

## COP21 – a brief analysis

There were fairly low expectations of reaching a binding agreement at Paris and what was achieved is probably the best outcome given the circumstances. In the background was the disappointment of the Copenhagen negotiations in 2009, the vastly divergent views between developed and developing countries and the system of *one-member-one-vote* in the UN.

The decision to work towards holding global average temperature rises to below 1.5 degrees, and to set a clear framework and process to track progress, does mark a step in the right direction. Although the non-binding aspects of the deal have been criticised, without them it would have been impossible to keep vital players, such as the US, on board; and these elements may also help prevent any reverse of policy should a climate-sceptic win the US presidency next year.

For businesses, the deal presents a clear signal for long-term investment in renewables, climate technology and adaptation measures. It will now become important to track how investors respond to the new framework and how regional carbon trading schemes (and average Carbon prices) respond.

COP21 is also bad news for fossil fuel extractors in the long run. Indeed there was a flurry of [briefing](#) immediately after the accord trying to downplay its significance. Even if the exact rate at which fossil-fuel extraction continues has not been settled, the deal has effectively set a *de-facto* global time limit on it. This means a shift toward renewables looks inevitable, with everything depending on the speed. Governments and businesses may not make immediate changes (for some that would appear as if they have not been doing enough thus far) but over the next few years, and with five-year assessment periods for each national plan, governments will have to make small steps to attract investment in renewables and green business globally. But it will also be important for pressure groups and campaigners to hold them to account.

Had no agreement been reached, the EU's policy stance on a whole range of green policies would have been damaged. So, despite not getting the legally binding limits on CO2 emissions it had initially wanted, the EU does come away strengthened by the talks, as does the embattled UNFCCC process itself. And credit must be given to the negotiators.

Culmer Raphael, December 2015