

# COP26 climate negotiations: week one overview

An update on continuing COP26 climate negotiations taking place in Glasgow.

The negotiations have reached the halfway point of a two-week process. While the public focus is on the Paris Agreement, COP26 involves much more than just the collective efforts of 197 countries negotiating emissions reduction commitments and other issues relating directly to the UN climate treaties (that is, the United Nations Framework Convention on Climate Change or UNFCCC, the Kyoto Protocol, and Paris Agreement). The role, resources and responses of non-state actors are increasingly recognised as critically important enablers of government commitments and are shaping the UN's climate agenda going forward.

## Context

The Paris Agreement was adopted in 2015 at COP21. It was successful in uniting all nations within the UN's global rules-based system to move in the same direction at the same time to address climate change. However, the agreement was never intended to instantly contain global warming to below 2°C, let alone 1.5°C. This is because the agreement provides that every nation can determine its own pathway of alignment to the agreement's objectives. The 'common but differentiated principle' allows nations to communicate differentiated commitments based on local circumstances and capacities. This is reflected in nations' different emissions reduction commitments under the agreement (that is, their Nationally Determined Contributions or 'NDCs'). The principle inevitably creates uncertainty around the sufficiency of aggregate pledges to deliver on the agreement's goals.

It was only in 2018, when the Intergovernmental Panel on Climate Change (IPCC) released its Special Report on [\*Global Warming of 1.50°C\*](#), that negotiations recognised that 2°C was insufficient to avoid the worst impacts of climate change, and that halting warming to 1.5°C was the imperative. The report highlighted that government pledges at that time were nowhere near sufficient to deliver on either 2°C or 1.5°C. It also provided that the world had already experienced global average warming of about 1.1°C, and was tracking to warming of 2.7°C.

## Week one proceedings

There appears to be a potent and universal sense of urgency among parties at COP26 – supported by the launch of many initiatives committing real and scalable climate funding and supporting net zero outcomes.

The first six days of COP26 saw the launch of least 34 new multilateral initiatives involving globally significant public and private partnerships. Australia alone announced at least four major initiatives. This included a \$500 million increase to its climate finance commitments – taking its contribution to A\$2 billion. The US will seek US\$11.4 billion in appropriations next year for its updated climate finance commitments. Japan will provide US\$10 billion in additional climate finance, tied to the World Bank committing a further US\$8 billion. The Paris Agreement's climate finance goal of provisioning US\$100 billion per annum to developing countries, by 2020 and through to 2025, could now be met within a year.

Another subject of strong attention at COP26 is methane. Methane is one of the most potent greenhouse gases – contributing to about half of the 1.1°C warming to date. The [Global Methane Pledge](#), launched at COP26, commits to reduce global methane emissions from oil and gas, coal, and agriculture by at least 30 per cent on 2020 levels

by 2030. Canada immediately pledged a 75 per cent reduction in its oil and gas methane emissions on 2012 levels by 2030, and the US has already issued draft regulations.

On 4 November 2021, IEA Executive Director Dr Fatih Birol announced that the world is tracking to halt average global surface warming to 1.8°C by the end of the century. This projection assumes that all pledges under both revised NDCs and the Global Methane Pledge are met. Nonetheless, this indicates for the first time that the Paris Agreement's goal of halting warming to below 2°C can be met.

Another indication that this COP is far from 'business as usual' is that parties are working more cooperatively to resolve their differences than at any other time since COP21. This spirit of relative cooperation extends to arguably the most important element of the so-called Paris rule-book – those relating to carbon markets.

In addition to negotiations, there are real-economy undercurrents of optimism and commitment. One Australian example from the [First Movers Coalition](#) is Fortescue Metals Group's US\$8.4 billion in green hydrogen investments in South America. Ms Julie Shuttleworth, Fortescue Future Industries CEO (and Engineers Australia's joint 1000th EngExec) presented at a major COP26 event – sharing the stage with UK Prime Minister Boris Johnson, US President Joe Biden, and other world leaders.

Other corporate pledges include:

- Volvo sourcing 10 per cent green steel for use in its trucks
- United Airlines and Boeing replacing at least 5 per cent of jet fuel with the most advanced sustainable fuels
- McDonald's, Unilever, Google, LinkedIn, and Salesforce going 100 per cent renewable
- Holcim cement committing to making 30 per cent of heavy-duty trucks purchased zero emissions vehicles by 2030.

The financial sector is also front and centre at COP26. The [Glasgow Financial Alliance for Net Zero](#), involving more than 450 institutions representing US\$130 trillion in capital, have committed to achieve net zero emissions targets in their portfolios by 2050.

Never in the history of climate negotiations have forests been elevated to the level they have at COP26. The launch of the [Leader's Declaration on Forests and Land Use](#) involving 100 countries (including Australia, the US, Brazil, China, and Indonesia) commits to collectively halting and reversing forest loss and land degradation by 2030. It further commits to doing so while delivering sustainable development and promoting inclusive rural transformation.

Finally, with the US re-joining the Paris Agreement in 2020, the Biden administration is clearly intent on demonstrating a leadership role at COP26. In addition to outlining public investments to facilitate its emissions reduction target of 50 per cent to 52 per cent on 2005 levels by 2030, and net zero emissions by 2050, the US has committed to a carbon neutral power sector by 2035. John Kerry (US special presidential envoy for climate), who is still in Glasgow, commented that "Environment, Sustainability and Governance [ESG] is well and truly in the boardrooms around the world in ways that it never was before".

All of these are positive signals.

## Engineering opportunity

A major recurring theme at COP26 from nearly all world leaders, negotiators, and scientists is that the emissions reductions needed to keep the temperature goal of 1.5°C 'alive and within reach' will be technology-led, and about half of all emissions reductions will rely on technologies not yet at scale. This includes long-term storage, direct air capture, and green hydrogen, among many other promising solutions.

The challenge is to bring these innovative solutions to market at pace and scale by mobilising the entrepreneurial appetite to invest in them, coupled with innovative engineering to enhance the likelihood of breakthroughs.

## Observations

The COP26 World Leaders Summit was attended by 120 heads of state. This makes it one of the largest gatherings of world leaders anywhere. Relative to other UN climate conferences, it is arguably second only to COP21. Many leaders reaffirmed aspirations to keep alive the promise of halting warming to 1.5°C through their actions over the next decade, and by achieving net zero emissions by 2050.

Many leaders anchored their political narratives to the best available science of the IPCC, and the need to reduce global emissions by at least 45 per cent on 2010 levels by 2030. It is clear, however, that realising transformative emissions reduction outcomes requires all countries to commit to their most ambitious emissions reduction targets. Unfortunately, there is still not a critical mass of nations moving fast enough nor deep enough to halt warming to 1.5°C.

But it is also important to understand that the Paris Agreement's architecture is purposefully enduring and flexible. COP26 can provide valuable support to its objectives by pressuring nations to lift their ambitions in the coming months and years. For this reason, the conference's primary political goal – to restrict warming to 1.5°C – remains well within reach.

The primary technical goal of COP26 is to finalise the Paris rulebook. This alone will ensure transparency and accountability of all countries' climate commitments. UNFCCC Executive Secretary Patricia Espinosa has indicated that she believes the likelihood of this occurring is about 70% – another positive signal.

The optimism currently underpinning COP26 is reflected by the seriousness with which national leaders are conveying both urgency and scale in their climate responses and collaborations. The capacity of globally significant private-public partnerships to rapidly mobilise large-scale resources in support of decarbonisation is fuelling further bullishness.

While it is difficult to predict what outcomes will be achieved in COP26's second and final week, there remains significant scope and opportunity for success at this critical juncture in the global climate response.