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Environmental shift or purely situational diplomatic success? Understanding the concurrence of four key trends

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Despite persistent security tensions in various world regions, 2022 ended with the conclusion of several key agreements: at the international level with the Kunming-Montreal agreement under the United Nations Convention on Biological Diversity, but also at the European level where the Czech Presidency enabled a decisive agreement to be made between Member States and the Parliament on the fiscal and customs instruments that will give concrete form to the EU's ambition to reduce greenhouse gas emissions by 2030. How should we interpret these diplomatic successes? Is this a structural shift towards environmental action? It is too early to say, and above all, it is necessary to consider the fact that between an intergovernmental agreement and the practical implementation of public policies, there exists a whole layer of national and local political life, which is essential for a real acceleration of action in favour of the environment. This blog post examines four key trends that underlie the diplomatic successes of 2022, and

which will provide a window of opportunity in 2023: if public and private actors know how to seize it, this could be the moment to accelerate the transition that science tells us must be urgently initiated.

Whatever the cost: a change of doctrine on state intervention, between opportunities and risks of trade conflicts

The socio-economic consequences of the Covid-19 pandemic, the Russian invasion of Ukraine and the energy price crisis have led to a change in doctrine regarding state intervention in economic affairs: massive economic support for investment in energy production and uses, linked to recovery plans or to inflation reduction, are key elements of a compromise to push through agreements on reducing greenhouse gas emissions, as seen with the US Inflation Reduction Act (IRA) or the EU's Fit for 55 package. While Europe's climate ambitions have withstood the crises well, because they are highly compatible with energy security, the same cannot be said of the transformation of the agricultural and food system, and particularly biodiversity protection: the Farm to Fork strategy has come under heavy criticism for the lost yield it could entail, without accounting for its systemic effects in terms of upgrading the continent's agriculture as a whole.

More broadly, in the European Union, macroeconomic governance reform is underway. It should enable Member States to guarantee their capacity to commit the necessary public investment for the ecological transition. "Whatever the cost" cannot become permanent practice, but current political realism is starting to question macroeconomic doctrines that had seemed permanently established. This is particularly the case for state aid, given the scale of the US and Chinese economic sector support programmes, which until now has been considered as a major distortion of free trade both within the European common market and in trade relations between world regions. While we must welcome the emerging options that are supporting ambitious political agreements for the transition, there is an urgent need to prevent this from leading to a headlong rush towards a new conflict between major global trading partners, or even between Member States within the EU: this will require dialogue, new diplomatic capacities and new balances, to avoid trade relations being reduced to the sole dimension of competition and economic rivalry to attract investment, to the detriment of cooperation, which is essential for the environment and to reduce inequalities. This is even more essential as many Southern countries are facing an extremely serious financial situation, whether they are the least developed countries, those most vulnerable to the climate, or those that were in the process of emerging economically before the series of recent crises.

Southern countries remain at risk of economic collapse

Although clear progress in multilateral environmental governance was made in 2022, such as the Kunming-Montreal agreement on biodiversity, some experts from the South, such as Sunita Narain in the 2023 edition of the [State of India's Environment](#), considered that the year had been catastrophic: conflicts over energy security, the impacts of climate change (one extreme climatic event for every day of 2022 in India alone), the extreme vulnerability of Southern countries.

From a global governance perspective, 2022 seems to have been marked above all by a series of signals, necessary but nonetheless insufficient, of international solidarity on the part of Northern countries (particularly the G7) towards Southern countries. There is a huge and clearly evident need for investment in the South to revive economies and enable countries to emerge from a combination of crises linked to Covid 19 or the rise in energy and food prices, at a time when these countries need to create employment and therefore a solid industrial sector for a rapidly growing working population. Compared to the extremely large sums deployed in the North or China, Southern countries have

very little public capacity to finance investments and, according to an [OECD report](#), it appears that international financial flows towards these countries are ebbing away.

There is a fundamental and glaring question of justice, which could be exacerbated if Southern countries were to become collateral losers in the competition and conflicts between Western countries, China, and Russia. However, the main economic powers, even while obsessing over their power relations, cannot turn a blind eye to the situation in the South, even without taking the moral argument into account. Whether regarded as future markets, potential UN allies or indispensable suppliers of critical raw materials, Southern countries made their voices heard in 2022. The risk of deadlock in international negotiations was averted because Southern countries were satisfied, at least temporarily, with initial signals from the North on financial solidarity: satisfied to the degree that they did not block environmental agreements, such as the ones at COP 15 and COP 27, because they had secured the establishment of an ad hoc fund on loss and damage aimed at helping countries that are the hardest hit by the disastrous consequences of climate change that are already underway.

COP 27 and COP 15 negotiations could resemble a “deal” between the demands from Northern Countries for environmental ambition and demands for financial solidarity from the South, an unproductive opposition that was overcome in 2015 with the Sustainable Development Goals and the Paris Climate Agreement. The risk of deadlock therefore remains very present in 2023, especially as the economic and financial situation in the South remains objectively extremely worrying.

This will be at stake in a “new financial pact” at the heart of the Paris summit in June 2023 organized at the initiative of France. But this agenda, like that of the debt of vulnerable countries, will also be addressed in the context of the Indian G20 presidency and the reform of international financial institutions (World Bank and multilateral development banks, International Monetary Fund) in the context of the Bridgetown Agenda launched by the Prime Minister of Barbados or the process launched by the US Treasury Secretary in October 2022 at the annual meetings of these institutions.

The year 2023, which marks the halfway point of the Sustainable Development Goals that are the central political objective regarding international cooperation for Southern countries, will therefore be a year of double or quits in terms of international solidarity.

Signs of a shared global political leadership that staves off the risk of fragmentation for the time being

Geopolitical rivalries were running the risk of triggering a scenario of world fragmentation and confrontation, rather than one of new leadership capacity that would make sense within multilateral institutions. However, signals during 2022 seemed to indicate that a learning process was taking place, on what could be a global leadership shared between the different regions of the world. The positions of countries are changing. Coalitions for environmental ambition are being driven by Northern and Southern countries in partnership. The COP 15 presidency was held by China and Canada in tandem, and in a visibly effective manner, despite their open diplomatic conflict.

Thus, emerging countries are more clearly assuming environmental leadership, as demonstrated by the Chinese presidency of COP 15 after two years of a rather silent and retreating posture, which had to take on the difficulties of this leadership position by reaching a modified solution with the Democratic Republic of Congo to enable an agreement to be accepted. Other emerging countries want to be seen as “champions”: India, for example, with the priority given in its G20 presidency to lifestyle and efficiency issues; and also Colombia which once again – following Rio+20 in 2012 where it had been one of the countries at the initiative of the Sustainable Development Goals as a

compromise between North and South – proposed the solution to make the COP 15 agreement possible, i.e. the special fund for biodiversity, requested by Southern countries, positioned under the aegis of the GEF, a fund favoured by Northern countries. After Indonesia, then India, it will be Brazil's turn, then South Africa's: these emerging countries are steering the G20 towards a multi-year sequence that will test their abilities to exercise leadership for cooperation in a world of crises and conflicts.

On the other hand, the poorest and most vulnerable Southern countries, especially in Africa, will continue to make their voices loudly heard, and the developed countries, first and foremost the European Union, but also the emerging countries, will have every interest in continuing to rebuild balanced relations with these countries. Shared leadership on a global scale, which is gradually being understood, will only develop under two key conditions:

- the ability to organize direct and honest discussions, accepting disagreements and differences of opinion while managing to bring out points of agreement (this is, for example, the key issue at stake in the [Uk?m? platform](#) between African and European think tanks on the transformation of economies towards sustainable development; it is also Sunita Narain's proposal as the only way out of otherwise very conflicting perspectives from the North and South);
- the ability to identify new sources of public funding, in addition to the reform of international financial institutions, which many Southern countries regard as necessary but nevertheless insufficient.

The essential search for innovative solutions: seizing opportunities in a year that remains very open

The “polycrisis” sequence underway also provides a window of opportunity by giving political credibility to proposals that previously seemed unthinkable, too utopian, or too difficult to negotiate. In particular, the financing needs of Southern countries are so great, and the capacities of official development assistance are too limited. New resources generating public financing must also be sought, which will be one of the issues at stake for the June 2023 summit on the new international financial pact. This is a key moment to explore the technical and political feasibility of international tax tools such as a tax on financial transactions or a tax on aviation or shipping: in 2021 the OECD paved the way with the negotiation of a minimum tax of 15% on multinational companies. The year 2023 therefore remains very open, and success in moving the lines in terms of justice and international solidarity could directly or indirectly enable key advances in environmental issues.

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