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STATEMENT

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The new geopolitics of climate governance: distributing leadership for enhanced ambition

A think tanks statement

Conclusion statements by Elcano Royal Institute (RIE) and IDDRI, co-organisers of the think tanks workshop "Geopolitics of increasing climate ambition", held at Elcano Royal Institute on December 11th, 2019. The workshop gathered senior researchers from RIE (Madrid), IDDRI (Paris), SEI (Stockholm), ODI (London), Grantham Research Institute on Climate Change and the Environment, LSE (London), Fundacion Torcuato Di Tella (Buenos Aires), Transforma (Bogota), E3G (Europe), South Centre (Developing countries, based in Geneva), Energy Foundation China (Beijing).

Foreign policy and climate think tanks from Europe, Latin America, China, Africa have gathered to identify the most important strategic conditions for increasing climate ambition in a conflictual geopolitical context. Their main conclusions and proposals for enhanced ambition are provided below.

Climate change at the centre of geopolitical disruptions

1. **Climate change is becoming a maker of geopolitics** rather than a taker, because of the impacts of climate change on our economies, but also because of the necessary transformations of all our economies for a rapid increase in climate ambition. The pace and scale of transformations for a carbon neutral world will require profound and rapid changes impacting the relations between the different regional economic blocks, as well as the structural transformation of economies within these blocks and their social consequences.

2. **The climate emergency is clearly geopolitical**, as illustrated by deforestation and fossil fuel supply, two major issues. If they are uncontrolled, their consequences for climate are so significant that they come with significant geopolitical risks: these two issues shrink the space for action, forcing bigger emissions reductions more quickly; the impacts of climate change will also be greater, bringing human and ecological security to the fore. Both issues are also at the core of sovereignty claims by governments and conflicts over scarce resources.

3. **The geopolitical disruption goes beyond climate and is structural**, not dependent only on specific leaders who attract attention: **increases in inequalities, fragmentation and polarization between countries and regional blocks, weakening of the multilateral system**. This could lead to a scenario of pure competition and conflicts between nations, ignoring any benefits of cooperation.

4. **Ensuring proper political space for cooperation is absolutely critical**, while also acknowledging the competition, divergences and disagreements between countries. Transforming our economies for increased climate ambition and to adapt to climate risks will be a matter of competition between countries, but it also needs to be negotiated jointly. The resilience to climate shocks, for instance in our globalised food system, needs cooperation for a rules-based open system. Showcasing the benefits of cooperation could help counteract a confrontational and zero-sum game narrative that weakens ambition. Further analysis, outreach and dissemination could help foster cooperation.

5. Within countries, there is **an increasing citizen demand for social justice and for environmental protection**. A new social contract and a new licence to operate is clearly emerging. The social mobilisations for these demands, rather converging than competing with one another, are also **asking for more cooperation across borders**.

6. Because of the rapid technological, economic, social and environmental changes in all countries, the **political demand is also for more security and protection**, more sovereignty over people's own future. This demand for security does not have to lead to securitization, closing borders, and entrenching path-dependencies on carbon intensive economies: protection and resilience to shocks and changes is better ensured through cooperation between countries, although some countries where climate action is complex to come by are leaning on securitization strategies. Human security and ecological security approaches are more conducive to lasting security and social wellbeing, addressing the root causes of climate change. Building on these narratives and providing further academic analysis on the indirect pathways from climate to socially contingent outcomes (e.g. migrations and conflict) could help counteract securitization of climate change.

The changes in geopolitical interactions between countries that are necessary for increased climate ambition

Trade and investments

7. Cooperating for an effective rules-based trade system, rather than an escalation on trade wars, is critical to anticipate and manage disruptions caused by climate change impacts and by the transformation to a low-carbon development model that will cause instability in trade. Cooperation on trade can help ensure the diffusion of key zero-carbon technologies and limit path-dependencies on incumbent high-carbon technologies.

8. We need to go beyond the common language of mutually supportive climate and trade regimes, and **focus on the conditions for a rules-based system to enable higher climate ambitions in both exporting and importing countries** :

- Ensuring that rules are enforced particularly on environmental and social issues;
- Ensuring transparency of trade data and information;
- Ensuring that trade exchanges are compatible with ambitious national climate objectives;
- Properly accounting for depletion of natural capital as the basis of economic growth in our national accounts. Measuring sustainability is key and there are economic indicators such as genuine savings that could be used by governments to compare one another as a better measure of wellbeing.

9. Financial stability is a global good. There are **multiple initiatives to align the financial sector standards as well as the financial regulations with climate objectives**. Existing efforts of green taxonomy in China and the EU are advancing and could come to a form of harmonization, green principles are developed by development finance institutions, the Task force on Climate-related Financial Disclosures (TCFD) is giving clear signals to the private financial sector, but recent reports on the still very high-carbon intensity of portfolios of commercial banks in all regions and of the Belt and Road Initiative investments show that **a step change is needed**. In particular, there is a need for better access to capital for the most vulnerable, enforcement of the standards as well as increased capacity building in recipient countries to develop standards and public policies.

10. Between China and the EU, tensions around technology and intellectual property or investments can not be left unaddressed: **China and the EU are both competing and collaborating. China and the EU therefore need to show the way of a mutually supportive cooperation on trade as well as on sustainable finance**, to install in both areas of negotiation a conversation where increasingly ambitious standards support the transformation of economies towards reaching climate objectives. **This conversation also needs to be inclusive of other trade partners and countries where China and the EU jointly invest, like India, Latin America, or Africa, and the USA if and when possible**. The invitation of trade ministers to climate talks at COPs could be a useful way to progress on this agenda.

Cooperation-oriented leadership: recognizing power, but also rules and people

11. Increased ambition is currently lacking global political leadership. The EU and China are currently focusing a lot of attention and expectations: if they lack ambition on climate objectives, then the whole Paris Agreement arrangement could lose its credibility. Showcasing and ranking ambition by countries, alliances of countries and non-state actors could be one way of reinforcing a virtuous cycle for enhanced ambition.

12. The geopolitical situation, in the **absence of a unique power or even of a group of two majors countries taking the lead like the G2 between the US and China** ahead of COP21, calls for a **new type of political leadership in a renewed geopolitical context**. **China and the EU should not try to replace the G2, but be the first building block paving the way for a** more **distributed leadership**. Such a leadership would entail:

- A collaboration framework that does not shy away from the tensions and the competition issues, but puts the emphasis on cooperation for rules and for sustainability;
- A leadership that relies on the size and power of the markets of these two economic blocks, but that is inclusive of the many other countries that have led the way of climate ambition in the recent years;
- A shared leadership that relies also on alliances and partnerships, and in particular regional cooperation frameworks. Examples of these include: the Escazu agreement in Latin America which is currently providing the political space to put social justice and climate ambition high on the agenda of countries in the region or more technical cooperation alliances such as the Iberoamerican Network of Climate Change Offices (Red Iberoamericana de Oficinas de Cambio Climático, RIOCC).

13. The offer by Spain to host COP25 while respecting the leadership of Chile as president of the COP is a strong political message of solidarity and cooperation, demonstrating the cooperation oriented leadership that we need

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