates that China is on track to meet or exceed its 2030 NDC under the Paris Agreement with current policies. However the rating is nevertheless “highly insufficient” since the overall target is not ambitious enough to limit warming to below 2°C, let alone to below 1.5°C.

China’s CO₂ emission declined from 2014 until 2016 but rose to a record high in 2017. The increase was due to an increase in coal use for the first time in three years and a rising demand for oil and gas.⁹ However, according to China’s top climate official, Xie Zhenhua, China will meet its 2020 carbon intensity target before 2020 under current policies. And, with current policies, China is also on track to meet or exceed its NDC under the Paris Agreement. This is also due to substantial efforts to introduce a new regulatory framework to support decarbonisation. China launched its national pilot emission trading scheme in December 2017, which covers the power sector only. Already, in recent years, pilot systems have been established at the sub-national level. Also, in 2017, China announced that it would invest \$360 billion in renewable energy by 2020 and that it would scrap plans to build 85 coal-fired power plants.¹⁰ According to the Institute for Energy Economics and Financial Analysis (IEEFA), China is the world leader in domestic investment in the renewable energy and associated low-emissions-energy sectors with an investment of \$103 billion in 2015.¹¹

3.2 Prospects of climate leadership

The climate performance of China in recent years indicates that the country is still willing to play a positive role when it comes to reducing the use of fossil fuels and expanding renewable energies significantly in the years to come.

⁸ Climate Action Tracker, accessed 9 May 2018, <https://climateactiontracker.org/countries/china/>.

⁹ Ibid.

¹⁰ Michael Forsythe, “China Aims to Spend at Least \$360 Billion on Renewable Energy by 2020,” *New York Times*, 5 January 2017, accessed 11 May 2018, <https://www.nytimes.com/2017/01/05/world/asia/china-renewable-energy-investment.html>.

¹¹ Institute for Energy Economics and Financial Analysis, “Chinas-Global-Renewable-Energy-Expansion IEEFA Report,” January 2017, accessed 25 April 2018, http://ieefa.org/wp-content/uploads/2017/01/Chinas-Global-Renewable-Energy-Expansion_January-2017.pdf.

Insights from China's G20 presidency in 2016¹² also suggest China's constructive role in promoting a more integrated climate and energy approach—with a strong role in accelerating green finance issues. China has already played a joint leadership role with the US in the successful cultivation and early entry into force of the Paris Agreement¹³—quite in contrast to the Copenhagen climate conference in 2009 where both countries were among the ones most obviously not capable of serving as climate leaders. However, in that joint effort to shape the new international climate regime, the US was viewed as the main proactive actor while China was considered to be somewhat more passive (as was also indicated by its unwillingness to join the High-Ambition Coalition). After the climate exit of the Trump Administration, China clearly indicated that it will not follow the US example—simply due to the fact that its climate policy position is not a result of the respective US positions but of an intra-Chinese decision-making process.¹⁴

It is also worth considering China's leadership potential against the backdrop of its overall foreign policy ambition. Since President Xi Jinping took power in 2013, China's foreign policy strategy has undergone some major changes. "The Xi administration's overall foreign policy strategy is to present China as a responsible great power that participates in international rule-making and shapes the global order."¹⁵ This strategy is accompanied by the pressing need for the country to transition to a more sustainable growth model. As a result, China's approach of being a constructive shaper of global governance seems more than reasonable in the climate area although there are also more pessimistic observations in this regards after COP23 in Bonn.¹⁶

¹² Lina Li, Julia Melnikova and Dennis Tänzler, "The Climate-Energy Nexus and the G20: Compatible or mutually exclusive?," Climate Diplomacy Discussion Paper, December 2016.

¹³ The White House, "U.S.-China Joint Presidential Statement on Climate Change," 31 March 2016, <https://www.whitehouse.gov/the-press-office/2016/03/31/us-china-joint-presidential-statement-climate-change>.

¹⁴ Li et al., "The Climate-Energy Nexus and the G20."

¹⁵ Lina Li, Stephan Wolters and Yang Fuqiang, "China and its climate leadership in a changing world – from passive follower to constructive shaper of the global order," Climate Diplomacy Discussion Paper, July 2017.

¹⁶ Susanne Dröge and Vijeta Rattani, *International Climate Policy Leadership after COP23* (Berlin: Stiftung Wissenschaft und Politik, 2018).

4 INDIA

4.1 Ambition level of India's climate action

India announced, with some delay in 2015, as part of its NDC that it aims to reduce its emissions intensity of GDP by between 33% and 35% by 2030 compared to 2005 levels. One pillar to achieve this target is to increase the share of non-fossil-based energy resources to 40% of installed electric power capacity by 2030. This target is conditional in the sense that India has asked for international support through transfer of technology and low-cost international finance, including from the Green Climate Fund (GCF). In addition the NDC outlines that India intends to create an additional (cumulative) carbon sink of 2.5-3 GtCO₂e through additional forest and tree cover by 2030. Such an approach, if successfully implemented, is considered as compatible with the 2°C target according to the analysis of Climate Action Tracker.¹⁷

With currently implemented policies, India is expected to achieve its climate action targets. However, if India also fully implements its Draft Electricity Plan, it could achieve its target of 40% non-fossil-based power capacity by 2030 as early as 2020, which means a full ten years earlier. It is thus obvious that India could strengthen and still achieve its NDC during the ongoing Talanoa Dialogue. As a result the Indian contribution towards the 1.5°C target would be significant and a major step towards assuming global climate leadership.¹⁸ At the instrument level, the various so-called National Missions addressing climate sensitive sectors along with key energy-related incentive structures such as the PAT (Perform, Achieve and Trade) Scheme in the area of energy efficiency, a coal tax in the form of coal cess and the Renewable Energy Certificates Market (REC) indicate important dynamics in the regulatory area which will be crucial also to guiding the overall energy transitions of the country. The respective processes will be influenced by the expected declining costs of solar and renewables storage. This can help to foster low-carbon investments even beyond the \$10.2bn investment in renewable energy and associated low-emissions-energy sectors back in 2015.¹⁹ India is

¹⁷ Climate Action Tracker, accessed 9 May 2018, <https://climateactiontracker.org/countries/india/>.

¹⁸ Ibid.

¹⁹ Frankfurt School-UNEP Centre/BNEF, "Global Trends in Renewable Energy Investment 2016," accessed 8 May 2018, http://fs-unep-centre.org/sites/default/files/publications/globaltrendsinrenewableenergyinvestment2016lowres_0.pdf.

also trying to establish itself as a global leader in other crucial sectors such as transport.

4.2 Prospects of climate leadership

As outlined by Dröge and Rattani, India is too important to be ignored in climate policies.²⁰ Even though India intends to play an active and relevant role, it does not necessarily seem to be equipped diplomatically to climb into the driver's seat on international climate change policy. This is also due to the fact that the country has "a really young climate policy that is yet to take a solid shape due to developmental constraints and the lack of political will."²¹ In other words, the current national climate agenda of India is more about building and strengthening institutions at the national level and enabling a bottom-up policy thrust that can complement national policies instead of dedicating too much energy to an international climate leadership role. There is no reason to believe that India will not be able to take the role of a global leader as soon as it has gained some expertise and profile in a certain issue area. A good example is the International Solar Alliance (ISA) where India has translated the initial success of expanding photovoltaic usage within the country to global action. The ISA is conceived as a coalition of solar resource-rich countries to address their special energy needs and provides a platform to collaborate on addressing the identified gaps through a common, agreed approach. The ISA was launched at the Paris Declaration on 30 November 2015. A further key area of action is to mobilise more than US\$1000 billion of investments needed by 2030 for massive deployment of solar energy.

5 CONCLUSIONS: PROSPECTS OF THE EU, CHINA AND INDIA TO REVISIT THE PARIS SPIRIT

While the international climate negotiations are calling for renewed leadership, it goes without saying that any country or country group will examine the potential benefits of such a position besides providing global public goods.

²⁰ Dröge and Rattani, *International Climate Policy Leadership after COP23*.

²¹ Dhanasree Jayaram, "India's 'Red Lines' and Climate Policy Imperatives," 28 September 2015, accessed 25 April 2018, <https://library.ecc-platform.org/news/india%E2%80%99s-%E2%80%9Cred-lines%E2%80%9D-and-climate-policy-imperatives>.

In other words, although climate change is a global issue in which all countries have a shared stake, all nations will also act in their own national interests. However, based on reflecting upon the three leadership environments outlined above, the overall political dynamics and the obvious economic benefits of a proactive transition process, especially in China and India, there is much reason to expect greater engagement by the EU on the one side and China and India on the other side to enter into meaningful collaboration. From an EU perspective, some of the new multi-stakeholder initiatives will be a key entry point for further collective climate action. In addition to these activities, however, it will be reasonable to further explore the potential of the partnership instrument with China and India respectively, which have already in the recent past saw some dynamic developments:

The EU and China have a long-standing cooperation on climate change and have agreed to further step up joint efforts. Since 2005, the EU-China Partnership on Climate Change has provided a high-level political framework for cooperation and dialogue. This was confirmed in the 2010 Joint statement and enhanced in the 2015 Joint statement where both sides committed to embarking on low-carbon development and cooperating in the context of the UN climate convention in view of the ambitious agreement at the Paris conference. The focus areas agreed on are: domestic emissions reduction policies, carbon markets, low-carbon cities or carbon capture and storage (CCS), greenhouse gas emissions from the aviation and maritime industries, and hydrofluorocarbons (HFC).

The EU aims to achieve more meaningful cooperation through intensified talks with India. With the EU-India Clean Energy and Climate Partnership, the partners emphasised in March 2016 their intention to continue their climate and energy cooperation with a strong focus on NDC implementation but also drew some attention to the role of sustainable cities. In the initial phase in 2016 and 2017, multi-stakeholder workshops on NDC implementation in Delhi were among the first activities organised by the European Union and the Ministry of Environment Forests and Climate Change, Government of India. Among the topics discussed were the role of green cooling, scenarios and modelling to inform long-term strategies and the increasingly important role of cities in climate action.

If the EU is able to use these partnership approaches to support NDC implementation processes on the one hand and to translate the respective

progress into new momentum for the international negotiation process on the other (thereby inspiring the next round of NDC updates as a result of the currently ongoing stocktaking and review process), then a next round of EU climate leadership will be more likely than it appears today.

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