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COP29: good COP, bad COP?

Everyone will have his/her opinion about what happened in Baku and how it all turned out – this is my personal opinion. There will be many detailed and in-depth technical analyses of the Baku outcomes, but this is not intended to be one of those.

First, this COP is probably in the running for the best organized COP from a logistical point of view – and I have been to 28 out of 29 of them. It is probably the winner so far.

As a second observation, when we will look back in a few years, we will conclude that this COP has produced several results that will likely turn out to be quite significant. While many issues were hotly debated, I will focus only on what I see as at the most relevant and impactful.

Article 6 was completed and can now move forward. It is significant, and totally appropriate, that removal credits under Art 6.4 were in pole position in Art 6 discussions and the first one to be gavelled, as they are likely to be the only credits that will count when the chips are down – that is, at the time when we reach to net zero.

What cannot be addressed in the Art 6 negotiations under the UNFCCC is the lack of regulation-driven demand. This is troubling and overlooked. With the current outlook for the US climate change stance, Art 6 and international removals will need a champion. Sooner rather than later the EU may need to reconsider its position on linking to the international credit market, especially since it negotiated hard, and got most of what it wanted from Art 6. This can only be done under clear volumetric and price pre-determined conditions, something that needs to be explored.

Negotiations on Art 6.2 went down to the wire and the outcome may not be totally aligned with what was envisaged in Paris, at least for those that were in the negotiating room. Art 6.2 now accepts that credits can be issued in its registries, including its international registry. Art 6.2 was never envisaged to be a mechanism itself, and accepting credits in its registries puts it on a slope where it is likely to become (mid-to-long term) another Art 6.4 mechanism. One could envisage, and accept, that the two would converge, in time, naturally, but this is artificial convergence. There are provisions in place to placate those fears, but after the way in which the Paris Agreement has been reinterpreted over the last ten years it may not be re-assuring to those that have expressed concerns.

In discussions for the climate change priorities of this incoming EU Commission, the mantra was that this was about “implementation, implementation, implementation”. This may be true, but possibly in a

somewhat different manner from what was envisaged by those that repeated that mantra. At ERCST we always maintained that it will also be about climate change and trade.

CBAM, necessary from an EU point of view to deal with carbon leakage and competitiveness (and EU industry is pointing to recent announcements on plant closures in the EU), is questionable, and increasingly questioned by developing countries and others, in terms of its alignment with the letter and the spirit of the Paris Agreement. It is simply a case in point, but it is attracting all the attention.

At this COP the persistence of the BASIC Group, now supported by G77, has paid off. While not an agenda item on its own, what is called under UNFCCC language “unilateral trade measures” (an umbrella that includes trade-related climate measures e.g. CBAM), has made it in the workplan of the Forum on the Implementation on Response Measures and its KCI.

While Response Measures is often looked down in UNFCCC negotiations on as an item that is only causing “problems” and lacks in substance, if this item is approached from a positive and substantive angle, it can now become a major item. It will require the right expertise in the room, coupled with the ability and desire for more substantive work rather than focus on process, which is not the case now. Significant work remains to be done in ensuring that different international organizations cover the right issues in these discussions.

The NCQG delivered 300 billion with enough caveats to allow for new discussions in the medium-term when conditions are better. Since the Paris COP many items were re-opened in the Agreement (take Article 6 as a clearcut example) after they seemed quite clearly shut at COP in 2015. So, for those willing to try to have further discussions on NCQG, there is hope.

Even if many seem unhappy with this outcome, it is a remarkable accomplishment at a time when recent elections in many developed country elections (and upcoming elections) lead to a diminished role or even the ouster of those that are positive and advocate for generous support for the transition.

How these agreements were reached is another matter. One cannot but be troubled that the views from important countries such as India (and others) were overlooked in their interventions on a critical item, while the procedure used to pass the Art 6.4 in the opening day resulted in a slap on the wrist for the Art 6.4 Supervisory Board from the CMA. Too many exceptions to the rule and we will create a new reality that we use expedience over process – that is not good, even if it is in a good cause. While we vote for substance over process as a think tank, the UNFCCC process is what give credibility and special status to any outcomes from a COP.

Was it a good COP or a bad COP? – it was a difficult COP.

Andrei Marcu