

POLICY BRIEF

Building EU Climate Ambition in the International Climate Negotiations – Reflecting on Warsaw and the EU 2030 Framework¹

1. Preparing for Paris and the BKM summit

Warsaw agreed a pathway to 2015 and the EU will need to be ready. Leaders know that the Ban Ki-moon (BKM) summit will be a crucial point for check in, building momentum into the process as they prepare for 2015.

Much of the preparation needs to focus on implementing the commitments made in Doha. This will be crucial for credibility, trust and reaching a deal in Paris. This includes finance, where the debate is now much more complex. Since Copenhagen very little finance has been pledged. There won't be a deal without more finance and the carbon market and Clean Development Mechanism currently have a limited role. China's emissions trading scheme could be a game changer.

Leadership and ambition is important and the EU, China and the US are watching each other's moves closely. The challenge will be to prevent a developing vs. developed country split. China is key to this – the country

is doing a lot at the domestic level to tackle climate change but it doesn't play out at the international level where China continues to reinforce old divides. China's position will have the greatest influence on US ambition. The EU will need a diplomatic focus on China and surrounding countries to align positions with Least Developed Countries (LDCs), the Alliance of Small Island States (AOSIS) group and the Latin American group.

The EU has a soft power that is underestimated but has the potential to strengthen ambition at the international level in a way that reaches down to the negotiators, enabling them to move their red lines. International fora such as the G20 and World Economic Forum will have an important role here. Legacies are also at stake, especially for Barroso and Obama.

2. EU 2030 climate and energy framework

The domestic and international discussions are intertwined. The EU's 2030 framework will be one of the first positions into the 2015 debate. It can give confidence to

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the discussions but there is a major risk of low ambition, creating a downward spiral in UNFCCC positioning.

The EU needs to put high ambition on the table to persuade others to join. If it's low ambition, the key international players will really take notice. We have learnt that there is no added value of a conditional target for influencing the domestic debate in other countries. It is clear that the dynamics of securing high ambition are much more complex. The EU needs a back-up plan if ambition in the 2030 package is too low. Review clauses to ratchet up ambition will be important.

3. Competitiveness of a low carbon economy

The narrative around climate and energy has changed. In 2009, the targets in the EU 20-20-20 package were framed as good for growth. Now, the 2030 climate and energy framework is seen as a risk to competitiveness. The reasons to take action are much stronger now than they were in 2009. Fossil fuel imports, for example, are much higher now (a barrel of oil

now costs over \$100) and the IPCC's fifth assessment report makes clear we are even further away from keeping temperatures below 2°C. Despite this, the politics is far more difficult.

The fossil-fuel dependent industries are lobbying hard in Brussels to hold Europe back from ambitious action. They claim that a 40% or more greenhouse-gas target is unaffordable. It's false argument given that Europe is already on track to reduce emissions by 32% in 2030 with no new action. The discussion on competitiveness also needs to consider the economic risks of climate change if we don't do anything. Finance ministries do not yet understand the difference to their economies if we have a 2, 4 or 6 degrees world.

There are a large number of progressive industries with very ambitious positions on GHG reductions. They understand the benefits of a low carbon economy. The EU will need a new industrial policy to really deliver this and give the clear signals that are necessary to keep driving low carbon investments.



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