

G7 put end of the fossil era on global agenda

Germanwatch background briefing on climate outcomes of the G7 Summit 2015, Elmau

The G7 summit took place on 7 and 8 June 2015 at Schloß Elmau in Bavaria. Amongst other important global issues, international climate policy was discussed. The G7 decisions on this topic pave the way to a successful climate summit in December in Paris, where a new global climate agreement is to be adopted by the international community. Below, Germanwatch analyses the most important paragraphs of the G7 Summit Declaration¹.

Decarbonisation

This G7 summit has put a global phase-out of fossil energy, which is necessary to keep global warming below 2 degrees, is on the agenda of world politics. From now on the debate is about the end of the fossil fuel era. This is the clear signal the G7 have sent by agreeing on **three elements**:

First, the G7 affirm that the global economy needs to be developed in a way that brings greenhouse gases to zero in the course of the century:

„This should enable all countries to follow a low-carbon and resilient development pathway in line with the global goal to hold the increase in global average temperature below 2 °C. Mindful of this goal and considering the latest IPCC results, we emphasize that deep cuts in global greenhouse gas emissions are required with a decarbonisation of the global economy over the course of this century.“²

Decarbonisation essentially means the end of the fossil era, the phase-out of coal, oil and gas³. The G7 were able to agree that decarbonisation is to be realised not “until the end of the century”, but “over the course of the century”. The international debate now will center on the question: When exactly in this century? The G7 announcement now needs to be further fleshed out in discussion in the G20 and the UNFCCC, leading to a strong long-term goal to be agreed in the new climate agreement.

Second, the G7 are advocating for a reduction of about two thirds of global emissions already by 2050 (compared to 2010):

„Accordingly, as a common vision we support sharing with all parties to the UNFCCC a global goal for greenhouse gas emissions reductions in the upper end of the latest IPCC recommendation of 40 to 70% by 2050 compared to 2010 recognizing that this challenge can only be met by a global response.“

This goal covers all greenhouse gases. According to IPCC scenarios reductions need to be even steeper for carbon dioxide, the most important greenhouse gas.

¹ G7 Summit Declaration and other documents: www.bundesregierung.de/Content/EN/Artikel/2015/06_en/g7-gipfel-dokumente_en.html

² Emphasis added by Germanwatch (in all quotations of G7 Summit Declaration).

³ Unless Carbon Capture, Use and Storage is deployed at a very large scale, which seems unlikely given the costs, energy needs and risks of this technology.

Third, the G7 announce to transform their own energy sectors until 2050:

„We commit to doing our part to achieve a low-carbon global economy in the long-term including developing and deploying innovative technologies striving for a transformation of the energy sectors by 2050 and invite all countries to join us in this endeavor. To this end we also commit to develop long term national low carbon strategies.“

This commitment is the most significant climate outcome of this summit. The language could have been stronger and reflects compromises with those opposed to strong commitments, particularly Japan and Canada. Nonetheless, this is the announcement of an energy transition in all G7 countries. The language on „energy sectors“ makes it clear that this will cover not only the power sector, but transport and buildings as well. The commitment to develop national strategies significantly strengthens this target, because it means that all G7 members will develop concrete implementation plans. To demonstrate the credibility of these global targets, the G7 also initiate initiatives to support the accelerated deployment of renewable energies in developing countries, particularly in Africa.

„We will ... accelerate access to renewable energy in Africa and developing countries in other regions with a view to reducing energy poverty and mobilizing substantial financial resources from private investors, development finance institutions and multilateral development banks by 2020 building on existing work and initiatives, including by the Global Innovation Lab for Climate Finance as set out in the annex.“

These initiatives are important in order to accelerate the breakthrough of solar and wind energy, which are increasingly becoming competitive, due to a strong price decline. However, a number of barriers and risks remain, which slow down deployment in developing countries. The announced initiatives will address these barriers. In the coming months until the summits in New York (post-2015 sustainable development goals) and Paris (climate), it is important to implement the announced initiatives in a dynamic way and – building on this – establish trust in the negotiation process.

Japan’s attempt to extent this initiative to „clean energies“, and thus to the support of “clean coal”⁴ was successfully averted. Additionally, an important annex was maintained that sets out the details of the initiative –again against the resistance of Japan.

Resilience and Climate Risk Insurance

The G7 also sends a signal towards developing countries that it stands ready to support them in the preparation for and insurance against the impacts of climate change. On the one hand, the group announces its readiness to support the initiative for early warning systems in vulnerable developing countries, which was launched at the disaster risk reduction conference in Sendai earlier this year. On the other hand, the G7 is starting an own initiative for climate risk insurance in vulnerable developing countries, with a focus on Africa. Until 2020, up to 400 million people shall benefit from this protection against climate risk. The German G7 Presidency has announced that the initiative should focus on people with an income below 2 dollars a day.

„We will ... intensify our support particularly for vulnerable countries’ own efforts to manage climate change related disaster risk and to build resilience. We will aim to increase by up to 400 million the number of people in the most vulnerable developing countries who have access to direct or indirect insurance coverage against the negative impact of climate change related hazards by 2020 and support the development of early warning systems in the most vulnerable countries. To do so we will learn from and build on already existing risk insurance facilities such as the African Risk Capacity, the Caribbean Catastrophe Risk Insurance Facility and other efforts to develop insurance solutions and markets in vulnerable regions, including in small islands developing states, Africa, Asia and Pacific, Latin America and the Caribbean as set out in the annex.“

⁴ „Clean Coal“ means burning coal while using Carbon Capture, Use and Storage and/or the use of more efficient coal power plants.

It is crucial that the Annex could be saved, which contains important details. It will have to be ensured that there is a clear focus on the poor so that the initiative truly supports the most vulnerable.

Climate Finance

The G7 repeat their commitment to mobilise USD 100 billion annually by 2020 from industrial countries to support climate change mitigation and adaptation in developing countries. To show that they are serious about this goal, they would need to go beyond reiterating it in two ways: First, recognize that additional public finance needs to be provided. Second, commit to develop a transparent plan that shows how the 100 billion is to be reached by 2020. Both issues are covered in the communiqué, but with relatively weak language. The G7 commit not only to „mobilize“, but also to „provide“ climate finance and they intend to „demonstrate“ that they are on the way towards 100 billion. France and Germany were pushing for stronger language here, but the US, Japan and Canada pushed back.

„We reaffirm our strong commitment to the Copenhagen Accord to mobilizing jointly USD 100 billion a year by 2020 from a wide variety of sources, both public and private in the context of meaningful mitigation actions and transparency on implementation.

Climate finance is already flowing at higher levels. We will continue our efforts to provide and mobilize increased finance, from public and private sources, and to demonstrate that we and others are well on our way to meet the USD 100 bn goal and that we stand ready to engage proactively in the negotiations of the finance provisions of the Paris outcome.“

Development banks are asked to increasingly finance climate mitigation and adaptation. This is a positive step. However, it will need to be ensured that a generous counting of MDB finance towards the 100 billion goal will not dilute the G7's responsibility to provide additional finance.

„We recognize the potential of multilateral development banks (MDBs) in delivering climate finance and helping countries transition to low carbon economies. We call on MDBs to use to the fullest extent possible their balance sheets and their capacity to mobilize other partners in support of country-led programs to meet this goal.“

The G7 reaffirm their commitment to phasing out fossil fuel subsidies as agreed in the G20. In the context of the OECD, they also will align export credits with the climate objectives. This is significant since especially Japan and Germany have been using export credit agencies to support coal technology. Climate considerations are also to be included in development cooperation and in public investments. More explicit language calling for investment criteria that would ensure alignment with the two degrees limit was deleted from the text.

„We remain committed to the elimination of inefficient fossil fuel subsidies and encourage all countries to follow and we remain committed to continued progress in the OECD discussions on how export credits can contribute to our common goal to address climate change. We pledge to incorporate climate mitigation and resilience considerations into our development assistance and investment decisions.“

The architecture of the Paris agreement

The G7 announce to support binding rules for transparency and accountability in the Paris agreement. This should ensure that targets are regularly increased, so that the two degree limit can be respected. This language has been supported by the U.S., who have helped secure this against Canadian and Japanese resistance. However, stronger language („legally binding“, „commitments“ rather than „targets“) was not possible with the U.S. This announcement is very important, as it is about the core of the expected Paris deal: How can the country pledges, which in their initial form will most likely not be sufficient to limit global warming to 2 degrees, be compared, reviewed and regularly be ratcheted up?

„The agreement should enhance transparency and accountability including through binding rules at its core to track progress towards achieving targets, which should promote increased ambition over time. This should enable all countries to follow a low-carbon and resilient development pathway in line with the global goal to hold the increase in global average temperature below 2 °C.“

Authors: Christoph Bals, Lutz Weischer

June 2015

This publication can be downloaded at: www.germanwatch.org/en/10450

Germanwatch – Office Bonn

Kaiserstr. 201, D-53113 Bonn

Phone: +49 (0)228 / 60 492-0, Fax -19

Website: www.germanwatch.org

Editing: Daniela Baum

Germanwatch – Office Berlin

Stresemannstr. 72, D-10963 Berlin

Phone: +49 (0)30 / 2888 356-0, Fax -1

This Project is supported by:

STIFTUNG
MERCATOR



Federal Ministry
for Economic Cooperation
and Development

Germanwatch is responsible for the content
of this publication.