

# OUTCOMES OF THE U.N. CLIMATE CHANGE CONFERENCE IN MADRID

25th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 25)

December 2-15, 2019



Negotiators went into record overtime to avoid a complete breakdown at the 25<sup>th</sup> annual U.N. Climate Change Conference in Madrid, but the deal they eked out evoked disappointment on multiple fronts. Governments failed again to adopt rules for international carbon markets, and bitter struggles over “ambition” and aid for developing countries highlighted deepening tensions as countries prepare to deliver a new round of national targets next year.

The meeting—known formally as the 25<sup>th</sup> session of the Conference of the Parties (COP) to the U.N. Framework Convention on Climate Change (UNFCCC), or COP 25—was the first since the United States formally initiated its withdrawal from the [Paris Agreement](#). But it was marked even more by the glaring and growing gap between the action needed to stem climate disaster and the still-sluggish response of most major economies.

Compared to the major success of [COP 24](#) in Katowice, Poland, which delivered a near-complete rulebook for implementing the Paris Agreement, the formal agenda in Madrid was relatively modest. Still, parties had to work some 36 hours past deadline to reach decisions. And the talks, themselves, often seemed overshadowed by the rising presence both in and outside the conference of “non-state actors” pressing for stronger action.

U.S. House Speaker Nancy Pelosi, Swedish youth activist Greta Thunberg (who was this week named Time magazine’s Person of the Year), and U.S. presidential candidate Mike Bloomberg were among the luminaries, state and city leaders, CEOs and leading experts who crowded stages at hundreds of “side” events to warn of impending climate disaster and to outline promising solutions. Thousands marched in the streets of Madrid,

and activists staging an unauthorized protest were at one point tossed out of the conference.

Inside, though governments repeatedly invoked the rising frustrations outside, they struggled to convey a clearer sense of collective ambition. Only in the closing hours did they agree to reaffirm a prior call for parties to submit a new round of nationally determined contributions (NDCs) next year, and to urge one another to reflect “their highest possible ambition” when doing so.

China and other major developing countries, saying they should not shoulder an undue burden going forward, demanded a backward-looking process to assess gaps in developed countries’ past performance. Meantime, poorer and more vulnerable countries voiced growing exasperation at the scarce resources available to help them cope with worsening climate impacts.

The biggest letdown for many was the failure to complete the last major remaining piece of the Paris rulebook—the rules for implementing [Article 6](#), addressing parties’ use of international emissions trading. One major sticking point among many was a strenuous push by developing countries to effectively tax all international emissions transfers to support their efforts to adapt to climate change.

On a separate front, the United States led developed countries in resisting calls for a new fund to address unavoidable climate impacts (called “loss and damage”). Parties agreed only to urge donor countries and existing funding institutions to scale up their support for such efforts.

Parties also clashed over technical decisions needed to fully operationalize the Paris Agreement. These include how to implement “flexibilities” for developing countries

in their reporting of their greenhouse gas emissions and the achievement of their NDCs, and how to establish “common time frames” to align the end dates of parties’ future NDCs.

In other decisions, COP 25 established a new dialogue to more closely examine the role of oceans in the context of climate change; strengthened an ongoing action plan addressing gender and climate change; and decided to continue the “action agenda” that provides non-party actors a stronger role in the UNFCCC process.

Unlike in past years, the Trump administration sent no senior officials and staged no public events. But U.S. negotiators remained a forceful presence at the table, particularly on Article 6, loss and damage, and transparency issues. Despite the United States’ impending withdrawal from Paris, U.S. positions on specific issues remained largely consistent with those of the previous administration, effectively avoiding outcomes that might be seen as political obstacles should a future administration want to rejoin Paris.

COP 25 was originally to be held in Santiago, Chile, but was moved to Madrid on just a month’s notice due to extended civil unrest in Chile. The Chilean government continued to manage the negotiations, however, as COP president.

Following are further background and details on key decisions by the COP and by the governing body of the Paris Agreement, known by the acronym CMA.

## CONTEXT

After a quarter century of COPs, the Madrid conference opened a new phase in the UNFCCC’s evolution as it transitions from nearly endless negotiation to more of an implementation mode. One set of challenges in this new stage is standing up the new architecture established by the Paris Agreement and rulebook. Another, more political set of challenges is scaling up countries’ individual nationally determined commitments and support for developing countries.

Though near-term ambition has continued to lag in the four years since the Paris summit, there has been a notable shift in the broader climate debate toward even more ambitious long-term goals. While the Paris Agreement sets a goal of limiting average warming to well below 2 degrees C above pre-industrial levels,

the dire findings of the Intergovernmental Panel on Climate Change (IPCC) have led to a broader embrace of 1.5 degrees C as an upper limit. Similarly, while Paris calls for global carbon neutrality in “the latter half of the century,” a growing number of governments and companies are declaring goals of net-zero emissions by 2050.

The Madrid conference threw into stark relief the growing juxtaposition between the heightened sense of urgency toward these longer-term aspirations and the continued unwillingness or inability of many major economies to dramatically scale up their near-term efforts. A potential exception is a “Green Deal” announced by the European Union during the COP. The sweeping program would set a binding net-zero target, backed by 50 new measures, including a 100 billion-euro Just Transition Mechanism and carbon border adjustments. With Poland balking, however, EU leaders were forced to put off final decisions until next year.

## AMBITION

The central ambition-related issue in Madrid was how parties would speak to the next round of NDCs under the Paris Agreement, due next year. But this forward-looking task became quickly enmeshed with demands from China and other large developing countries for a backward-looking process to examine developed countries’ performance up to 2020.

Countries offered a first round of NDCs heading into the 2015 Paris summit, and called there for a second round in 2020. The minority of parties whose initial NDCs extend only to 2025 are to set new goals through 2030. Those whose NDCs run to 2030 are to “communicate or update” their initial offerings.

A wide array of developed and developing countries pushed strongly in Madrid for an explicit call to parties to strengthen their NDCs and a clear timeline for doing so. China and other members of the Like-Minded Developing Countries group insisted that this should be balanced by a retrospective assessment of the shortfall in developed country actions to date on both mitigation and finance.

“Arrangements should be made to fill the gaps and avoid transferring additional burdens to developing countries in the post-2020 period,” Yingmin Zhao,

China's vice minister of ecology and environment, told fellow ministers. Zhao also called on parties to "join hands in opposing all forms of unilateralism, including trade protectionism," which he suggested was making it harder for China to fulfill its climate commitments.

The CMA's **decision**, titled the Chile Madrid Time for Action, emphasizes "the urgent need to address the significant gap" between the aggregate effect of countries' mitigation efforts by 2020 and the pathways needed to meet the Paris goals, and it urges parties to consider this gap "with a view to reflecting their highest possible ambition" in the new or updated NDCs they present next year. The decision calls on the UNFCCC secretariat to prepare a synthesis report on the NDCs by COP 26, but sets no clear deadline for their submission. Separately, the COP's **decision** establishes a roundtable at COP 26 on "pre-2020 implementation and ambition." A summary of the roundtable by the secretariat will be an input into the second period review of the UNFCCC's long-term global goal (see below).

Thus far, two countries (the Marshall Islands and Suriname) have submitted stronger NDCs, and another **80** representing just over 10 percent of global emissions have pledged to "enhance" theirs in 2020.

Many parties are seeking to signal stronger ambition through long-term low greenhouse gas emission strategies, which are encouraged but not required under the Paris Agreement. Costa Rica became the 14th country to formally submit a long-term strategy to the UNFCCC, and a total of **70** say they are working toward net-zero emissions by 2050.

## ARTICLE 6

The Paris Agreement recognizes that some countries will use international emissions trading to achieve their NDCs. Article 6.2 of the agreement requires "robust accounting" to avoid double counting of internationally transferred mitigation outcomes (ITMOs). Article 6.4 establishes a centrally managed mechanism, similar to the Kyoto Protocol's Clean Development Mechanism, to generate tradable emissions offsets.

Parties were unable to agree on implementing rules at COP 24, with the blame falling largely on Brazil for insisting that units generated under the Article 6.4 mechanism not be subject to the Article 6.2 accounting rules. But this proved just one of a tangled mix of

issues in Madrid – some highly technical, others highly political. Other major issues included:

- Whether the "share of proceeds" that the Paris Agreement applies to units generated under the Article 6.4 mechanism to support an Adaptation Fund for developing countries should also be applied to units traded under Article 6.2
- Similarly, whether a requirement under Paris that Article 6.4 projects produce an "overall mitigation of global emissions"—for instance, by cancelling a portion of their resulting emission reductions so they cannot be used toward NDCs—should also apply to Article 6.2 transactions
- Whether pre-2020 emission units under the Kyoto Protocol can be carried over and applied toward countries' NDCs.

U.S. negotiators pushed hard for final decisions on the Article 6 rules, in part because U.S. airlines are subject to an emissions offsetting mechanism under the International Civil Aviation Organization (called the Carbon Offsetting and Reduction Scheme for International Aviation, or CORSIA), which was designed with the expectation that accounting rules under Paris would help avoid double counting.

Many of the parties that had fought hardest for strong rules preferred no deal than one with accounting loopholes. Parties will now aim to complete the rules at COP 26.

While the Article 6.4 mechanism cannot operate in the absence of detailed rules, parties remain free to trade ITMOs under Article 6.2 – for instance, by linking domestic emissions trading systems – provided they explain the accounting procedures they are applying to avoid double counting. More than 30 countries declared their support in Madrid for a set of stringent guidelines called the **San Jose Principles**, which could serve as a basis for voluntary ITMO accounting standards.

## LOSS AND DAMAGE

In 2013, parties established the Warsaw International Mechanism (WIM) for Loss and Damage to address climate impacts resulting from slow onset event such as sea-level rise, as well as sudden events such as hurricanes. Parties agreed in Paris to incorporate the WIM into the Paris Agreement but also agreed—at the insistence of

the United States and other developed countries—that this not provide any basis for establishing liability or compensation.

In Madrid, parties undertook a review of the WIM’s operations to date and its long-term vision. Developing countries pushed strongly on two fronts to strengthen efforts on loss and damage.

The first issue was the WIM’s governance—whether it should operate solely under the Paris Agreement, or whether it should also continue under the UNFCCC, where there is no explicit exclusion of liability and compensation. The United States and other developed countries said they would support the WIM operating under the UNFCCC only if liability and compensation were explicitly excluded. Unable to agree, parties deferred the issue to COP 26.

Angry developing countries blamed the United States in particular for the lack of agreement. “Ironically or strategically, this party will not be a party to the Paris Agreement in 12 months’ time,” the lead negotiator for the island nation of Tuvalu said in the closing plenary. “If they get their way with the governance of the WIM they will wash their hands of any actions to assist countries that have been impacted by the effects of climate change. This is an absolute tragedy and travesty.”

Developing countries also pushed to establish a new finance facility under the WIM to channel increased support to countries experiencing loss and damage. Instead, the **decision** points to existing sources of support and “urges the broad range of bodies, organizations and funds under and outside the Convention and the Paris Agreement to scale up support” to particularly vulnerable developing countries.

## PARIS ‘RULEBOOK’

The **rulebook** adopted in Katowice fleshed out the Paris architecture but left some details to be resolved. Perhaps the most consequential and contentious are the detailed instructions to parties for reporting on their greenhouse gas inventories, their progress in implementing their NDCs, and the support they have provided or received. Decisions on these issues are due next year at COP 26.

Paris provides for “flexibility” in the agreement’s transparency system for those developing countries “that need it in light of their capacities.” The rulebook

identified generally where and how such flexibilities could be applied.

But countries differed strenuously in Madrid over precisely how the flexibilities should be reflected in the “common” tables and forms parties will use to report their emissions and progress. For instance, some developing countries argued that different reporting formats are needed for different types of NDCs, while developed countries insisted on common formats to ensure consistency and comparability.

The United States, which fought hard in Paris and Katowice for a unified transparency system with limited flexibilities, and which will no longer be a Paris party when the details are decided, sought to narrow the options carried over to next year. However, China, complaining that too much time was being devoted to the issue at the expense of other issues more important to developing countries, forced the discussion to a close. (Separately, some parties noted that the United States is nearly two years late in submitting its national communication and biennial report as required under the Convention, though it has regularly submitted its annual greenhouse gas inventories.)

Another rulebook-related issue was standardizing time frames for parties’ future NDCs. In the first round, some parties set 2025 targets while others chose 2030. Parties must submit new NDCs every five years going forward. They decided in Katowice to apply common time frames starting in 2031, but set no deadline for determining them. In Madrid, they remained deeply divided between five-year and 10-year time frames, and on when a decision should be reached.

## PERIODIC REVIEW

Under the Paris Agreement, parties will undertake a global stocktake every five years, starting in 2023, to assess collective progress toward the agreement’s long-term mitigation, adaptation, and finance goals. There is a long-term temperature goal under the Convention as well, however, which is subject to periodic review.

As set initially at COP 15, the goal under the Convention was to limit global warming to below 2 degrees C. In Paris, on the basis of a first periodic review, the goal was strengthened to limit warming to “well below” 2 degrees C, and to pursue efforts to limit

warming to 1.5 degrees C, to align with the temperature goal of the Paris Agreement.

In Madrid, the COP **decided** that the second periodic review, to be completed in 2022, will assess the “overall aggregated effect” of parties’ efforts to achieve the Convention’s long-term global goal, and that it “will not result in an alteration or redefinition” of that goal.

## OTHER MATTERS

On other issues:

- At the urging of the Chilean presidency, which declared COP 25 the “Blue COP,” parties took note of the IPCC’s recent special report on oceans and the cryosphere, and decided to convene a dialogue next year on how to strengthen mitigation and adaptation in the context of the oceans and climate change.
- The COP decided to extend various elements of the Marrakech Partnership for Global Climate Action, which engages non-state actors, including annual high-level events at the COP, and two climate “champions.” It also enhanced the role of the

Non-State Actor Zone for Climate Action, an online portal where states, cities, companies and others can register their climate pledges, by making it also a vehicle for tracking progress in achieving those pledges.

- The COP adopted an enhanced **gender** work programme and action plan to promote gender equality in UNFCCC-related activities.
- At the strong urging of the African Group, which unsuccessfully proposed a new agenda item to further define the Paris Agreement’s global goal on adaptation, the CMA requested the Adaptation Committee to consider approaches to reviewing the overall progress made in achieving the adaptation goal.

## FUTURE SESSIONS

Negotiations will resume at the annual mid-year meeting of the UNFCCC subsidiary bodies, to be held June 1-11, 2020, in Bonn, Germany.

COP 26 will be hosted by the United Kingdom in Glasgow, Scotland, on November 9-20, 2020. •

## Other C2ES Resources:

*A Brief Guide to the Paris Agreement and 'Rulebook'*

<https://www.c2es.org/document/a-brief-guide-to-the-paris-agreement-and-rulebook/>

*Completing the Paris 'Rulebook': Key Article 6 Issues*

<https://www.c2es.org/document/completing-the-paris-rulebook-key-article-6-issues/>

*COP 24 Katowice*

<https://www.c2es.org/content/cop-24-katowice/>

*Evolving Functions of the UNFCCC*

<https://www.c2es.org/document/evolving-functions-of-the-unfccc/>

*Paris Climate Agreement Q&A*

<https://www.c2es.org/content/paris-climate-agreement-qa/>



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