

Memo

To: BusinessNZ & SBC Members, and Stakeholders
From: Abbie Reynolds
Date: 27 November 2016
Subject: **COP22 Marrakech – report back**
Action Required: None

1. Summary

Although COP22 was always going to be about implementation of the Paris Agreement, the election of Trump for US President still had a marked effect on the mood, which started sombre but quickly moved to defiant. To the outside observer the negotiations seemed impossibly slow and unproductive, but were regarded overall as successful, with much more work to come.

Outside the negotiations the central role that business plays has been confirmed. There is ongoing concern that the targets countries signed up to at Paris don't keep us below 2 degrees of warming. And countries have started announcing their mid-century/2050 pathway/deep decarbonisation plans.

New Zealand is regarded as a leader at the COP in key areas such as fossil fuel reform, carbon markets and agriculture. Leadership in these areas was confirmed as we committed to a number of new initiatives or profiled our work on existing initiatives including Carbon Pricing Leadership Coalition.

2. Background

What is the COP?

COP22 was the 22nd annual Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC) held from 7 to 19 November 2016. It was also the 12th annual Meeting of Parties (CMP) to the Kyoto Protocol; and the first Meeting of the Parties (CMA) to the Paris Agreement.

It's where negotiators from each government come together to negotiate how to progress the various agreements, elaborate rules and procedures, report back, to agree next steps, to decide mechanisms and how to deliver on what has been agreed in the UNFCCC, Kyoto Protocol and Paris Agreement.

Although it is only government negotiators who can participate in the negotiations, observer organisations are allowed to attend.

What was COP22 about?

COP22 was the first COP following the historic Paris Agreement, which came into force on 4 November 2016, less than a year after it was agreed. It also came hard on the heels of increasing international cooperation on fighting climate change such as the decision by

International Civil Aviation Organisation (ICAO) to address greenhouse gas (GHG) emissions in aviation and the recent agreement of parties to the Montreal Protocol to accelerate phase-out of hydrofluorocarbons.

It was a critical COP. It needed to maintain the momentum amongst all countries to pursue ambitious action on climate change and limit global warming to below 2 degrees Celsius; the Moroccan COP Presidency stated clearly that they wanted to see concrete action in Marrakech with a particular focus on enhancing ambition. One of the key themes of the discussions about the work plan was the desirability of getting out of negotiation mode and into business as usual which is more of a focus on transparency, compliance and information exchange.

But it had to achieve this in a context of bringing parties together to work on elaborating rules and procedures to support the mechanisms established by the Paris Agreement; And all this in the context of having to host the first meeting of the parties to the Paris Agreement, which many had thought was a number of years away.

3. On the ground at COP22

I attended COP22 on behalf of BusinessNZ and SBC from 10 till 19 November. I was part of the NZ delegation which gave me observer status and allowed me to attend negotiations.

The Moroccan Presidency had expected around 16000 attendees, but estimated that around 26000 actually attended. A large number of these attendees were not directly involved with the negotiations. In fact, COP22 was essentially two separate events happening simultaneously at the same location. One was the negotiations and all the activity associated with that. The other was the side events; the conferences, speeches, workshops, interviews and other activities arranged to coincide with the COP. More on both below.

Momentum and mood

I arrived on the Thursday night, the day after the American election, which had a profound effect on the mood of the conference. The potential for an upset had been anticipated, and that was credited with creating the urgency that saw the Paris Agreement ratified so early. Despite that, the mood was sombre. The American negotiators had been crucial in getting the Paris Agreement across the line, and there was a lot of angst that without US leadership, momentum could not be maintained. Indeed, this seemed to give some parties greater confidence in asserting their own interests, where these didn't align with the intentions of the Paris Agreement.

This mood very quickly shifted to defiance. Speeches by Francois Hollande, John Kerry and Ban Ki Moon made it clear that momentum would be maintained, with or without, US leadership. During the COP 350 US businesses affirmed their commitment to the Paris Agreement. I heard the same messages from the State of California, from Alberta in Canada and from other organisations.

Negotiations

There were so many matters being negotiated it was impossible to track even a handful of them. Areas in which the New Zealand team was active include the transparency framework for measuring, monitoring and reviewing progress required in the Paris Agreement; Article 6 which provides for the development of a voluntary transfer to mitigation outcomes, in other words, international trade in carbon credits; agriculture to name a few.

Speaking as an observer, the negotiations appear enormously slow moving and unproductive. The goal is to get full agreement from all 197 countries negotiating on any particular point. Every country has its own interests it is trying to protect so reaching agreement requires a great deal of diplomacy, and often results in outcomes that can appear sub-optimal, unambitious or vague. However, the feedback from seasoned negotiators was that significant progress has been made, particularly in the context described above.

Because of the nature of this COP, there was never going to be a significant milestone like the Paris Agreement. The negotiations were always going to be focussed on implementation. As a result, there are no really noteworthy outcomes from any of the negotiations. More progress will be made at the Bonn interregnum in the middle of 2017.

It is worth noting that the requirement of the Paris Agreement for a Global Stocktake (a global review of performance against the Paris Agreement) every five years, is likely to create a cadence to the negotiations, that results in significant COPs occurring every five years or so. The first is 2023.

It is also worth noting that Fiji has the Presidency of the next COP which will be held in Bonn, Germany.

Side events

The side events included conferences and talks put on by delegations, businesses, not for profit, the UN or COP Presidency.

A few of the most interesting themes that emerged from these were:

- That when added together, the combined **Nationally Determined Contributions** (NDC) from all countries is not enough to keep us below 2 degrees Celsius. So work on raising the ambition will be necessary.
- That **mid-century strategies**, also known as 2050 pathways and deep decarbonisation pathways are starting to be announced by countries. This is a recommendation in the Paris Agreement, and the US, Canada and Mexico announced their mid-century strategy at the COP. NZ has signed up with the 2050 Pathway Platform Partnership which is a positive signal that the NZ Government is committed to developing a plan.
- Role of **Business** and **Councils/States** to continue to lead. Recognition that business has the answers, and continuing to create momentum through investment approaches, innovation, science based targets and setting carbon prices is essential for us to stay below 2 degrees Celsius. That with the five year cadence set down by the requirements of the global stocktake doesn't match the political cycle, and business can play a role maintaining continuity.
- A key strategy globally is to reduce emissions intensity of **electricity** while at the same time electrifying as much of carbon intensive activity in the world such as cooking fires, or internal combustion engines. My sense at the COP is that there is already significant momentum behind the decarbonisation of electricity generation.
- Climate change links to so many other areas of challenge eg: biodiversity, human health, human rights. There was much mention of the **Sustainable Development Goals** and how they connect.

New Zealand

New Zealand and its negotiating team has a good reputation at the COP. We are regarded as leaders on agriculture, fossil fuel reform and carbon markets amongst other things, and as open and approachable.

The Minister attended for the high level segment which was when heads of state, foreign ministers and other join the conference. She seemed pleased with how the negotiations were going and what had been achieved.

She also used the COP as an opportunity to announce NZ's leadership of, or involvement in, various initiatives including:

- NDC Partnership;
- Climate Risk Early Warning Systems Initiative (CREWS) (observer);
- 2050 Pathways Platform Partnership;
- Carbon Pricing Leadership Coalition;
- International Partnership for Blue Carbon;
- Declaration of Intention for the Creation of a Consortium which operationalises the '4 per 1000: Soils for Food Security and Climate' initiative (also COP 21);
- 'Because the Ocean...' Declaration (also COP 21);
- Health, Environment and Climate Coalition and its Ministerial Declaration
- Fossil Fuel Subsidy Reform (COP 21)
- Carbon Markets Declaration (COP 21)
- G7 Carbon Market Platform (COP 21)
- Global Geothermal Alliance (COP 21)
- IRENA SIDS Lighthouses (UNSG Climate Summit September 2015)