1. COP 25: Failure of Talks Shows Countries Willing to sacrifice future of Planet

Context:

- In the just concluded 25th Conference of Parties (CoP25) to the UN Framework Convention on **Climate Change (UNFCCC) held in Madrid, Spain**, went over time by two days, and ended up with more animosity between countries than ever before.
- The ridiculous disconnect between the realities of the climate crisis and the willingness of the countries to do something about it was evident throughout the conference; the end only cemented it.

Background:

- Since 1992, when the UNFCCC was adapted to **"stabilize greenhouse gas concentrations in the atmosphere to prevent dangerous anthropogenic interference with the climate system",** the negotiations have gone downhill.
- The disagreements between the developed and the developing countries have only intensified every passing year. They have turned the negotiations toxic and counterproductive. The rancorous nature of the talks was starkly visible at CoP25.

CoP 25:

- CoP25 had one primary deliverable—**to frame the rules for the carbon market** under Article 6 of the Paris Agreement. This is the last remaining piece of the Paris "rulebook" as the rest was agreed upon in 2018 at Katowice, Poland.
- But, even after two weeks and two additional days' talks, countries couldn't reach a deal, and the negotiation on the carbon market was pushed to another CoP in 2020. Most disconcerting about the failed talks is the petty issues on which the dispute happened.

Historic Paris Agreement:

- The Paris Agreement is built around a grand international carbon market. In this market, carbon credits can be sold between developed and developing countries; between developed and developed countries; between developing and developing countries; between the private and the public sector, and all sorts of other permutations and combinations.
- It is **no more the Clean Development Mechanism (CDM) of the past,** wherein only developed countries bought carbon credits from the developing countries.

- Under this new market mechanism, India can buy carbon credits from the US to meet its targets, and the US can buy from a private company in China to meet its targets.
- With such an intricate market design, it was incumbent on the countries in Madrid to agree to the rules that led to an effective and robust carbon market, unlike the one under the Kyoto Protocol.

Market Mechanisms under Kyoto protocol:

- The Market Mechanism under the Kyoto Protocol was marred with loopholes. Firstly, it gave billions of tonnes of emission allowance, called the **"assigned amount units" (AAUs) to developed countries.**
- Developed countries were allowed to either trade in AAUs, or to use them to offset their emissions. Countries like Russia and Australia were given so many AAUs that they had to do little to meet their emission reduction commitments.
- Similarly, the CDM market was designed in such a way that all developed countries' emission reduction obligations could be outsourced. Many developed countries, therefore, bought cheap carbon credits from developing countries and did nothing domestically.
- There was also "carbon leakage" and corruption in the system. The result of all this was that instead of reducing emissions, the Kyoto carbon market led to their net increase.
- There was also no real transition towards low-carbon development in developing countries, as the cheapest possible technologies were used to generate carbon credits.

"San Jose Principles":

- To avoid the mistake of the Kyoto market mechanism, a group of 30 countries, led by Costa Rica, released the **"San Jose Principles"** at Madrid, to make the Paris carbon market robust. For instance, the San Jose Principles promotes rules that lead to an overall reduction in global emissions. It also **prohibits the use of pre-2020 AAUs and CDM credits as these credits** would further dilute the already-weak commitments made by countries under the Paris Agreement.
- It is worth remembering that the commitments made under the Paris Agreement are taking the to a path of catastrophic 30C temperature increase. But, despite this dire prognosis, the San Jose Principles became a massive bone of contention.

CDM – point of contention:

- The question of how to deal with CDM credits, potentially amounting to more a billion tonnes of CO2, becomes a big point of contention.

- The lion's share of this carbon credit is in a handful of countries, particularly China, India, and Brazil. China alone has an estimated half a billion tonne equivalent of credits; India has around 100 million tonnes.
- India and China wanted these credits to be carried forward to the Paris carbon market, which was opposed by many vulnerable countries. For this billion tonne of credits, equivalent to a few hundred million dollars (the current price of carbon is less than $0.25/tonne), and the negotiations were stalled.

Way Forward:

- In a nutshell, the CoP25 at Madrid failed because few developed countries wanted to do as little as possible, and few developing countries were interested in making quick money from the carbon market.
- Climate crisis demands that countries cooperate and work together to reduce emissions, and not focus on their petty self-interest.
- But, this can only happen if the climate change negotiations move from being viewed as a zero-sum game to a positive-sum game. At the UNFCCC, this is not possible; the politics is just too toxic.
- We should, therefore, seriously think about abandoning UNFCCC and creating multi-sectoral, multi-regional platforms to cooperate on climate change.