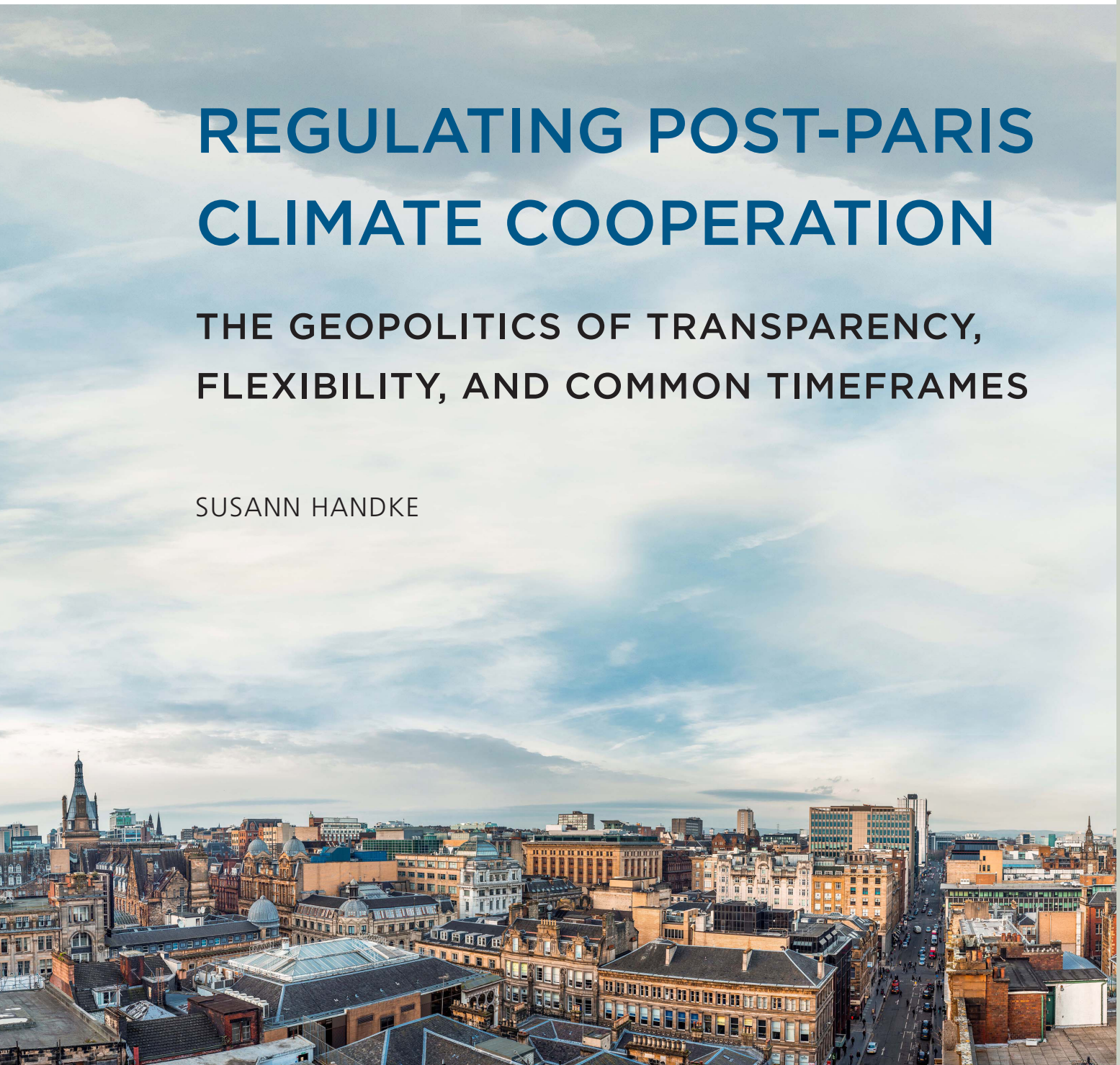


# REGULATING POST-PARIS CLIMATE COOPERATION

THE GEOPOLITICS OF TRANSPARENCY,  
FLEXIBILITY, AND COMMON TIMEFRAMES

SUSANN HANDKE



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**TITLE**

Regulating Post-Paris Climate Cooperation  
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**NUMBER**

2021 | 02

**DESIGN**

Studio Maartje de Sonnaville

**PUBLISHED BY**

Clingendael International Energy Programme (CIEP)

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# EXECUTIVE SUMMARY

The *Joint Statement Addressing the Climate Crisis* that U.S. Special Presidential Envoy for Climate John Kerry and China Special Envoy for Climate Change Xie Zhenhua signed in April 2021 explicitly mentions Article 13 of the Paris Agreement as an “implementation arrangement” that needs the attention and cooperation of both sides during COP26, the 26th conference of the parties to the UN climate regime that will take place in Glasgow at the end of 2021. This paper focuses on unresolved matters regarding the transparency framework that Article 13 of the Paris Agreement regulates and the global stocktake that this framework seeks to inform. COP26 needs to take decisions on:

- the *scope of transparency* that the parties are required to apply when reporting on their efforts to implement their national climate measures and
- the *institutionalisation of the global stocktake*, a regular evaluation of the parties’ emissions reduction efforts.

Deciding these procedural matters will finalise the Katowice Rulebook, which details how the international community can oversee the implementation of the parties’ national commitments. Arguably, these decisions will be even more consequential for the future of international climate cooperation than updating current national emissions reduction commitments.

Under the Paris Agreement all parties have to submit national plans to reduce greenhouse gas emissions. Accordingly, all parties are required to participate in the procedures to assess the progress of global climate action. Currently, in the name of differentiation, China leads the coalition of Like-minded Developing Countries in efforts to weaken transparency rules and lower the frequency with which parties will have to renew and strengthen their emissions reduction commitments under the Paris Agreement.

The debate about these unresolved procedural matters is reminiscent of the demand that treaty obligations should be differentiated between developed and developing countries. In the past, the parties could not agree on the degree of differentiation, which hampered international climate cooperation under the Kyoto Protocol.

Therefore, this concept was one of the main issues that the Paris Agreement sought to address.

With the adoption of the Paris Agreement, the international community agreed on two main goals – reducing global greenhouse gas emissions to a volume that global warming can be limited to 1.5 to 2°C, compared to pre-industrial levels, and achieving global climate neutrality in the second half of this century. When realising these objectives, the reduction of carbon dioxide emissions stands out. Therefore, decarbonising the production of energy is a major component of the cooperation that the Paris Agreement seeks to facilitate.

When implementing the Paris Agreement, reliable information will be needed about the decarbonisation of the parties' energy systems. Energy and climate policies, adopted at national and subnational levels of governance, need to be made public. Sharing implementation results and best practices will be crucial to assessing the progress of international climate action.

Transparency can help to build trust among parties of international treaties; and multilateral cooperation is hardly possible without trust. This is particularly true when the objective of international cooperation concerns vital issues of social and economic life, such as the transformation of the global energy system.

This paper stresses that ahead and during COP26 a politicisation of procedural matters needs to be avoided, in particular regarding the rules that institutionalise the global stocktake and define the scope of transparency requirements. In the course of solving these undecided issues, it is of great importance to prevent the parties from muddling procedural arrangements with the concept of differentiating treaty obligations of developing countries. In fact, the Paris Agreement already affords developing countries differential treatment in the context of various aspects of climate action.

Resolute transparency rules are essential to help inform the international debate about the progress of the low-carbon energy transition. In order to prepare for future negotiations, parties to the Paris Agreement should be aware of China's efforts to drive the global discourse on climate change mitigation. This posturing manifests itself in the contestation of specific regulatory issues as well as in the role that the Chinese leadership and Chinese state-owned companies play in international energy affairs. Trust among the parties to the Paris Agreement will grow as long as strong international oversight can provide a full picture of national energy transition trajectories, which is vital to coordinate global climate action.

# 1 INTRODUCTION

In most major economies, efforts to mitigate climate change are well under way. The decarbonisation of the energy system is key to this endeavour. However, this transformation is fraught with much uncertainty. Policymakers, energy companies, investors, and consumers will have to deal with this situation for years to come. This uncertainty results from still ongoing extensive deliberations about future transition scenarios, frequently amended legislation, and fast technological progress, which suggests various possible avenues for the decarbonisation of energy generation. These dynamics create a fluid and volatile global energy landscape.

A sense of urgency even amplifies the prevailing uncertainty. This perception largely stems from the magnitude of the global endeavour and the realisation that there is only a limited period of time left to reduce the amount of global greenhouse gases that is emitted annually, especially carbon dioxide (CO<sub>2</sub>) emissions, in order to limit global warming to a degree that is suitable for human habitation. Thus far, most efforts rightly focus on the energy sector as the main source of CO<sub>2</sub> emissions. The decarbonisation of energy production and consumption has numerous political, socio-economic, and environmental side effects to which policymakers need to find timely responses, while the stability of the energy system must be guaranteed.

In a globalised economy, international cooperation is essential to deal with these challenges. To guide international climate action in the coming decades, the international community adopted the Paris Agreement<sup>1</sup> in 2015. For years, far-reaching climate measures have been implemented in most countries, in order to accomplish the Agreement's objectives – i.e. limiting global warming to 1.5 to 2°C, compared to pre-industrial levels, and achieving climate neutrality in the second half of this century. These measures are reshaping the energy system and its infrastructure in all parts of the world. However, in order to consolidate the global energy transition and to make progress in addressing global warming, more efforts are required by all parties to the Agreement.

Rules that can regulate this cooperation properly and, by doing so, foster governments' willingness to engage in international climate cooperation, will

<sup>1</sup> Decision 1/CP.21 – Adoption of the Paris Agreement (FCCC/CP/2015/10/Add.1), 29 January 2016; see for the text of the Paris Agreement, UNFCCC Secretariat, "Paris Agreement," 2015, [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf).



determine the success of climate action under the Paris Agreement. The scope of future climate cooperation will depend on how the parties interpret and operationalise several still vaguely defined implementation rules and concepts. Without clearly defined rules on how to organise international climate cooperation, climate negotiations will continue to be marred by the “geopolitics of rule interpretation.” Currently, difficulties in completing the *transparency framework* and in agreeing on *common timeframes* provide a prelude to a scenario in which countries toughen their positions for an era of antagonistic climate and energy politics. Hence, climate negotiations at the end of 2021 and in the following years need to focus on provisions that detail the oversight of international climate action, mainly because these rules entail trust-building and compliance-inducing measures.

This paper explains the Paris Agreement’s approach to international climate cooperation. It specifically points to unresolved issues regarding guidelines to ensure transparency, especially the interpretation of flexibility in this context, and the necessity of adhering to common timeframes for the realisation of the parties’ national climate and energy policies that they promise to implement under the Agreement. The paper argues that without strengthening these rules the Agreement’s framework to guide cooperation will fail to build trust among the parties. Moreover, the presentation of the parties’ national policy commitments would lack the level of clarity that is vital for energy companies and investors to forcefully engage in the global low-carbon transition. Climate cooperation under the Paris Agreement will thus be unable to inspire sufficient confidence that the international community is pursuing a truly global endeavour.

This paper develops its reasoning as follows. The next chapter gives a brief overview of the regulatory framework that the Paris Agreement and Katowice Rulebook establish, mainly describing the mode of cooperation that is envisaged. Chapter three explains the functioning of the Agreement’s global stocktake as an instrument of oversight. It also highlights the interaction between domestic policies and global climate cooperation. Chapter four focuses on the still vaguely defined components of the Agreement’s rules that are supposed to inform the global stocktake. It shows that indecisiveness with respect to components of the transparency framework threatens to undermine the global stocktake as an instrument to scrutinise and guide the parties’ efforts. Then, chapter five briefly discusses the postures of the European Union (EU), United States, and China and reflects on the interrelationship between the global oversight of climate change mitigation commitments and geopolitics. Chapter six concludes and makes recommendations for negotiators, policymakers, and business actors ahead of COP26, the next round of negotiations under the UN climate regime, that will take place in Glasgow at the end of 2021.

## 2 THE PARIS AND KATOWICE RULES FOR INTERNATIONAL CLIMATE COOPERATION

The Paris Agreement is the most recent treaty under the UN climate regime. Since 2020, it has been functioning as the foremost international legal instrument on climate cooperation. By implementing its provisions, the parties to the Agreement are restructuring the UN climate regime's previous top-down approach. Prescribed by the 1997 Kyoto Protocol, this approach entailed negotiated emissions reduction targets exclusively for developed states. The revised organisation of mitigation action follows a bottom-up structure that requires all parties to submit self-defined policies as their contributions to achieving the Agreement's goals. Pursuant to Article 4 (1) of the Paris Agreement, these submissions, in sum, need to achieve a "global peaking of greenhouse gas emissions as soon as possible," in order to avoid a temperature rise beyond 2°C and to accomplish climate neutrality across the planet in the second half of this century. Hence, reliance on the parties' commitments to implement self-defined national energy and climate policies characterises the Paris Agreement's approach to international climate cooperation.

The reasons for shifting the design of the commitments from the international to the national level are twofold. They relate to the need to increase participation in global efforts to mitigate climate change and a deeper understanding of the core of the transformation that the parties will have to accomplish – i.e. restructuring the carbon-intensive global economy.

First, the Paris Agreement extends the level of participation in efforts to reduce global greenhouse gas emissions. This task was previously limited to developed states. The Kyoto Protocol guided two commitment periods from 2008 to 2012 and from 2013 to 2020. During the second commitment period, climate cooperation under this treaty was marred by declining participation and a decreasing share of global emissions that was covered by emissions reduction obligations. Only developed countries had obligations to reduce emissions and some of them even chose to opt out. Moreover, emissions originating in developing economies grew significantly after the turn of the century. Thus, for future action the participation of developing countries in the stabilisation and, subsequently, reduction of global greenhouse gas emissions was essential.

The second reason for reconsidering the UN climate regime's approach relates to the path to reducing greenhouse gas emissions, and in particular CO<sub>2</sub> emissions. This transformation is specific for each economy. It is closely linked with the structure of the national economy, its regulatory system, the energy mix, societal preferences, and geographical factors. During the negotiations of a treaty to replace the Kyoto Protocol it became clear that negotiated emissions reduction targets were insufficient to facilitate the low-carbon energy transition. Global efforts to mitigate climate change should be based on more comprehensive policy commitments that *all* parties, based on their national circumstances, elaborate, submit to the UNFCCC Secretariat, and continuously update. Thus, cooperation under the Paris Agreement entails many evolving policy trajectories.

The building blocks of these trajectories are the countries' nationally determined contributions (hereafter "NDCs"). The NDCs mainly consist of domestic energy legislation and policies. In accordance with the Paris Agreement, the sum of frequently updated NDCs should bring the international community on an emissions path that limits global warming to 1.5 to 2°C, compared to pre-industrial temperature levels. The Agreement requires all parties to take into account this ceiling to global warming and design their NDCs accordingly.

By providing a framework that guides the regular evaluation of the parties' NDCs and considers the progress of global mitigation efforts, the Paris Agreement seeks to promote ever more ambitious climate action by all parties. This approach also acknowledges that the decarbonisation of the energy sector and the reduction of greenhouse gases in other economic sectors is an intricate long-term endeavour. Thus, the space that the Paris Agreement leaves for parties to self-determine their mitigation commitments is complemented by rules and procedural guidelines, primarily stipulated in the decisions of the Katowice Rulebook. The global stocktake is at the core of these rules and can be imagined as a form of global oversight of mitigation efforts, as the next chapter explains.

# 3 OVERSEEING THE GLOBAL ENERGY TRANSITION

The Paris Agreement has a hybrid structure, combining elements of national input and international oversight. It aims to facilitate a policy dialogue. The parties submit their mitigation commitments and, from 2023 onwards, will regularly conduct a global stocktake. This exercise can be described as an assessment at the international level that evaluates the progress of global mitigation efforts. It provides feedback concerning the adequacy of the parties' efforts made during a particular period. This chapter first explains the elements of the global stocktake that are crucial for further strengthening international climate cooperation. Then, it briefly considers the centrality of national governance efforts in the course of implementing the energy transition.

## 3.1 GLOBAL STOCKTAKE

Pursuant to Article 14 (2) of the Paris Agreement, the global stocktake should evaluate the parties' "collective" mitigation accomplishments. In its Decision 19/CMA.1,<sup>2</sup> the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (hereafter "conference/meeting of parties"), the plenary body of the Paris Agreement, specifies how the global stocktake should be conducted. The global stocktake consists of three components – i.e. information collection and preparation, technical assessment, and the consideration of the outputs. These are successive stages that will be repeated every five years after the initial sequence of the global stocktake will be completed in 2023.

The outcome of the global stocktake will form the basis for the parties' exchange about the scope of future international climate action. It will result in a snapshot of the global emissions situation. At the current stage, the procedural arrangements that govern the evaluation process deserve attention. Three aspects stand out. They concern the management of the information collection, the dissemination of the findings, and the incorporation of the findings into the parties' updated or follow-up NDCs.

First, the collection of information seeks to trace the progress related to several elements of climate action under the Paris Agreement – i.e. mitigation, adaptation, and means of implementation and support. The UN climate regime's Subsidiary Body

<sup>2</sup> Decision 19/CMA.1 – Matters Relating to Article 14 of the Paris Agreement and Paragraphs 99–101 of Decision 1/CP.21 (FCCC/PA/CMA/2018/3/Add.2), 19 March 2019.

for Implementation and Subsidiary Body for Scientific and Technological Advice assist in the process of information collection. A joint contact group with the conference/meeting of parties is formed for this purpose. Moreover, the parties will engage in a technical dialogue that considers necessary inputs for the global stocktake through round tables and workshops in order to support the joint contact group. Importantly, this technical dialogue is facilitated by two parties, one developed country and one developing country.<sup>3</sup> Substantively, the chairs of the two above-mentioned subsidiary bodies play an important role in the global stocktake, as they develop the guiding questions for all of its components. The deliberations of the global stocktake, however, are intended to be a party-driven process that should be conducted in a transparent manner and with participation of non-party stakeholders. All inputs to the process have to be made accessible online.

The second stage of the global stocktake, the dissemination of the findings, will take place through the publication of four synthesis reports. These include one report on the state of greenhouse gas emissions by source and the parties' mitigation efforts and another on the overall effect of the parties' NDCs and the progress made by the parties in implementing their NDCs. These reports are prepared by the UNFCCC Secretariat, "under the guidance" of the developing and developed countries that act as co-facilitators.<sup>4</sup>

Third, to consider and incorporate the findings of the assessment "high-level events" are organised. Key political messages and recommendations resulting from these events will be summarised. These outcomes will then be prepared as a decision or declaration under the UN climate regime.<sup>5</sup>

Article 14 (3) of the Paris Agreement requires the parties to take into account the findings of the global stocktake regarding the global emissions situation when they design their subsequent NDCs or update existing policies. After each round of the global stocktake, the parties will present their NDCs "at a special event held under the auspices of the Secretary-General of the United Nations."<sup>6</sup> It goes without saying, that in the future these gatherings will attract much attention and will become important deliberative milestones in the global combat against climate change.

To be sure, international climate cooperation under the Paris Agreement has just begun. The parties will need some time to further institutionalise their cooperation

3 The reliance on NDCs inherently allows the parties to self-categorise. Generally, in the context of the UN climate regime, member states of the Organisation for Economic Co-operation and Development are considered developed countries.

4 Decision 19/CMA.1, para 23.

5 Ibid, para 34.

6 Ibid, para 17.

under this treaty. Some aspects of the Paris Agreement and the decisions of the Katowice Rulebook will most likely require further specification. Decision 19/CMA.1 calls upon the parties to refine “the procedural and logistical elements of the overall global stocktake process on the basis of experiences gained from the first and subsequent global stocktakes.”<sup>7</sup> Hence, it is vital to use the period prior to 2023 to actively shape the elements of the global stocktake in a meaningful manner and establish a strong basis for future rounds of evaluation.

### 3.2 GOVERNED ENERGY TRANSITIONS

To mitigate climate change, the reduction of energy-related CO<sub>2</sub> emissions is essential. The decarbonisation of the energy system has been evolving for about two decades. The pace of this transformation is increasing in many parts of the world. Power networks in many countries now distribute electricity generated from wind, solar, biomass, and other renewable energy sources. Feed-in tariffs and other regulatory instruments enable the integration of renewables in liberalised electricity markets. Technological advances facilitate the deployment of installations that utilise renewable and other non-fossil energy sources. In addition, new technologies are being developed to capture CO<sub>2</sub> emissions for storage and, possibly, further utilisation. These advances alter the impact of the production of energy and related transport infrastructure on the environment.

However, to engage in a deep decarbonisation of the entire energy system further legislative and regulatory measures are necessary. To successfully implement the energy transition, decision-makers have to address unforeseen socio-economic, environmental, and societal impacts. Thus, it is inevitable to frequently adjust government policies and regulatory instruments that guide this large-scale transformation. That is why the low-carbon energy transition is described as a *governed* transition.<sup>8</sup>

The decarbonisation of the energy system is unlike previous shifts from one fuel to another. For instance, the transition from coal to oil in the shipping sector and the shift from coal to natural gas for heating purposes were generally driven by the cost-effectiveness of the new fuel or its more advantageous utilisation. To decarbonise the overall energy system, the generation of electricity has to rely on renewable energy or low-carbon energy carriers; and then much of the energy system will need to be electrified, possibly alongside the use of hydrogen. In many states, countless

<sup>7</sup> Ibid, para 15.

<sup>8</sup> See for an assessment of the implications of government involvement in the energy transition, Kern, Florian, and Karoline S. Rogge, “The Pace of Governed Energy Transitions: Agency, International Dynamics and the Global Paris Agreement Accelerating Decarbonisation Processes?,” *Energy Research and Social Science* 22 (2016): 13–7.

government measures have thus far been implemented to incentivise the shift to non-fossil fuels, especially the reliance on wind and solar power to generate electricity. Likewise, renewable and low-carbon fossil processes and the use of hydrogen require government regulation.

The use of wind or solar energy incurs costs to integrate these electricity supplies in the existing transmission system. The electricity system needs to be able to cope with the variable nature of these forms of renewable energy. Additional investments are required to build transmission lines and to ensure the availability of a reliable capacity mix. These are preconditions for integrating wind and solar power into the electricity system.

To decarbonise the energy system, governments need to establish an incentive system that guides liberalised markets towards the transition goals, in accordance with domestic geographical, environmental, and socio-economic parameters that can differ greatly from country to country. Hence, government intervention plays a vital role in the decarbonisation of the energy system; and the management of the incentive systems requires serious long-term policy planning as well as predictable and responsive regulatory frameworks.

Accordingly, the national government is the lynchpin in this process. Its active engagement is key to shaping the legal basis and regulatory framework that companies need in order to make long-term investment decisions. Yet, this is not to say that governments choose technologies and single-handedly determine preferred transition trajectories. Ideally, governments take into account societal concerns, regional demands, as well as economic, environmental, and security impacts. Short-term political considerations are likely to interfere with more long-term objectives. The result of weighing a variety of factors eventually informs national laws and policies that guide the energy sector's decarbonisation.

Needless to say, governments' energy transition policies will be judged on whether they follow a comprehensive approach that is able to ensure a certain degree of predictability, cost-effectiveness, and environmental integrity. Achievements in this regard will determine the quality of the transition beyond the realisation of emissions reduction commitments. To facilitate a global conversation about ways to attain multiple policy goals in the course of the energy transition, the Paris Agreement requires the parties to report on their nations emissions situation and the impact of each party's mitigation measures. To this effect, the Agreement's enhanced transparency framework provides guidelines for the parties' reporting tasks. The next chapter discusses the transparency framework, including some issues that still remain unresolved and deserve scrutiny.

# 4 REGULATING TRANSPARENCY

The Paris Agreement's enhanced transparency framework complements the global stocktake. The process of putting the Agreement's ambition into practice requires a thorough understanding and periodic assessment of national energy developments. A regular flow of information about the effects of national policies is the basis for utilising the global stocktake as an instrument of oversight. The transparency framework entails standardised procedures and methods to collect and evaluate information. These are requisite components of overseeing long-term policy implementation. Thus, the timely collection of information and transparency throughout the entire process are pre-conditions for fulfilling the task of the global stocktake. These proceedings are essential for trust building among the parties to the Paris Agreement. This chapter first summarises the main contours of the enhanced transparency framework and then highlights regulatory issues that are still contested.

## 4.1 ENHANCED TRANSPARENCY FRAMEWORK

Pursuant to Article 4 of the Paris Agreement all parties submit their policies to mitigate climate change. Article 13 of the Agreement outlines how the international community is informed about the progress of each party's mitigation efforts. The different aspects of the transparency framework that are outlined in the 15 paragraphs of this article are further specified in Decision 18/CMA.1 of the Katowice Rulebook.<sup>9</sup> This decision describes the modalities and guidelines that institutionalise the transparency framework.

Most importantly, Decision 18/CMA.1 stipulates how the reports about the parties' greenhouse gas emissions and the implementation of their mitigation policies are assembled and reviewed. These reports provide essential input for the global stocktake. Strict adherence to the transparency framework's procedural guidelines is important in order to collect as much information as possible and properly feed the global stocktake's deliberations. Yet, some issues will most likely hamper the collection of information and the assessment of outcomes for years to come.

<sup>9</sup> Decision 18/CMA.1 – Modalities, Procedures and Guidelines for the Transparency Framework for Action and Support Referred to in Article 13 of the Paris Agreement (FCCC/PA/CMA/2018/3/Add.2), 19 March 2019.



## **4.2 STILL CONTESTED: THE SCOPE OF TRANSPARENCY AND LENGTH OF IMPLEMENTATION TIMEFRAMES**

To address unsolved issues regarding the guidelines of the transparency framework, it is important to discern why some parties are contesting the completion and strengthening of the framework. A closer look at the negotiations shows that the reason for this instance of contestation is profound. It essentially relates to the legacy of differentiating treaty obligations between developed and developing countries. Thus, the transparency framework finds itself at the core of the conflict that impeded the evolution of international climate cooperation for more than a decade prior to the adoption of the Paris Agreement.

Differentiation is based on the interpretation of the principle of common but differentiated responsibilities, which is one of the guiding principles of the United Nations Framework Convention on Climate Change, the treaty that established the UN climate regime in 1992. No doubt, an acknowledgement of the prominent role that developed countries played in the progression of human-induced climate change was justified during both the initial phase of the regime and the implementation of the Kyoto Protocol after the turn of the century. Ahead of the adoption of the Kyoto Protocol, the parties agreed that developing countries would not have any obligations to stabilise or reduce their greenhouse gas emissions under the Protocol, while developed countries would take the lead by starting to reduce their emissions.

However, when the parties began to implement the Kyoto Protocol during the first decade of the 21st century it became clear that this rigid form of differentiation was unrealistic. It could not be retained if the parties wanted to achieve the objectives of the UN climate regime. In fact, developing countries with large economies saw their emissions rising steadily during that period. Since then, some of these developing countries have emerged as main sources of annual emissions. Moreover, their annual contribution to the still growing volume of greenhouse gases in the atmosphere is expected to continue to expand in the future.

No doubt, developed countries need to take the lead and reduce greenhouse gas emissions. Yet, their efforts alone will neither stabilise the volume of greenhouse gases in the atmosphere nor reduce annual global emissions. The international community as a whole needs to address this problem in order to prevent a further warming of the planet. Thus, developing countries – especially the largest emitters among them – accrued a responsibility to join developed countries in their efforts to mitigate climate change.

This shift informed the negotiations of the Paris Agreement. The Agreement retains the guiding principle of common but differentiated responsibilities, but abandoned the rigid differentiation of the Kyoto Protocol, by re-defining the principle and applying it differently to different components of climate action. The Paris Agreement also leaves it to the parties to self-categorise and refer to “national circumstances” when defining the scope of their mitigation commitments. The subsequent negotiation of the Katowice Rulebook, which entails specific guidelines and procedures to implement the provisions of the Agreement, was expected to follow this new approach to differentiation.

However, during the preparation of the conference that would adopt the Katowice Rulebook in 2018 the question was raised whether the rules regarding the parties’ NDCs, including those governing the transparency framework, should be applicable to all parties or be different for developing and developed countries. China proposed a two-tier rulebook in which some rules would only be applicable to developed countries. The EU and the United States rejected this proposal.<sup>10</sup> Having different rules for developed and developing countries would severely impact the quality of the reports on emission inventories and on the progress in implementing NDCs, which are both vital elements of the global stocktake. Thus, the conversation about climate action as part of the global stocktake would be based on reports of diverging precision, methodology, and consistency. It would be impossible to achieve an acceptable level of comparability. With the legacy of the differentiation discourse in mind, it is fair to say that the trust-building function of the global stocktake would be severely weakened. The debate would shift to differentiation issues rather than focus on the global emissions situation and climate action.

By proposing a two-tier rulebook, China together with Like-minded Developing Countries (LMDC), an informal coalition in climate negotiations, made clear that the differentiation struggle had not stopped with the adoption of the Paris Agreement.<sup>11</sup> Although China’s proposal was rejected, the struggle also did not stop at this point. It just shifted to specific elements of the transparency framework. These elements primarily concern reporting efforts that the parties have to undertake to inform the global stocktake.

10 See Timperley, Jocelyn, “Bangkok Climate Talks: Key Outcomes on the Paris Agreement ‘Rulebook’,” CarbonBrief, 10 September 2018, <https://www.carbonbrief.org/bangkok-climate-talks-key-outcomes-on-the-paris-agreement-rulebook>.

11 Upholding the division between developed and developing countries in the context of differentiated treaty obligations is the uniting narrative of the LMDC coalition. See, Blaxekjær, Lau Øfjord, and Tobias Dan Nielsen, “Mapping the Narrative Positions of New Political Groups under the UNFCCC,” *Climate Policy* 15, no. 6 (2015): 761–2.

The notion of flexibility in Article 13 of the Paris Agreement belongs to these elements. Its application is detailed in Decision 18/CMA.1. Given the remaining difficulties to define its precise meaning, the notion of flexibility in Article 13 of the Paris Agreement has emerged as a potent substitute for the differentiation discourse. It seems that the parties are unable to come up with an interpretation of the notion of flexibility that can help delineate how it could be applied in a meaningful way.

This poses a problem. Clearly, several provisions of Decision 18/CMA.1 provide flexibility “to those developing country Parties that need it in the light of their capacities.” However, these provisions usually include clauses with descriptions of alternative options that the parties can pursue when they need to adjust the application of one of those provisions to national circumstances. Thus, Decision 18/CMA.1 is intended to offer differential treatment to developing parties to help them fulfil the requirements under the transparency framework, while obliging the parties that invoke flexibility to notify other parties of their choices. Moreover, in most cases developing countries that apply flexibility have to describe the nature of their capacity constraints and indicate “self-determined estimated time frames for improvement in relation to those capacity constraints.”<sup>12</sup>

Without a clear definition of flexibility, two outcomes are likely. Both bode ill for efforts to provide the global stocktake with as much valuable information as possible. One option is that the parties define flexibility in a way that allows them to extensively “differentiate” their reporting obligations. Another option is that negotiators avoid officially conceding to a broad application of flexibility. By doing so, parties would incrementally consolidate a definition of flexibility in the context of the transparency requirements. It will take years for a definition to emerge in the course of the parties’ reporting activities.

Both paths would hamper the collection of information and, subsequently, the conduct of the global stocktake. This will delay the process of strengthening international climate action. Therefore, it is important that the notion of flexibility is interpreted narrowly, while requiring adequate information about measures that are taken to address the constraints, which cause the party to invoke “flexibility” in the reporting procedures. This will assure other parties that there is a substantive reason for the application of flexibility and that the party in question seeks to deal with those constraints. Applied in this way, flexibility would emerge as a trust-building element. Clarity about the interpretation of flexibility needs to be achieved before the first biennial transparency and national inventory reports are due in 2024.

<sup>12</sup> See, Paragraph 6 of the Annex to Decision 18/CMA.1.

Applying common timeframes for the implementation of the parties' NDCs is at least as urgent as the definition of flexibility. Common timeframes constitute an organising tool that can help to build trust and ensures the comparability of mitigation efforts. By definition, a shorter timeframe would require parties to more frequently increase their ambition in designing successive mitigation policies. Currently, timeframes to implement mitigation measures have to be included in the submission of the parties' NDCs. Still, Article 4 (10) of the Paris Agreement obliges the first conference/meeting of parties to "consider" common timeframes. When this meeting took place in 2018, negotiators failed to agree on a common sequencing of NDC implementation. Decision 6/CMA.1 of the Katowice Rulebook<sup>13</sup> only puts forward that common timeframes will be implemented *from 2031 onwards*.<sup>14</sup> The number of years would be decided at a later moment.

Subsequently, a Technical Dialogue was established to inquire options for determining when a common sequencing of NDCs should start and how long the period would be. During an informal virtual session of this Technical Dialogue at the end of 2020, the parties reiterated their positions. China, on behalf of the LMDC coalition, emphasised that there is no direct linkage between the five-year-circle of global stocktakes and common timeframes for the duration of the implementation period for the parties' NDCs. A later implementation of common timeframes and a period of ten years were preferable, according to China's representative. However, representatives of the Least Developed Countries coalition and those of the African Group voiced their support for an early introduction of common timeframes of five years. The EU representative indicated support for implementation periods of five or ten years beginning in 2031.<sup>15</sup> This was a remarkable shift away from the position that the EU held in 2019 when the parties also failed to agree on common timeframes. At that time, the Union's internal debate was still ongoing; and the negotiators did not want to make further commitments on the issue of common timeframes.<sup>16</sup>

Further deliberations regarding the start of common timeframes are still ongoing. It is of great importance that, in the run-up or during the negotiations in late 2021,

13 Decision 6/CMA.1 – Common Time Frames for Nationally Determined Contributions Referred to in Article 4, paragraph 10, of the Paris Agreement (FCCC/PA/CMA/2018/3/Add.1), 19 March 2019.

14 Ibid, para 2.

15 See the video coverage of the informal exchange, United Nations – Climate Change, "Virtual Meeting Recordings – Climate Change Dialogue 2020; Technical Dialogue on common timeframes for nationally determined contributions referred to in Article 4, paragraph 10, of the Paris Agreement," 2 December 2020, <https://unfccc.int/cd2020/ondemand#eq-8>.

16 See for a summary, "COP25: Key Outcomes Agreed at the UN Climate Talks in Madrid," Carbon Brief, 15 December 2019, <https://www.carbonbrief.org/cop25-key-outcomes-agreed-at-the-un-climate-talks-in-madrid>.

the parties agree on common timeframes for the current decade. Common timeframes are vital for the effectiveness of the global stocktake, mainly because they simplify the evaluation of collective efforts. They also promote the coordination and intensification of global climate action. In addition, common timeframes would make the information that is communicated more accessible, mainly because national trajectories would become more comprehensible. In other words, the institutionalisation of *one common globally applied timeframe* of five years for successive rounds of NDCs, synched with the global stocktake, would indicate a regular, worldwide progression of mitigation measures. This will allow policymakers and industry stakeholders to correlate their decisions with the ensuing dynamics of international climate action. Thus, a common timeframe can significantly reduce uncertainty and convey a message of having the parties engaged in a common and global process.

The fact that the interpretation of flexibility and the application of common timeframes are still unresolved hampers the progress of international climate action. This gridlocked situation illustrates that transparency mechanisms in international agreements often mirror underlying conflicts.<sup>17</sup> Negotiators are forced to address substantively minor issues, while the geopolitics of climate governance loom large. In the past, this strand of global affairs was reflected in the debate about the differentiation of mitigation commitments. Today, a more comprehensive picture of discord emerges. It is vital to evaluate the contestation of implementation rules in the context of international political shifts and the importance of engaging in the domestic governed energy transition effectively. The next chapter reflects on this thought.

17 Gupta, Aarti, and Harro van Asselt, "Transparency in Multilateral Climate Politics: Furthering (or Distracting from) Accountability?," *Regulation and Governance* 13, no. 1 (2020): 18–34.

# 5 GEOPOLITICS AND GLOBAL CLIMATE GOVERNANCE

The adoption of the Paris Agreement established a legal structure at the intersection of international climate cooperation, domestic energy law and policy, and geopolitics. The implementation of the Agreement accelerates interactions between the legal, political, and economic realms. Trends that shape these interactions put the Paris Agreement at the core of global affairs for years to come. This chapter emphasises the importance of understanding the evolving context of the global energy transition and considers some trends that relate to the issue of overseeing this transformation.

## 5.1 INTERNATIONAL CLIMATE COOPERATION UNDER THE POST-PARIS UN CLIMATE REGIME

The submission of the parties' NDCs and the Paris Agreement's oversight rules create a new legal and institutional reality for international climate governance. Through its oversight instruments, the Agreement moves the debate about adequacy and timeliness of domestic energy and climate policies to the international level. The Agreement intends to guide a long-term process, expecting the parties to increase their ambitions with every successive mitigation commitment that they submit to the UNFCCC Secretariat. The overview of the difficulties that the parties face when agreeing on the institutionalisation of the transparency framework and adoption of common timeframes suggests that the post-Paris era of the UN climate regime will continue to be influenced by geopolitical struggles.

When evaluating the progress of international climate cooperation – either the development of the UN climate regime or its factual achievements – it is important to take into account the politics of obtaining differentiated treaty obligations for developing countries. In the past, the G77 and China coalition dominated this struggle. However, the coalition fragmented after the climate negotiations in Copenhagen in 2009. Some developing countries explicitly sought to end the “North-South” divide in climate negotiations.<sup>18</sup> Today, many developing countries support faster international climate action, mainly because these countries are either disproportionately affected by the consequences of climate change or have already

18 Examples for negotiation coalitions that include developing countries that have been trying to overcome the divide are Association of Independent Latin American and Caribbean States (AILAC), Cartagena Dialogue for Progressive Action (CD), Climate Vulnerable Forum (CVF), and Durban Alliance (DA). See for an overview of the emergence of these groups after 2009, Blaxekjær, Lau Øfjord, and Tobias Dan Nielsen, “Mapping the Narrative Positions of New Political Groups under the UNFCCC,” *Climate Policy* 15, no. 6 (2015): 755, 761.

booked successes in implementing low-carbon energy policies. As a result, China began to caucus with a “like-minded” group of developing countries as part of the informal LMDC coalition. This coalition is characterised by a varying membership and the intention to continue the differentiation struggle under the Paris/Katowice framework.<sup>19</sup>

It is important to identify China as the leading force in this effort for two reasons. First, although China represents this coalition, it negotiates on its own behalf. The LMDC coalition has no other unifying cause than adhering to the differentiation discourse when it seems convenient. The fact that the participation in the coalition varies considerably attests to this observation.<sup>20</sup> Second, the role that Chinese representatives play when intervening on behalf of the LMDC coalition is at odds with two other postures that the Chinese leadership tries to adopt in the emerging global energy and climate governance landscape – i.e. a global leader in the climate debate and a frontrunner in technology and standards to accomplish the energy transition (see for more detail on these two issues sections 5.2. and 5.3., respectively). Therefore, China’s behaviour in the UN climate regime can be related to attempts by the Chinese leadership to create normative space for the country’s development model. In the pursuit of this objective, the leadership seeks to dominate the discourse on substantive matters in global governance.<sup>21</sup> The climate debate is a case in point.

To be sure, efforts to further pursue the differentiation struggle are problematic, mainly because this issue is no longer rooted in the reality of global climate governance. In the 1990s, the adoption of rigid differentiation provisions was based on equity concerns and, from a more practical perspective, on the expectation that mitigation measures taken by developing countries would hamper their economic development. Technological advances and developing countries’ successes in utilising renewable and non-fossil energy sources help to debunk the notion of economic hardship posed by mitigation measures.

19 Blaxekjær, Lau Øfjord et al., “The Narrative Position of the Like-minded Developing Countries in Global Climate Negotiations,” in *Coalitions in the Climate Change Negotiations*, ed. Carola Klöck et al. (London: Routledge, 2021), 113–35.

20 See for previous voting records, “Paris Climate Talks: Who Are the Negotiating Groups?,” Carbon Brief, 27 November 2015, <https://www.carbonbrief.org/interactive-the-negotiating-alliances-at-the-paris-climate-conference>.

21 See for excellent analyses of China’s posture in global affairs under President Xi Jinping, Godehardt, Nadine, “Wie China Weltpolitik formt: Die Logik von Pekings Außenpolitik unter Xi Jinping” [How China shapes global politics: The logic behind Beijing’s foreign policy under Xi Jinping], *SWP-Studie*, no. 19, October 2020, [https://www.swp-berlin.org/fileadmin/contents/products/studien/2020S19\\_China.pdf](https://www.swp-berlin.org/fileadmin/contents/products/studien/2020S19_China.pdf), pp. 1–33; Rolland, Nadège, “China’s Vision for a New World Order,” *NBR Special Report*, no. 83, January 2020, [https://www.nbr.org/wp-content/uploads/pdfs/publications/sr83\\_chinasvision\\_jan2020.pdf](https://www.nbr.org/wp-content/uploads/pdfs/publications/sr83_chinasvision_jan2020.pdf), pp. 1–56.

The fact that powerful actors such as China continue to demand different treaty obligations for developed and developing countries poses the danger that the UN climate regime is held captive by the legacy of the differentiation discourse. Thus, it is important to distinguish between talking points that reiterate differentiation demands and the need to include differential treatment for developing countries in the post-Paris UN climate regime. The provisions of the Paris Agreement offer differential treatment for developing countries in a nuanced and coherent way.

Accordingly, approaching the institutionalisation of the transparency framework from the perspective of the differentiation discourse misrepresents the achievement of the Paris Agreement. By adopting the Agreement, all parties agreed to submit mitigation commitments. Strict rules for reporting on the implementation of these commitments are a logical consequence of the Agreement's structure. Further delaying the institutionalisation of the oversight tools severely damages the Paris Agreement's integrity. It diverts attention from the intricate regulatory issues that parties face at home when they seek to regulate the decarbonisation of energy generation.

## 5.2 GOVERNING THE ENERGY SYSTEM OF THE FUTURE

The first NDCs that the parties to the Paris Agreement submitted mainly consist of national climate and energy policies and legislation for the period until 2030. The UN Environmental Programme concluded that these NDCs only provide tentative and largely insufficient steps towards the Agreement's goal of limiting global warming to 1.5 to 2°C, compared to pre-industrial levels.<sup>22</sup> To intensify global climate action, updated policy measures were needed. The parties were expected to update their initial NDCs by the end of 2020. Some parties submitted their updates to the UNFCCC Secretariat in time.<sup>23</sup> The largest emitters – China and the United States – have yet to send their updated contributions to the NDC registry.<sup>24</sup>

22 As its title suggests, for years the UN Environmental Programme's Emissions Gap Report has been pointing to the divergence between projections based on national energy and climate policies and the Paris temperature goals. In fact, current emissions trends suggest a trajectory towards a global average temperature increase of 3°C. See for the most recent projections, UNEP DTU Partnership, "Emissions Gap Report 2020," 9 December 2020, <https://www.unenvironment.org/emissions-gap-report-2020>, p. 27.

23 See for most recent changes, the UN climate regime's NDC Registry at <https://www4.unfccc.int/sites/NDCStaging/Pages/All.aspx>.

24 Under the Trump administration, the United States left the Paris Agreement. The withdrawal entered into force on November 4, 2020, one day after the American voters elected Joe R. Biden, Jr. to their new president. As announced in a statement by the Biden-Harris transition, President Biden arranged for the United States to re-enter the Paris Agreement on 20 January 2021. This promise of re-joining also included the confirmation that an updated climate target will be submitted and the pledge to "achieve net-zero emissions no later than 2050." See, Biden-Harris Transition, "Statement by President-elect Joe Biden on the Five-Year Anniversary of the Paris Agreement," 12 December 2012, <https://buildbackbetter.gov/press-releases/statement-by-president-elect-joe-biden-on-the-five-year-anniversary-of-the-paris-agreement/>.



Both parties' commitment to the rules and procedures of the UN climate regime is vital for the international climate debate. On 17 April 2021, China and the United States issued a *Joint Statement Addressing the Climate Crisis*,<sup>25</sup> indicating a more ambitious positioning of both countries ahead of COP26 in Glasgow. It reiterates the dual task that the parties need to accomplish in 2021 – “raising global climate ambition on mitigation” and solving remaining regulatory issues. Regarding regulatory issues that need to be addressed, the Joint Statement mentions Article 13 of the Paris Agreement.<sup>26</sup> Thus, the rules governing the transparency framework will feature in the negotiations, acknowledging the importance of obtaining, sharing, and evaluating reliable information about national energy and climate developments.

Domestic energy laws and policies are key to the future trajectory of international climate cooperation. Information found in the UNFCCC Secretariat's NDC registry cannot reflect the numerous developments that happen “on the ground.” Thus, it is necessary to study the domestic energy situation of vital parties to the UN climate regime to understand the dynamics of national and international climate action. In this regard, the policies implemented by the EU, United States, and China are particularly consequential, as these are the largest global emitters; and throughout UN climate regime's history they proved to be the most essential negotiators. Their approach to the energy transition at home is going to shape international climate cooperation.

### 5.2.1 EUROPEAN UNION

The European Commission and the EU legislators have produced a flurry of energy legislation and climate policy documents after the adoption of the Paris Agreement. Most notable is the *Clean Energy for all Europeans* legislative package that was completed in 2019.<sup>27</sup> This package implements the Energy Union and integrates EU energy and climate legislation. It also includes the energy and climate governance Regulation 2018/1999 that establishes a continuous policy planning process and regular exchange between the Commission and the member states.<sup>28</sup>

25 U.S. Department of State, “U.S.-China Joint Statement Addressing the Climate Crisis,” 17 April 2021, <https://www.state.gov/u-s-china-joint-statement-addressing-the-climate-crisis/>.

26 The final paragraph of the Joint statement stipulates that the “two sides will cooperate to promote a successful COP 26 in Glasgow, aiming to complete the implementation arrangements for the Paris Agreement (e.g., under Article 6 and Article 13).” See, *Ibid*, para 6.

27 See for an overview of the legislation, European Commission, “Clean Energy for All Europeans Package,” [https://ec.europa.eu/energy/topics/energy-strategy/clean-energy-all-europeans\\_en](https://ec.europa.eu/energy/topics/energy-strategy/clean-energy-all-europeans_en).

28 Regulation (EU) 2018/1999 of the European Parliament and of the Council on the Governance of the Energy Union and Climate Action, OJ L 328, 21.12.2018, pp. 1–77.

Another important step was the announcement of the *European Green Deal* in 2020, which entails various policy initiatives that broaden the Union's approach to climate policy.<sup>29</sup> The EU aims to cut greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. This goal covers the Union's entire economy and should bring it on a path to achieve climate neutrality by 2050. The 2030 goal was submitted to the UNFCCC Secretariat, updating the Union's initial NDC.<sup>30</sup> In April 2021, negotiators of the European Parliament and the EU member states reached an agreement on the European Climate Law, which will enshrine in EU law the 2030 emissions reduction objective and the goal of achieving climate neutrality by 2050.<sup>31</sup>

For two decades, the European Commission has been centralising the development of the Union's climate and energy policy. Yet, more often than not sweeping measures need to be implemented in the member states following domestic policy and legislative processes. The coordination of national economic, environmental, and social policies that are affected by climate measures remains a great challenge. The success of the EU energy transition hinges on balancing efforts to further integrate member states' energy sectors with domestic policy priorities.

## 5.2.2 UNITED STATES

During the Trump Administration (2017–21), the United States was in the process of withdrawing from the Paris Agreement; and climate policy at the federal level stalled. Yet, numerous states across the country continued to implement low-carbon energy projects and also sought to adhere to the procedures of the UN climate regime for reporting commitments in order to uphold the practical cooperation. These parallel developments also point to the constitutional predicament that has often hampered strong nation-wide climate action in the United States. The federal administration only has limited powers to guide subnational energy policies.

29 See for an overview of the 2030 target, European Commission, "2030 Climate Target Plan," [https://ec.europa.eu/clima/policies/eu-climate-action/2030\\_ctp\\_en](https://ec.europa.eu/clima/policies/eu-climate-action/2030_ctp_en).

30 UNFCCC – NDC Registry (interim), "Submission by Germany and the European Commission on behalf of the European Union and Its Member States," 17 December 2020, [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU\\_NDC\\_Submission\\_December%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/European%20Union%20First/EU_NDC_Submission_December%202020.pdf), pp. 1–19.

31 European Commission, "Commission Welcomes Provisional Agreement on the European Climate Law," 21 April 2021, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_21\\_1828](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1828); see for an overview of the law's key elements and the further proceedings, European Commission, "European Climate Law," [https://ec.europa.eu/clima/policies/eu-climate-action/law\\_en](https://ec.europa.eu/clima/policies/eu-climate-action/law_en).

Acknowledging the importance of multilateralism, the Biden administration re-joined the Paris Agreement in January 2021.<sup>32</sup> The Administration also showed its willingness to compensate for four lost years in contributing to international climate cooperation.<sup>33</sup> Hopeful signs at the domestic level are the passage of the bipartisan American Energy Innovation Act<sup>34</sup> in late 2020 and the Democratic Party's success in obtaining control of both Chambers of Congress. The latter will allow the Biden administration to fruitfully work with Congress for at least a year and a half until the 2022 Senate elections in 34 of the US states, in order to transform its climate plan<sup>35</sup> into federal law.

Many elements of this plan are included in *The American Jobs Plan*, such as the purchase of electric vehicles by the federal government and the goal of achieving 100% carbon-free electricity generation by 2035.<sup>36</sup> President Joe Biden further detailed his administration's climate goals during the virtual *Leaders Summit on Climate*<sup>37</sup> in April 2021 to which he had invited dozens of state leaders, business representatives, and civil society activists. He announced that the United States aimed to achieve a 50 to 52% reduction of economy-wide greenhouse gas emissions in 2030, compared to 2005 levels, and to reach "net zero emissions economy-wide by no later than 2050."<sup>38</sup>

No doubt, it needs to be seen to what extent the plans and initiatives will materialise and will be implemented in the long run. However, the public debate and subnational

32 President Joe Biden announced the United States would re-join the Paris Agreement on his first day in office. The United States became party to the Agreement again on February 19, 2021. See, The White House, "Paris Climate Agreement," 20 January 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/paris-climate-agreement/>; U.S. Department of State, "The United States Officially Rejoins the Paris Agreement," 19 February 2021, <https://www.state.gov/the-united-states-officially-rejoins-the-paris-agreement/>.

33 Corder, Mike, "Kerry: US Will Make up for 4 Years of Lost Action on Climate," AP News, 25 January 2021.

34 The American Energy Innovation Act was passed on 21 December and signed into law on 27 December 2020. Upon passage, it was renamed Energy Act of 2020. See also, Senate Committee on Energy and Natural Resources, "Murkowski, Manchin, House Colleagues Reach Agreement on Energy Package for Year-End Appropriations Bill," 21 December 2020, <https://www.energy.senate.gov/2020/12/murkowski-manchin-house-colleagues-reach-agreement-on-energy-package-for-year-end-appropriations-bill>.

35 Biden-Harris, "The Biden Plan for a Clean Energy Revolution and Environmental Justice," 2020, <https://joebiden.com/climate-plan/>.

36 The White House, "Fact Sheet: The American Jobs Plan," 31 March 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>; Waldman, Scott, "Biden Says Infrastructure Is the Pillar of His Climate Plan," *Scientific American*, 8 April 2021.

37 See, U.S. Department of State, "Leaders Summit on Climate," <https://www.state.gov/leaders-summit-on-climate>.

38 See for an overview of the targets, The White House, "Fact Sheet: President Biden Sets 2030 Greenhouse Gas Pollution Reduction Target Aimed at Creating Good-paying Union Jobs and Securing U.S. Leadership on Clean Energy Technologies," 22 April 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/22/fact-sheet-president-biden-sets-2030-greenhouse-gas-pollution-reduction-target-aimed-at-creating-good-paying-union-jobs-and-securing-u-s-leadership-on-clean-energy-technologies/>.

government action in the years prior to the summit showed broad support for the initiatives of the Biden-Harris administration. During the first quarter of 2021, businesses and environmental groups urged the administration to submit, as the country's updated NDC, a pledge to halve greenhouse gas emissions by 2030, compared to 2005 levels.<sup>39</sup> Furthermore, the administration includes several cabinet members from states that have made progress in implementing climate measures. It can build on experiences and achievements at the subnational level.<sup>40</sup> In fact, the coalition of states and territories that remained committed to the Paris Agreement's objectives during the Trump administration represented more than half of the country's population and 40% of its greenhouse gas emissions.<sup>41</sup> Nevertheless, the United States has to show other parties to the UN climate regime that it is committed to its NDCs beyond the duration of one or two presidential terms.<sup>42</sup>

### 5.2.3 CHINA

Pursuing the low-carbon transition in China is a daunting task. The strong reliance on coal for generating electricity and heat complicates the picture, especially in the context of worsening trade relations with foreign partners and a renewed emphasis on the use of domestic sources of energy. How the Chinese leadership handles these challenges will determine whether the country can evolve as a global climate leader.

The biggest constraint is the country's opaque governance system. More often than not, bold central policy proposals are severely watered down or even abandoned on their way to lower subnational government levels. It is very likely that the decarbonisation of the economy will become "politicised" internally. This turn of events would decrease the credibility of data published by local and provincial governments, mainly because the careers of the party secretaries in these places will depend on the low-carbon successes of their constituencies.

Historically, China's climate policies shifted from having no compulsory target at the beginning of international climate cooperation (mid-1990s until after the turn of the century), to setting an energy-intensity target (2006–10) and, subsequently, adding

39 In a letter, the executives of more than 300 corporations called on the Biden administration to double the emissions reduction targets that were set by the Obama administration. Friedman, Lisa, "Executives Call for Deep Emission Cuts to Combat Climate Change," *New York Times*, 15 April 2021.

40 Ricketts et al, "The Biden Administration Brings State Climate Leadership to the White House," Center for American Progress, 19 January 2021, <https://cdn.americanprogress.org/content/uploads/2021/01/19071701/State-House-to-White-House.pdf>, p. 1.

41 Ricketts et al, "States Are Laying a Road Map for Climate Leadership," Center for American Progress, 30 April 2021, <https://cdn.americanprogress.org/content/uploads/2020/04/29135758/StatesClimate-brief.pdf>, p. 5.

42 Dlouhy, Jennifer A. et al, "Biden Wants the U.S. to Lead on Climate Action, But the World Needs Proof," *Bloomberg*, 19 April 2021.

a carbon-intensity target (2011–15).<sup>43</sup> The first NDC that the Chinese leadership submitted to the UNFCCC Secretariat announced the peaking of country's CO<sub>2</sub> emissions for the time "around" 2030, while until that time carbon intensity per unit of GDP would fall by 60 to 65%, as compared to 2005. In 2020, President Xi Jinping identified 2030 as the year when CO<sub>2</sub> emissions would have peaked and introduced the 2060 carbon-neutrality target. Yet, targets for a *reduction* of annual greenhouse gas emissions still need to be set.

In late 2020, the central government presented a white paper regarding the future trajectory of China's energy sector – *China's Energy Development in the New Era*.<sup>44</sup> The white paper reiterates the goal of peaking CO<sub>2</sub> emissions before 2030 and achieving carbon neutrality before 2060. It reveals an "energy security strategy for the new era," consisting of four "revolutions" and one form of cooperation – i.e. energy efficiency revolution, transport revolution, supply revolution, and a governance revolution as well as cooperation with foreign partners. However, these proposals merely constitute improvements of the existing system rather than hinting at a profound transformation.

The publication of the white paper coincided with frequent power shortages and electricity rationing in large parts of the vast country, affecting millions of people. At the press conference during which the energy white paper was presented, government officials acknowledged that the power sector will continue to face serious imbalances in the years to come, caused by problems with the absorption of variable renewable power supplies and the access of new installations to the grid.<sup>45</sup> It remains to be seen, how Chinese policymakers and energy companies can stabilise the electricity sector, while adding more wind and solar power capacity as well as trying to restructure the sector in order to incorporate market signals.

In addition, the low-carbon energy transition overlaps with attempts by the central government to deal with major internal and external challenges to the growth model of the past four decades. A new model seeks to rely more on domestic demand and resources. In March 2021, the National People's Congress adopted the

43 The initial energy intensity target required a 20% reduction of energy consumption per unit GDP by 2010, compared to 2005 levels. Then, CO<sub>2</sub> emissions per unit of GDP should fall by 17% by 2015, compared to 2010 levels. See, Gallagher, Kelly Sims, and Xiaowei Xuan, *Titans of the Climate: Explaining Policy Process in the United States and China*. Cambridge, MA: MIT Press, 2018, 93–100.

44 State Council of the People's Republic of China, "White paper on 'China's Energy Development in the New Era'" (Chinese), 21 December 2020, [http://www.gov.cn/zhengce/2020-12/21/content\\_5571916.htm](http://www.gov.cn/zhengce/2020-12/21/content_5571916.htm).

45 "Response from the National Energy Administration on the Question of How the 14th Five-Year-Plan Will Solve the Problem of Wasting Renewable Energy" (Chinese), NEWS.BJX.COM.CN, 21 December 2020, <http://news.bjx.com.cn/html/20201221/1124031.shtml>.

14th Five-Year-Plan (FYP), China's main economic planning vehicle, together with a long-term vision until 2035.<sup>46</sup> This integrated document indicates how the leadership wants to manage the re-orientation of the domestic economy and the transition to a low-carbon energy system.

The vision for 2035 is straightforward, depicting a future of China where "green production methods and lifestyles are widespread, CO<sub>2</sub> emissions will already have peaked and stabilised and are falling, while the environment is undergoing an improvement and the goal of creating a beautiful China has essentially been achieved."<sup>47</sup> On its way to this long-term vision, the government wants to realise the establishment of a "clean, low-carbon, secure, and highly efficient energy system"<sup>48</sup> during the period of the 14th FYP. The development of non-fossil energy sources should be accelerated and expanded to a share of 20% of annual energy consumption, relying on onshore wind and solar power, offshore wind power, hydropower from the southwestern parts of the country, and nuclear power stations along the coastline. The production of coal should be concentrated in regions with vast reserves; and the scope of the construction of coal-based power stations as well as the pace of the development of this component of the power sector should be "reasonably managed."<sup>49</sup>

Following the adoption of the 14th FYP, the National Energy Administration, an agency of the central government, will draft an energy five-year-plan. For the first time, the Ministry of Ecology and Environment will simultaneously issue a five-year-plan on climate change.<sup>50</sup> These will be important documents for understanding how China seeks to achieve its 2060 carbon neutrality goal.

However, the projections for renewable energy sources in the 14th FYP were lower than expected by industry experts, while recovery measures to address the aftermath of the coronavirus pandemic were stepping up support for steel producers and infrastructure construction. Both sectors are big contributors to China's rising greenhouse gas emissions. Further accommodating the vested interests in these segments of the Chinese economy throughout the implementation period of the

46 "The People's Republic of China's 14th Five-Year-Plan for the Development of the National Economy and Society and an Outline for the Long-term Goals for 2035" (Chinese), 13 March 2021, [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm).

47 Ibid, chapter three.

48 Ibid, chapter eleven.

49 Ibid, chapter eleven.

50 Wu Yixiu, and Yao Zhe, "Climate and Energy in China's 14th Five Year Plan: The Signals So Far," China Dialogue, 26 November 2020, <https://chinadialogue.net/en/energy/chinas-14th-five-year-plan-climate-and-energy/>.

14th FYP will endanger Xi's climate goals.<sup>51</sup> For the time being, investments continue to flow to carbon-intensive projects.

#### 5.2.4 OBSCURE PLEDGES AND SYSTEMIC COMPETITION

The brief look at the domestic situation in the EU, United States, and China emphasises the need for a global standardised oversight mechanism that follows the ongoing domestic energy transitions. To be clear, this is not to say that international oversight will be able to alter the domestic policy directions. The oversight mechanism fulfils a vital role, because it informs the global conversation within the UN climate regime and beyond – enlightening policymakers, stakeholders in the energy sector, and the general public. An institutionalised forum, such as the global stocktake, can help to promote the debate about the progress of international climate cooperation beyond the sphere of government specialists, energy analysts, and climate activists. By doing so, it can foster the emergence of a critical and informed global public.

Regular assessments of domestic developments are vital in order to prevent misrepresentations at the global level. The recent update of China's long-term climate goals that President Xi Jinping presented during the annual meeting of the UN General Assembly in September 2020 shows how a lack of context creates myths. To be sure, committing China to carbon neutrality is a great contribution to global climate action. Nevertheless, China's page on the UNFCCC's NDC Registry website has not yet been updated with the bold new goal and, more importantly, hardly any details can be discerned regarding the path towards achieving this goal.

During the above-mentioned virtual climate summit in April 2021, President Xi left the audience guessing how China plans to achieve the announced peak in CO<sub>2</sub> emissions before 2030. This goal is vague for two reasons. First, it does not include an estimate at which annual level China's emissions are expected to peak. Xi merely declared the government will “rigidly manage both coal-based power projects and the increase in coal consumption during the period of the 14th Five-Year-Plan.”<sup>52</sup> Second, only during the implementation period of the 15th FYP (2026–30) will the government “step by step” decrease coal consumption.<sup>53</sup>

51 Fickling, David, “China's Backsliding Could Break the Planet,” Bloomberg, 17 December 2020.

52 “Xi Jinping's Speech at the 'Leaders Climate Summit' (Full Text): Building together a Community of Life between Humans and Nature” (Chinese), 21 April 2021, [http://www.xinhuanet.com/politics/leaders/2021-04/22/c\\_1127363132.htm](http://www.xinhuanet.com/politics/leaders/2021-04/22/c_1127363132.htm).

53 Ibid.

Truly, it would be no surprise if, in the interim, Chinese emissions would continue to increase considerably. In the past, the Chinese leadership supported economic growth by channelling government loans to carbon-intensive projects. The stimulus package that was enacted in late 2008<sup>54</sup> in response to the global financial crisis is a case in point. During the following years, the country's greenhouse gas emissions rose from 9,968 MtCO<sub>2</sub>e (million tonnes of CO<sub>2</sub> equivalent) in 2009 to 12,685 MtCO<sub>2</sub>e in 2013. The difference of 2,717 MtCO<sub>2</sub>e over a period of five years exceeded India's total annual greenhouse gas emissions in 2013 (2,524 MtCO<sub>2</sub>e).<sup>55</sup> Hence, the Chinese leadership has demonstrated its willingness to accept massive emissions increases as part of economic rescue measures; and it is able to enact large-scale, carbon-intensive economic packages beyond the routinely conducted five-year planning exercise.

To maintain the momentum in the current climate debate, a timely updated NDC, detailing the path to 2030 and reflecting the 2060 carbon-neutrality goal, would reiterate the centrality of the Paris Agreement's institutional arrangements for the global climate discourse. Furthermore, as discussed above, without a strong domestic policy process that endorses President Xi's announcement, it is difficult to view his move other than an attempt to politicise the fight against global warming on the world stage, adding the topic to the repertoire of state puffery.<sup>56</sup>

Climate change cooperation is becoming a contested issue where fundamental differences between China and the United States and its allies are only thinly veiled by recent virtual exchanges and summitry. Ahead of John Kerry's mission to negotiate the above-mentioned Joint statement with Xie Zhenhua in April 2021, the Shanghai Institutes for International Studies, a government think tank, published a report on the "new agenda" for Sino-U.S. climate cooperation.<sup>57</sup> It identifies two challenges facing China's climate cooperation with the United States and its allies. The first

54 Maidment, Paul, "China Announces Massive Stimulus Package," *Forbes*, 9 November 2008.

55 See, Climate Action Tracker, "Countries," <https://climateactiontracker.org/>.

56 This was also noticeable when, during a virtual climate summit with French President Emanuel Macron and German Chancellor Angela Merkel, President Xi Jinping praised his country's 2030 and 2060 targets ahead of time. He said that with these goals "China, as the world's largest developing country, will accomplish the transition to carbon neutrality from the highest level of carbon intensity in the world within the shortest period of time in world history." See, "Xi Jinping Held a Virtual Summit with the French and German Leaders" (Chinese), *Xinhua*, 16 April 2021, [http://www.xinhuanet.com/politics/2021-04/16/c\\_1127339605.htm](http://www.xinhuanet.com/politics/2021-04/16/c_1127339605.htm).

57 Yu Hongyuan et al, "Together Bearing Great Power Responsibility and Leading to Global Zero Carbon: The New Agenda for Sino-U.S. Climate Cooperation" (Chinese), Shanghai Institutes for International Studies, April 2021, <http://www.sis.org.cn/UploadFiles/file/20210414/%E5%85%B1%E6%8B%85%E5%A4%A7%E5%9B%BD%E8%B4%A3%E4%BB%BB%20%E5%BC%95%E9%A2%86%E5%85%A8%E7%90%83%E9%9B%B6%E7%A2%B3%EF%BC%9A%E4%B8%AD%E7%BE%8E%E6%B0%94%E5%80%99%E5%90%88%E4%BD%9C%E6%96%B0%E8%AE%AE%E7%A8%8B.pdf>, pp. 1–12.



relates to the “nationalism” that is re-emerging in the West. In the context of global climate governance, this trend is exemplified by debates about the introduction of carbon border adjustment taxes and other measures to set a price for pollution abroad. Ultimately, such a mechanism would “disturb” the rules of global trade and climate governance.<sup>58</sup> Portraying China as the “biggest competitor” constitutes the second difficulty that international climate cooperation faces. The report asserts that the carbon border tax in developed countries is thus evolving as a means to “constrain China’s rise and prevent it from exerting its influence.”<sup>59</sup> The report’s lopsided reasoning highlights the politicisation of climate affairs in the Chinese discourse.

The Chinese leadership’s announcement of the 2060 carbon-neutrality goal came with a large dose of geopolitics.<sup>60</sup> By including it in a speech to commemorate the establishment of the United Nations 75 years ago, Xi sought the stage to manifestly advertise China’s party-led ecological civilisation.<sup>61</sup> The grand announcement puts China’s approach in contrast to Western democratic and constitutional rule-making processes that establish regulatory frameworks for the energy transition. Xi’s move feeds into the emerging systemic rivalry between China and the West. The next decades will show which model will succeed or how both models can co-exist. In time, both models will have an effect on the global low-carbon energy transition, while information gathered through the global stocktake will reveal how the models evolve and adjust.

It goes without saying that the quality of governance determines the success of the governed energy transition. The achievements at the domestic level influence the progress of international climate cooperation. Cooperation under the Paris Agreement depends on effective and timely coordination of subnational, national, and international climate action. It is vital that policymakers are aware of the need to understand and properly manage the coordination between these levels of decision-

58 Ibid, p. 6.

59 Ibid, p. 8.

60 See for an analysis, Rudd, Kevin, “The New Geopolitics of China’s Climate Leadership,” *China Dialogue*, 11 December 2020, <https://chinadialogue.net/en/climate/the-new-geopolitics-of-chinas-climate-leadership/>.

61 During the Leaders Climate Summit in April 2021, President Xi also pointed to the fact that the notion of harmony between humans and nature, entailed in the term “ecological civilisation,” is enshrined in the constitution of the People’s Republic of China and became part of the country’s version of socialism. See, “Xi Jinping’s Speech at the ‘Leaders Climate Summit’ (Full Text),” 21 April 2021.

making.<sup>62</sup> A (further) politicisation of how climate commitments are being implemented must be avoided, as the rules of the Paris Agreement's transparency framework rightly suggest.

### 5.3 THE INDO-PACIFIC REGION AS GROUND ZERO OF CLIMATE ACTION

The devastation that, according to the Intergovernmental Panel on Climate Change,<sup>63</sup> is associated with global warming affects many parts of the Indo-Pacific region – from unbearably high temperatures in Pakistan's Thar Desert,<sup>64</sup> to wildfires in Australia<sup>65</sup> and California,<sup>66</sup> ever more violent typhoons in Southeast and East Asia,<sup>67</sup> and flooded islands in the Pacific.<sup>68</sup> The livelihoods of millions of people are at stake. Yet, this meta-region also illustrates the difficulties that the deep decarbonisation of the energy system entails. Australia's and Indonesia's dependence on coal exports are examples of economic constraints, while energy security is a vital concern for importers of fossil fuels, such as China and Japan. Last but not least, social aspects of the energy transition that all governments face range from the task of financing a fast recovery from the pandemic in an environmentally sustainable way to alleviating energy poverty among vulnerable groups. In order to meaningfully combat global warming, the low-carbon energy transition needs to thrive in the Indo-Pacific region.

62 See for an overview of how levels of governance interact in the post-Paris era of international climate cooperation, Handke, Susann, "The UN Climate Regime: Multilateralism, Polycentricity, and Divergent Energy Futures," in *The Future of Multilateralism: Global Cooperation and International Organizations*, ed. Madeleine Hosli et al. (Lanham, MD: Rowman and Littlefield, 2021), 257-75.

63 The Intergovernmental Panel on Climate Change (IPCC) lists as possible consequences of global warming increases in: mean temperatures in most land and ocean regions, hot extremes in most inhabited regions, heavy precipitation in several regions, and the probability of drought and precipitation deficits in some regions. See, IPCC, "Global Warming of 1.5°C: A Special Report on the Impacts of Global Warming of 1.5°C above Pre-industrial Levels and Related Global Greenhouse Gas Emissions Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty – Summary for Policymakers," 6 October 2018, [http://report.ipcc.ch/sr15/pdf/sr15\\_spm\\_final.pdf](http://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf), paras B1 to B1.3.

64 Johnstone, Harry, "Ghosts of the Thar Desert: On the Climate Change Frontline in Pakistan," *Financial Times*, 19 July 2019.

65 Ghosh, Pallab, "Climate Change Boosted Australia Bushfire Risk by at Least 30%," *BBC News*, 4 March 2020; Van Oldenborgh et al, "Attribution of the Australian Bushfire Risk to Anthropogenic Climate Change," *Natural Hazards and Earth System Sciences* 21 (2021): 941–60.

66 Cappucci, Matthew, and Jason Samenow, "The Weather and Climate behind the California Infernos that Wrecked Paradise and Torched Malibu," *The Washington Post*, 12 November 2018.

67 Yulisman, Linda, "Cyclone which Caused Indonesia's Devastating Floods a Result of Global Warming: Experts," *The Straits Times*, 7 April 2021; "Typhoon Season Makes Japan and the Koreas Ponder Climate Change," *The Economist* 12 September 2020.

68 Mulhern, Owen, "Early Victims of Climate Change: The Pacific Islands," *Earth.org*, 24 August 2020.

At the same time, the Indo-Pacific is emerging as the foremost area of geostrategic contest in the coming decades. Energy and climate policies are fields in which the competition between the United States and its allies and China will play out. The implementation of the energy transition is one of the policy fields that China seeks to dominate globally. The competition concerns both the adherence to unabated, carbon-intensive energy production and the promotion of technologies and standards that enable the use of renewable and non-fossil energy sources. Examples for extending the age of “dirty” coal include Chinese companies’ recent participation in the construction of subcritical coal-based power plants in Pakistan<sup>69</sup> and the enhancement of facilities to increase coal exports from Indonesia.<sup>70</sup> Homegrown technologies and industry standards loom large when China seeks to export electricity to Southeast Asia by constructing an extensive system of transmission lines and connecting the region to the Chinese grid.<sup>71</sup>

These developments inevitably influence international climate negotiations. For instance, governments of countries that are heavily affected by climate change nevertheless decide to support longer timeframes for the implementation of NDCs, as they might just have allowed Chinese companies to set up carbon-intensive infrastructure in underdeveloped regions. Thus, China’s preferences can easily be promoted in the LMDC negotiating coalition with partners from the Indo-Pacific region.

For years, Chinese state-led banks have been financing the extension of the carbon-intensive sectors in neighbouring countries, while Chinese energy companies were trying to become the region’s dominant supplier of power or energy production

69 In order to improve the connectivity between China’s western parts and the Arabic Sea, Chinese state-owned banks and companies are involved in the completion of various infrastructure projects in Pakistan. Many of these projects are realised in the energy sector. About three-quarters of new electricity generation capacity that is part of these projects will be from coal-fired power plants. With their re-election in mind, Pakistani politicians embraced these projects, hoping to be able to honour their promise to end frequent power shortages. For decades, the politicians had hoped to develop the country’s vast coal reserves in the Thar Desert in order to produce electricity. See, Downs report on CPEC, Downs, Erica, “The China-Pakistan Economic Corridor Power Projects: Insights into Environmental and Debt Sustainability,” Belt and Road Initiative Paper Series, October 2019, [https://www.energypolicy.columbia.edu/sites/default/files/pictures/China-Pakistan\\_CGEP\\_Report\\_100219-2.pdf](https://www.energypolicy.columbia.edu/sites/default/files/pictures/China-Pakistan_CGEP_Report_100219-2.pdf), pp. 8, 13–4, 31.

70 Unlike other foreign investors in Indonesia’s coal sector, Chinese companies are still active in the country. As a result of the import ban that the Chinese government imposed on Australian coal, Indonesian coal production is thriving. The Chinese involvement in the sector meets the preferences of the Indonesian political elites for the country’s economic development path. See, Coca, Nithin, “King Coal: How Indonesia Became the Fossil Fuel’s Final Frontier,” Mongabay, 17 March 2021; Tritto, Angela, “China’s Belt and Road Initiative: From Perception to Realities in Indonesia’s Coal Power Sector,” *Energy Strategy Review* 34 (2021): 1–11.

71 See for a summary of challenges that China faces when contemplating an interconnection with national grids in Southeast Asia, Delina, Laurence L., “Promises and Pitfalls of China-Southeast Asia Energy Connectivity,” *Energy Strategy Reviews* 33 (2021): 1–11.

equipment. Hence, the Chinese leadership has embedded its negotiating position in the political economy of the region. To break this gridlock, greater emphasis on the quality of climate and energy governance is vital, including the importance of international oversight and information sharing to facilitate a global conversation. As of 2021, this is an uphill battle. Still, the future of coordinated international climate action depends on meaningful input from the Indo-Pacific region.

## 6 VITAL ACTION FOR THE 2021 CLIMATE NEGOTIATIONS: STRENGTHEN THE RULES!

The global economy is slowly emerging from the rampage of the coronavirus pandemic. Climate change is the other big threat to humankind that simply does not go away. In 2020, the world economy experienced an unusual halt when billions of people found themselves in lockdown. Many business activities and international traffic stalled. Despite this sudden inactivity, changes in the concentration of CO<sub>2</sub> in the atmosphere, which for two thirds is responsible for global warming, will only amount to the usual annual fluctuations.<sup>72</sup> Thus, the mitigation of climate change, with a focus on the decarbonisation of the global energy system, remains an urgent task that requires international coordination. Climate action under the UN climate regime is vital to the fight against global warming.

The objectives of the Paris Agreement – limiting global warming to 1.5 to 2°C and achieving climate neutrality in the second half of this century – can only be realised if parties regularly increase their commitments to reduce greenhouse gas emissions. This task requires that the parties to the Paris Agreement make full use of the dynamics that the provisions of this treaty seek to unleash.

The coordination of international climate action is intended to be driven by constant debate among the parties about both the progress of implementing their commitments and the state of national greenhouse gas emissions. To enable an exchange among all parties and stakeholders, the Paris Agreement establishes the global stocktake that will be conducted in consecutive rounds of five years. Thus, when discussing yet unresolved issues of the transparency framework, such as the notion of flexibility, and the necessary introduction of one common timeframe for the duration of the parties' NDCs two things need to be taken into account. First, requiring as much information as possible is an important requisite for ensuring the quality of the global conversation. A strong transparency framework that can provide a reliable flow of information is essential. Second, in order to utilise the regulatory innovations of the Paris Agreement in the most effective way all activities need to be synched to the five-year sequence of the global stocktake.

<sup>72</sup> World Meteorological Organization, "Carbon Dioxide Levels Continue at Record Levels despite COVID-19 Lockdown," 23 November 2020, <https://public.wmo.int/en/media/contact-us>.

International climate cooperation has to evolve in an intricate geopolitical setting with increasing tensions between China and the United States and its allies; and even between China and other developing states. It is important to note and realise that China pursues leadership in climate governance in accordance with its own state-led economic model. It supports the Paris Agreement and its cooperation mechanisms as long as they do not interfere with China's self-chosen posture at the global level. The preceding chapters have shown that the Chinese leadership seeks to play varied roles in different segments of energy and climate governance – ranging from leading deprived developing states in international climate negotiations to leading the ideational climate discourse, to leading the implementation of the future low-carbon energy system.

With the regulatory challenges and the geopolitical context of international climate cooperation under the Paris Agreement in mind, this paper finishes with three messages:

### **1. Preserving the integrity of the Paris Agreement.**

The provisions of the Paris Agreement on differential treatment for developing countries are thoughtful and elaborate. There is no need to reinvigorate the decade-long differentiation discourse when finalising the enhanced transparency framework.

In the debate with developing countries, it is important to emphasise that the Agreement's re-definition of the principle of common but differentiated responsibilities, on which differential treatment is based, acknowledges the position of vulnerable developing countries in the course of both mitigation and adaptation action.

In the international climate discourse, it is vital to increase the acceptance of the Agreement's transparency framework and to stress the importance of the global stocktake for strengthening international climate action.

### **2. Raising awareness for the necessity to coordinate subnational, national, and international climate action.**

To mitigate climate change the energy system needs to be decarbonised. The low-carbon energy transition is a governed transition in the course of which legal and regulatory instruments create incentive systems in order to accelerate the reduction of greenhouse gas emissions. The quality of these rules matters, as does the reliability of oversight mechanisms.

The Paris Agreement's transparency framework is essential, mainly because it links the levels of subnational and national energy governance with international

efforts to combat climate change. The output that this framework produces is necessary to comprehend and coordinate the global low-carbon energy transition. The transparency framework also constitutes an indispensable instrument of trust building among the parties.

To stabilise international climate cooperation, further interaction between national and subnational administrations is helpful. Institutionalising a dialogue about energy and climate governance between the EU, national and/or subnational governments in the member states and U.S. federal states seems beneficial, in order to broaden the conversation about governing the energy transition in constitutional democracies.

### **3. Defying China's discourse power.**

The Indo-Pacific region is emerging as the core region in the fight against global warming. Emissions reductions by large emitters with growing economies will determine the success of the Paris Agreement. This region is also of primary strategic interest to China. Its extensive economic relations with most countries in the region often include cooperation in the field of energy. China either imports fossil fuels, exports equipment to produce energy, or exports electricity. It is important to understand that, based on these economic relations, China promotes its state-led model of energy and climate governance.

In addition, the Chinese leadership seeks to obtain the upper hand in the discourse on climate change mitigation at the international level. This behaviour is neither new for China nor is it surprising. Given the fact that these activities concern the most salient socio-economic transformation in the near future, China's attempts to misrepresent negotiation outcomes or dominate the climate debate must be countered.

Active efforts need to be made by EU and member state representatives to cooperate with other partners in the Indo-Pacific region on issues of energy and climate governance, for instance with India, Indonesia, Japan, South Korea, and others. The conversation should include experiences to realise the low-carbon energy transition in the national context as well as efforts to bolster the implementation of the Paris Agreement, especially by strengthening the rules of the global stocktake as the Agreement's core oversight mechanism.

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