CHANGES TO THE INTERNATIONAL CLIMATE CHANGE REGIME

COP 24: The Katowice Climate Package

- On the 15 December 2018, a day after the COP 24 discussions were supposed to conclude, governments adopted a robust set of guidelines for implementing the 2015 Paris Climate Change Agreement.
- The agreed ‘Katowice Climate Package’ is designed to operationalise the 2020 climate change regime.
    - It will promote international cooperation and encourage greater ambition to meet the 2 degrees or lower target for limiting global warming.
- The package includes guidelines that relate to the:
    - process for establishing new targets on finance from 2025 onwards to follow-on from the current target of mobilising USD 100 billion per year from 2020 to support developing countries;
    - process for conducting the Global Stock-take of the effectiveness of climate action in 2023;
    - process for assessing development and transfer of technology; and
    - mechanics of the transparency regime so that ambition can be tracked through target setting every 5 years.
- The establishment of a Market Mechanism is still outstanding and will be discussed at COP 25 in Chile. This remains a critical element for Business as it impacts the ability to use flexible mechanisms for meeting agreed national GHG reduction targets.
- Countries are now expected to develop or amend policies to support the international regime, including the US who signed up to the Climate Package despite the statements by President Trump. National policies in these areas is likely to change and is actively being monitored.
- Although acknowledged in the new COP 24 text, the latest science report pushing for a 1.5 degree limit for global warming text was watered down by the US, Russia and Kuwait. This issue will continue to be pushed by the NGOs in the coming negotiations, until then it will impact their activist stance and engagement approach.

IMPLICATIONS OF THE COP 24 DECISIONS

- While some stakeholders still argue that the COP decisions do not meet the urgency for action required by science, it does send a strong signal for continued climate action.
- The Rulebook puts in place the common rules for all countries to apply and will form the backbone for national policies.
- National GHG targets will be ratcheted up every 5 years to meet the need for increased ambition placing additional requirements on business within countries to comply and reduce emissions.
- Reporting by countries on emissions and reductions will need to take place on increased timeframes to demonstrate progress and fulfil the requirements at an international level – this implies additional regulations and policies at national level which will need to be implemented by business.
    - National Treasury has committed to undertaking further consultations on the carbon tax and budget alignment proposal for the post 2022 regime in South Africa. Given the latest, it is likely that the Parliament will vote on the Carbon Tax Bill early in Feb 2019.
    - The policy process for the approval of the South African Draft Climate Change Bill will kick off early in Feb 2019 with a NEDLAC task team being convened.
- Pressure to reduce emissions will continue and is likely to be stronger from investors and stakeholders given the lack of ambition contained in the decision text. In fact investors have shown a renewed commitment to the climate change challenge and the need for urgent reductions: