



COP 26: the major challenges

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Six years after COP21 in Paris, the next United Nations conference on climate change - COP26 - will be held in Glasgow next month. The conference will be held against the backdrop of the energy crisis and the increase in extreme weather events which are becoming ever more devastating. Climate change now stands squarely at the heart of the political agenda and is also becoming more of a priority for investors.

The latest report from the IPCC (Intergovernmental Panel on Climate Change) published in August calls for the urgent need to reduce greenhouse gas (GHG) emissions by 2030. The measures previously taken have proven insufficient to date.

The stakes are therefore relatively high. This COP 26 certainly promises to be the most important conference since its inception. Actions taken or not taken will be decisive in giving humanity a chance to limit global warming to 1.5 °C and avoid a major climate catastrophe.

Few countries have kept their promises and stuck to the targets of the Paris Agreement in 2015. Under current policies, global warming will reach about 3 °C. Although a significant number of countries have set a target of net zero GHG emissions by 2050, progress remains sorely lacking.

In this context, can we expect any significant step forward? In our view, a variety of issues need to be addressed.

Firstly, countries must strengthen their commitment to reduce GHG emissions by 2030 in order to limit global warming to 1.5 °C. The emphasis must be placed on making up for time lost.

According to Climate Action Tracker, almost all developed countries need to step up their GHG emission reduction targets as quickly as possible. It is vital to implement more ambitious nationally determined contributions (NDCs) in order to meet their targets. Today, 68 countries (responsible for 61% of global GHG emissions) have adopted a target of net zero emissions but only 80 countries (responsible for 36% of global GHG emissions) have updated their national contributions with more ambitious targets according to ClimateWatch.

While some countries such as the United States, Canada, the United Kingdom, along with the European Union, have reviewed and officially submitted more ambitious NDCs, certain large economies, such as Australia, Indonesia, Mexico, Brazil, Russia, have yet to improve their climate targets.



In order to gain credibility, countries must commit to more transparency in establishing long-term objectives.

The second crucial point is based on the notion of “equity” concerning efforts to reduce GHG emissions between developed and developing countries. Developed countries must do more to help developing countries make their transition, especially from a financial perspective. They also need to update their goals and policies and provide clear insight on what support they need.

Thirdly, at present, investments to promote clean energies remain insufficient and their uptake is too slow to decarbonise our economies. These must almost triple over the next decade in order to achieve the goals of the Paris Agreement. The development of clean-energy capacities needs to accelerate, and the share of fossil fuels must decrease rapidly. The economic and social benefit of the green transition is significant, while the cost of inaction would be immense.

Finally, the carbon price tax mechanisms, which play an essential role in speeding up the transition alongside climate policies, must be addressed by countries to harmonise practices at international level and promote cooperation. These different mechanisms (carbon tax, quota trading) currently cover only 25% of global GHG emissions and the price per ton of carbon remains much lower than it should be to achieve climate objectives. The question of a fair redistribution of tax revenue also arises in order to finance the transition.

This COP 26 will without a doubt be decisive for the future and the stakes are relatively high. In order to rapidly reduce GHG emissions and limit global warming to 1.5 °C, the commitment of all countries is paramount. It is therefore imperative that governments strengthen their pledges and put in place firm actions to respond to these various challenges before it is too late. However, there remains a significant risk of seeing a two-speed COP26. A gulf may emerge between countries driving energy transition and others taking a back-seat role.

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