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The Historic Paris Climate Agreement and Its Significance for Poland and the EU

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On 12 December 2015 in Paris, and for the first time in almost 20 years, the world's countries, some 195 in total, reached a brokered deal with the objective to prevent irreversible climate change. Two key provisions of the agreement are its global scope, requiring all 195 countries to reduce greenhouse gas emissions, and the marked absence of an endpoint within the treaty. These provisions help create a system of coordination of global efforts against climate change, ending the EU's isolation on the issue. This in turn will reduce the negative consequences of its climate change policy on the competitiveness of the overall European and Polish economies.

The Provisions of the Paris Agreement. At the 21st Conference of Parties (COP21), long-term goals in common were set to prevent climate change. The objective is to hold the increase in the average global temperature to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Although the target of 1.5°C is not binding, reference to it in the text of the agreement is a breakthrough and acceptance of the demands of the least-developed countries (LDCs) and small island states (SIS), highly vulnerable to negative impacts of climate change.

The text contains two modalities to try to achieve the targets. First, it declares that the peak of global greenhouse gas (GHG) emissions should be reached as soon as possible, thereafter envisioning rapid reductions to achieve zero net emissions by 2050. The second is a so-called Nationally Determined Contribution (NDC), which all the parties must submit or confirm by 2020. Ahead of the Paris conference, 186 countries had submitted individual pledges.

The multitude of NDCs and wide acceptance of this type of system contributed to the final success of COP21. The agreement also requires countries to submit new commitments every five years, with each successive NDC needing to have higher reduction targets. According to estimates based on the submitted declarations, if fully implemented by 2030, emissions will be reduced by about 9%, which would translate into an increase in the average global temperature at the end of this century of between 2.7°C and 3°C. To support individual countries in the revision process of targets so they are ambitious enough to reach 2°C or even 1.5°C, every five years the community of nations will take stock of the progress and goals to assess their joint efforts. It will include not only mitigation but also adaptation to climate change, and will include a provision for financial support for developing countries.

All Eyes on the U.S. and China. The agreement was adopted by the Conference of Parties acting within the United Nations Framework Convention on Climate Change (UNFCCC). The agreement will enter into force if at least 55 countries that account for at least 55% of global GHG emissions ratify it. The low emissions threshold means that, theoretically, it can enter into force even if China and the U.S. do not ratify it. If, for example, current U.S. President Barack Obama does not ratify the agreement in his term, then the ultimate success of the agreement—inclusion of one of the world's largest economies and GHG emitters—may depend on the outcome of the presidential election in 2016. Republicans vying to take back the White House from Obama's Democratic Party strongly oppose acceptance of any international obligations to reduce emissions or to provide finance to other countries to do so.

In order to avoid the need for ratification by the U.S. Congress, where Republicans have a majority, the U.S. negotiators set limits on the final text to prevent triggers for a vote. The deal could not name any new amount of financial support that developed countries such as the U.S. would be obliged to provide. Therefore, the previous $100 billion pledge of yearly support by 2020 was only confirmed in the Paris agreement without any mid-term targets. This amount will be considered a minimum ("floor" in the text) for future support. By 2025, a new common goal of financing should be agreed. The second limit for the American negotiators was that the text not make any legally binding commitment of emissions reduction targets, a red line that was also avoided in the final version.

Meanwhile, developing countries, particularly China and India, did not want to agree to the same commitments as developed countries, inferring they might harm their development and their aim to eradicate poverty. Therefore, although the text does not refer directly to the UNFCCC annexes of 1992 that listed countries obliged to act (e.g., the EU) and those that are not (e.g., China), developing countries secured the right at COP21 to undertake mitigation efforts more slowly than developed ones. As for financing, developing countries are only encouraged in the text to provide support to the poorest countries voluntarily. The U.S. and the EU wanted it to read, "developed countries and other Parties with the capacity to do so" shall provide financial support, which would have included China, among others, but failed on that point.

What the Deal Means for the EU. The agreement is a great achievement for the EU. Developing countries will have to participate in efforts to reduce GHG emissions through the NDC system. The EU succeeded also in the deal including progressively ambitious five-year review cycles. As with the U.S., European countries did not want to include in the text any new binding targets for financial support beyond 2020. However, one of the biggest successes for the EU and U.S. is the inclusion of a part on transparency, namely provisions for monitoring and reporting efforts undertaken by every country. Parties to the agreement will be obliged every two years to submit a report on progress, which will be subject to technical expert review. Experts also will identify areas of improvement. This system will enable access to reliable information on progress and allows for political pressure to be exerted to make other parties of the agreement deliver on their pledges.

However, the agreement also failed to meet many expectations of the EU. There is no specific reduction target that should be achieved by the middle of this century. Developing countries still have the right to take less ambitious actions than developed countries, thus diluting the latter group's efforts. The agreement also fails to include maritime and aviation transport, sectors which the EU wants to tax according to emissions. In addition, countries such as Saudi Arabia were given a privileged position, meaning they would not have to undertake serious measures to reduce emissions or the production of crude oil.

The EU also has to negotiate the details of its own climate policy, which envisages reducing GHG emissions by 40% by 2030. This target was based on the assumption that it would do its fair share to limit the average global temperature increase to 2°C, not 1.5°C. This means in theory that some people may argue that the EU should now increase its reductions target to remain a "fair" contribution. A key counterpoint is that the agreement does not provide mechanisms binding enough to force other countries to deliver their commitments, and therefore the agreement does not protect the EU economy against the risk of "free riders"—economies that will not act to the same extent as the EU.

What the Deal Means for Poland. For the whole EU and also for Poland, one of the most important negotiating demands was to remove the division of countries in the UNFCC annexes. With countries such as the U.S., China and India also obliged to contribute to mitigation efforts, the adverse effects on European and Polish economic competitiveness will decrease. However, Poland failed to persuade the other parties to set a higher threshold of emissions for entry into force. If set at about 85%, Poland aimed to prevent a scenario in which China and the U.S. could potentially not ratify the agreement but the agreement would enter into force anyway. With the 55% threshold standing, Poland will now be a proponent of pushing off ratification until after the U.S. commits.

The NDCs will constitute a collection of "investment" plans worldwide. This is tantamount to a map of opportunities for companies in mitigation as well as different types of investments related to adaptation to climate change, such as in infrastructure or education. This system should also be perceived by Polish companies as a chance to enter external markets. After Poland declared a pledge to increase climate finance to $8 million by 2020, a strategy should follow that would promote Polish technologies and companies in third countries.

At the same time, Poland itself has to prepare long-term investment plans for its energy, industrial and transport sectors. From this perspective, it is particularly beneficial for Poland that in the text of the agreement there is no reference to de-carbonisation. With the aim to achieve zero *net* emissions, a country can include such things as forests and other carbon neutralisers to balance against added emissions. This means that all methods to achieve the goals are possible. The final framework of the Paris agreement opens the way to including land use, land use change and forestry (LULUCF) in the European NDC, which can help Poland meet the requirements of EU climate policy. Countries can focus on renewables (photovoltaic, wind, geothermal), they can invest in nuclear energy, carbon capture and storage (CCS) or usage (CCU), or increase energy efficiency or absorption capabilities through such efforts as reforestation. The development of a reliable, long-term vision of emissions reductions would help Poland attract investments and allow it to diversify its energy sources. As a result, the Paris agreement has mainly an indirect, rather than a direct impact on Poland. Most important to it are the upcoming negotiations of the details of the EU's 2030 climate framework, planned for the next two years, which will define the targets and possibilities of Poland's actions.