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To negotiations and beyond

ECO has become increasingly concerned about the slow progress towards negotiations based on draft text for the elements of the 2015 agreement. The Co-Chairs' approach to this task reminds ECO a bit of the movie "Groundhog Day", where the main character relives the same day over and over again. Sure, the workshop approach has yielded some interesting exchanges of views and even a few new ideas. But the exercise of Parties continually repeating their well-known positions has its limits. And it seems to ECO that this should really come to an end now so that real negotiations can begin.

Negotiators will notice there is strong asymmetry between the various texts, with actual draft decision text for the INDCs and for Workstream 2, but only a Co-Chair's paper listing Parties' ideas for elements for the 2015 agreement.

This delay in moving to text appears to be rooted in fears of being overwhelmed by a comprehensive text running to several hundred pages and polarisation of Party positions. The fear of a long text can be addressed by Parties agreeing on a proper mandate for the Co-Chairs. Yet, the fundamental differences in positions are real. ECO believes it could help to bring them out in the open so they can be confronted directly by ministers and leaders.

ECO suggests that the Co-Chairs produce a draft negotiating text on the elements of the 2015 agreement *before* Lima. They can draw on the discussions here in Bonn, along with Party submissions (including any additional ones made over the next couple of weeks) to produce a bracketed text with options that reflect the range of positions of Parties.

The Co-Chairs could then be given the mandate to synthesise the various Party proposals to some extent, to avoid ballooning the text up to hundreds of pages, while still presenting a representative range of positions in a manner that is recognisable to the proponents.

Having the chance to engage in real negotiations around clearly defined proposals for the 2015 agreement, representing the full range of views of Parties, will create the conditions for finalising the INDC and WS2 decisions in Lima, as well as the long list of other ongoing work under the COP and SBs. Conversely, a continuation of the discussion format that we've experienced at the last two sessions in Bonn on the elements text will almost certainly not lead to agreement, and could jeopardise chances for agreement on the INDCs decision as well.

The end of king coal?

As delegates prepare to leave these halls, many may be feeling that there's only been a lot of talk. ECO turns its eyes back to the real world—and sees actions that offer a glimmer of hope. China's "war against pollution" may be one of those, with Chinese President Xi urging an "Energy Revolution". It's signs that China's transition away from dirty coal is gaining momentum. For the first three quarters in 2014, both production and consumption of coal in China have decreased by over 1% compared to last year, pushing down the price of coal to its lowest level in many years (due to a lack of demand). As a result, the coal industry, often referred to as "King Coal", is suffering from huge profit loss and ominous future prospects.

China's coal use was booming until 2012. Now, a potential coal peak is seen as possible in the coming years. Cement, iron and steel production could also peak by 2020. ECO hardly needs to point out how significant such a shift would be to the global effort to limit carbon emissions.

The main driver of these developments is China's economic restructuring efforts. However, there have also been recent environmental and low-carbon policies that may lead to a sustained transition and enable a more appropriate and strong price signal to the market. Such policies include resource taxation reform, a renewed tariff on coal imports, and efforts to address air pollution. If such efforts are maintained with strong political support, they could hedge against potential market fluctuation and renewed coal growth in the future, and stimulate faster growth in renewable energy and energy efficiency solutions to climate change.

If this continues, these recent developments could put China below previously assumed emission trajectories. Perhaps on the road to Paris, we might hear ambitious statements relating to regional emission peaks from Chinese delegates?



CAN and the UNFCCC's tree planting ceremony.

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Take-aways on finance

ECO would not want negotiators to leave Bonn with the feeling that no progress was made on finance—which is what will enable the implementation of any fair and ambitious agreement reached in Paris.

The good news first: ECO senses convergence on the view that future finance arrangements should build on the existing architecture. This includes the Green Climate Fund, the Adaptation Fund, the Least Developed Countries Fund, the Standing Committee, the Strategies and Approaches process (a work in progress, hopefully useful), the biennial ministerial engagement, and the MRV provisions (modest and with room for improvement). This fact should keep the developed countries happy, and allow negotiators to focus on the substance: how to get more money flowing to climate action.

But before money can get out, it will first have to get in—that is, into the Green Climate Fund. The Fund is waiting for pledges. This week the G77 and China called for an initial capitalisation of at least US\$15 billion. Thanks to the remarkable pledge by Sweden, we are inching closer. Will the US, the UK, Japan, Norway, Canada, Australia, New Zealand, Belgium, Finland, Austria, Iceland, Ireland, Poland and others rise to the challenge?

ECO is pleased that climate-proofing of investments has gained a lot of attention and support here in Bonn, perhaps even enough to be expressed through specific decisions to be made in Paris. ECO is all for climate-proofing, with public entities taking the lead. Governments, development banks, export credit agencies, etc. should shift their financial or political backing away from dirty fossil fuels.

Much to ECO's dismay, however, no real progress was made on delineating the "vehicle" for finance between Lima and Paris. There is fierce resistance to including information on the provision of finance in developed Parties' INDCs, meaning that developing countries will head home from Peru without any confidence that the Paris agreement will lead to binding commitments on finance. These commitments are an integral part of the "fair shares" that developed countries must make towards an equitable and ambitious outcome. ECO challenges them to offer credible ideas to create such confidence.

In this regard, ECO very much liked the Brazilian proposal to include South-South co-operation in their INDCs. Developed countries would be enlightened (or maybe embarrassed) to see other INDCs with information on support and co-operation without having anything to showcase themselves. Or, as AILAC noted, developing countries could prepare two-tier INDCs, starting with their fair-share level of ambition without support, and then an indication of how much further a country could go with sufficient support. Developing countries could then decide in Paris whether to lock-in their more ambitious INDCs, subject to finance becoming available.

Some developed countries (New Zealand is one) seem open to the idea of a global target on finance (and other means of implementation), as part of the Paris package, though most remain silent. Such a target on the provision of public finance is essential to ensure that adequate support is available for adaptation and to catalyse an investment shift from fossil fuels to renewables and energy efficiency technologies.

The AILAC proposal of periodic finance pledges or commitments by developed countries (and other countries with comparable levels of responsibility and capability) has gained attention this week. The EU, for one, does not seem entirely hostile to the idea, as a way of creating predictability and transparency in the fulfilment of longer-term promises and commitments.

Parties on the lookout for something more short-term may remember that there is still no forward-looking transparency with regard to the Copenhagen promise of \$100 billion. ECO echoes the calls from Malaysia, Jordan and Iran for a finance roadmap towards 2020 and has no idea why the developed countries continue to resist this. Such a roadmap will be an essential ingredient to the success of the overall Paris package.

The EU 2030 package: on time, yes, but where was the ambition?

ECO waited with bated breath for the European Council decision on the EU's climate and energy package as news trickled through in the early hours of Friday morning.

Is this package, setting a reduction target of "at least" 40% by 2030, up to the challenge of preventing dangerous climate change and staying well below 2°C? The short answer is no. The longer answer is still no, unless other Parties are willing to make up the remainder of the EU's fair share.

Either way, the package shows that the EU isn't serious about the necessary transformation away from dirty fossil fuels towards 100% clean energy by mid-century.

Of course, the EU is first in the class to submit its homework (take note, fellow developed country Parties). But being the first does not mean being the best, and ECO sees a lot of room for improvement. The EU may want to review and improve its proposed 2030 target with the word ambition always in mind. There is at least an opening for such an outcome, as the two key words "at least" leave room to bring the reduction target (and the renewable energy and energy efficiency targets) more in line with the 2°C limit. ECO calls on EU Member States to make every effort to do this, as the last thing the world needs is a lock-in of low ambition in the Paris agreement.

A discussion is also needed about the EU's obsession with its ten year cycle -- five-year cycles are much more suitable to avoid a dangerous lock-in of low ambition.

And ECO hasn't forgotten the EU's environment and finance ministers. Their respective council meetings over the next weeks have the potential to keep the EU keep working hard on the road to Lima and thereafter. Both meetings should send much clearer signals to developing countries that the EU is serious about all of the elements of the 2015 agreement, importantly including the means of implementation for both mitigation and adaptation.

Hungry but still walking in the Philippines

ECO wonders if delegates have noticed that a distinguished fellow negotiator from the Philippines, Yeb Saño, has been absent from this intersessional. Saño, alongside 12 other dedicated fellow walkers, is engaged in a 1000km #ClimateWalk from Manila to the "Ground Zero" of Tacloban city to mark the one-year anniversary of Typhoon Yolanda. Known outside the Philippines as Typhoon Haiyan, this superstorm has a semi-official death toll of 15,000, with many people still unaccounted for even a year later.

Along their mammoth journey, the climate walkers are visiting villages devastated by the typhoon, delivering disaster resilience kits and holding forums to discuss how communities can adapt to a changing climate. They will also join the global fast for the climate on November 1st, adding hunger to tiredness in solidarity with the many people whose lives are being affected adversely by climate change.

Delegates who would like to show their support are invited to send their support on social media using #fastfortheclimate and #climatewalk. The campaign continues after the walk concludes, where the first day of the COP in Lima will see many fasting. ECO invites all to participate to set the right tone for the start of COP20.

