

A critique of the results of Glasgow summit

What came out of COP26?

20th December 2021

This document aims to clarify what has come out of COP26¹ and which elements are most relevant for the climate justice movement, global justice organisations and society in general. It is an attempt to distil and translate the high technical complexity of the climate negotiations into arguments which can be understood from a political perspective.

Please feel free to contact us with your questions, queries, clarifications, suggestions etc. at observatori@odg.cat, with [COP26] in the subject line.



Demonstration in Glasgow, 6 November - Global Day of Action for Climate Justice. **Source:** Mídia NINJa.

1. A critical look at the COP

So far, the United Nations Framework Convention on Climate Change (UNFCCC) and its annual conferences (COPs or “Conferences of the Parties”) have shown themselves to be slow (if not ineffective and counterproductive) instruments for tackling the emergencies of the climate crisis. Despite this, the COPs continue to be highly symbolic and prominent political spaces where states aim to exhibit or (re)position themselves on the global stage.

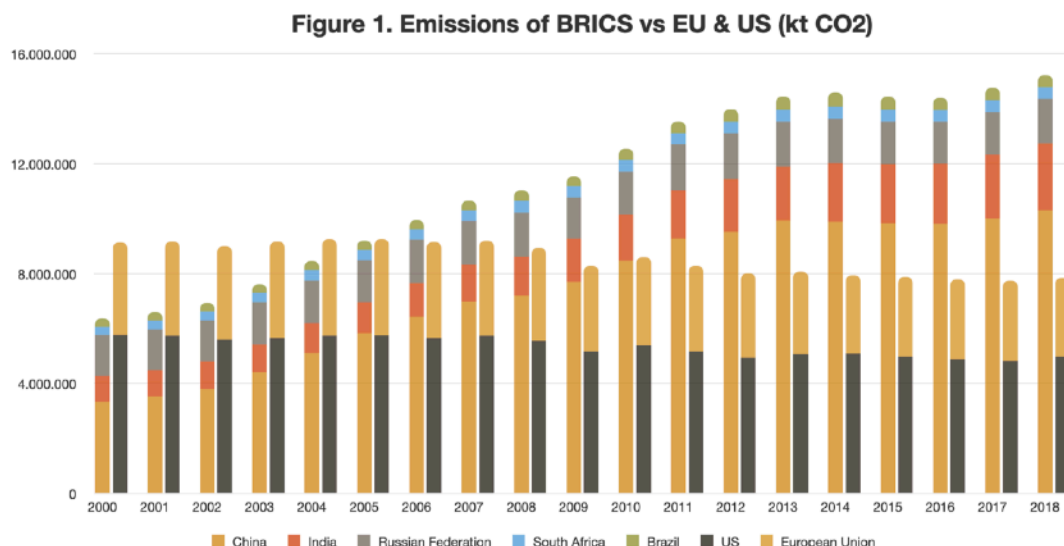
¹ For more information on the position of the Observatori del Deute en la Globalització (Debt Observatory in Globalisation) on COP26 see https://odg.cat/paginas_campanas/lodg-davant-la-cop-26-a-glasgow-una-perspectiva-critica/ [in Spanish].

Decisions at the COPs are taken by consensus and achieving this in a very tense international context usually means resorting to the lowest common denominator. Furthermore, the agreements themselves are the lifelines which the space itself needs to prevent it from imploding or disintegrating.

When reading the results, a distinction must be made between self-referential deliberations and true contributions to the climate struggle. This means distinguishing advances or setbacks in the negotiations themselves from what is truly important: if the advances are adequate to halt and reverse the climate emergency, quantitatively, qualitatively and in time.

Two examples of the COP dynamic are the *Kyoto Protocol* and the *Paris Agreement*:

- The *Kyoto Protocol* became an «obsolete innovation». It was approved in 1997 but came into force almost a decade later. Its objective was to reduce emissions by 5% in industrialised countries between 2008 and 2012. However, by the time it came into effect, the world had changed. By 2008, the BRICS (Brazil, Russia, India, China and South Africa), which had no obligations under the Protocol, accounted for 37% of global emissions. The US never ratified the protocol.



Source: Created by the authors based on World Bank data.

- The *Paris Agreement* could be called an «inadequate miracle». It was the first global agreement in more than 20 years of negotiations which obliged all signatories of the UNFCCC to reduce their emissions. However, in contrast to the Kyoto Protocol, nations decide for themselves how and at what speed to reduce their emissions (through their «Nationally Determined Contributions» or NDCs), an arrangement which is proving itself to be clearly inadequate.

2. The Glasgow Summit: general overview

The **UNFCCC** has collated all the *results of COP26* at: <https://unfccc.int/process-and-meetings/conferences/glasgow-climate-change-conference-october-november-2021/outcomes-of-the-glasgow-climate-change-conference>

The twenty-sixth conference of the UNFCCC signatories, COP26 was to be the great summit which would give direction to the momentum from the Paris Agreement and ensure that the world does not go beyond an average global temperature increase of 1.5°C.

It is worth pointing out that circumstances were not ideal. The summit was preceded by COP25 which finally took place in Spain after being turned down by both Brazil and Chile. The Madrid COP left a lot of work to be done and the global impacts of the pandemic required the 2020 conference to be suspended. This paralysis is evident in the scant progress made in the lead-up to Glasgow.

That said, we can say that COP26 had its winners and losers.

On one hand, the winners:

1. With the COP Presidency, the UK can be moderately satisfied that an agreement was reached on a Rulebook for the Paris Agreement, including Article 6 on markets. COP26 was also part of its strategy to position itself on the global stage after Brexit.
2. USA. The USA is again looking to take a leadership role in a multilateral context, marking the end of Trumpism. Therefore, it was very present in the negotiations and reached a surprising bilateral agreement with China (*see section 3.8 of this document for more information*) .
3. The EU took on a prominent role on the subject of energy, defending the abandonment of fossil fuels and declaring itself to be the guarantor of the end of coal (despite promoting natural gas).

The losers were the impoverished countries:

1. India's last move in the closing plenary (supported by China and others) to change the agreement on coal from a "phase-out" to a "phase-down", puts the 1.5°C scenario and therefore the survival of the island states of the AOSIS², group (and others³) at risk.
2. The North-to-South transfer pledge of \$100 billion annually has been reissued for 2025 (instead of 2020), although it is claimed that the 40% for adaptation finance will be reached in 2025.
3. The loss and damage which many countries are suffering due to climate change was recognised, but funding was not made available for mechanisms to tackle it, blocked by the EU and the USA.

3. The results of COP26

3.1. Funding (and debt) for the Global South

Although rich countries have made numerous climate finance pledges, the commitment made at COP15 in Copenhagen (2009) to transfer \$100 billion every year from 2020 to 2025 has not been fulfilled. Many

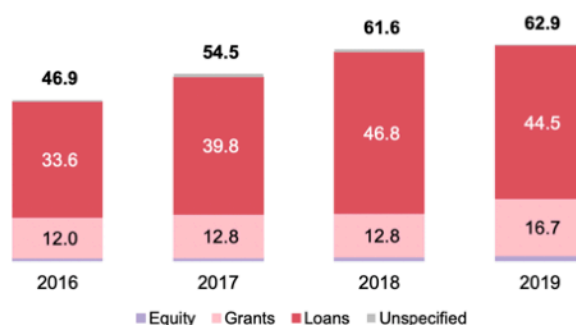
² Alliance for Small Island States: <https://www.aosis.org/>

³ India's intervention and the reactions to it can be seen in this video, starting at 1:29: <https://www.youtube.com/watch?v=4pDZGSOELiw>

impoverished countries have demanded that rich countries transfer \$500 billion up to the end of 2024, but this demand was not included in any formal decision in Glasgow⁴.

The rich countries' plans for the transfers continue to focus on loans, even though many of the receiving countries are highly indebted. This strategy, which perpetuates the dynamics of the past, is compounded by the treatment of these transfers as official development aid, which breaches the *Paris Agreement* principle of additional finance⁵.

Figure 1.4. Public climate finance per instrument, excluding export credits (USD billion)



Note: For 2018, actual US bilateral public climate finance data replaces the value previously estimated (OECD, 2020[5]), with the resulting subtotals and grand total being USD 0.6 billion lower.

Source: Based on Biennial Reports to the UNFCCC, OECD DAC and Export Credit Group statistics, complementary reporting to the OECD.

Source: OECD, 2021.

Finally, paragraph 41 of the *Glasgow Climate Pact*⁶ explicitly recognises «the growing needs of developing country Parties, in particular due to the increasing impacts of climate change and increased indebtedness as a consequence of the coronavirus disease» but includes no tangible obligations or actions to remedy this situation.

3.2. Loss and damage

«Loss and damage» refers to the unavoidable impacts which the climate crisis is already causing today. There is also talk of «climate reparations».

In this area, strong opposition from rich countries has meant that substantial agreements have been left for COP27 in Egypt. However, loss and damage was very present in the negotiations and the final text urges rich countries to provide funds for the operationalization of the Santiago network⁷ and technical assistance. Scotland and Wallonia (Belgium) were the first actors to mobilise funding for loss and damage (£2 million and €1 million respectively). The German government also offered €10 million.

⁴ Timperley, J. (2021, october 20). The Broken \$100-billion promise of climate finance –and how to fix it. *Nature*. <https://www.nature.com/articles/d41586-021-02846-3>

⁵ Jubilee Debt Campaign: <https://jubileedebt.org.uk/news/cop26-takeaways-rich-nations-still-refuse-to-pay-climate-debt>

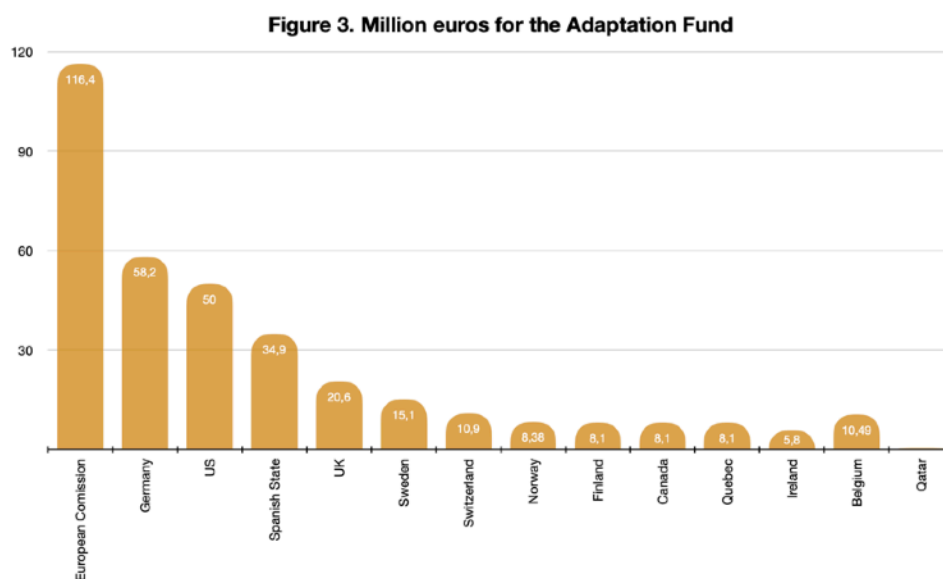
⁶ Glasgow Climate Pact: https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf

⁷ A network of vulnerable countries working on loss and damage: <https://unfccc.int/santiago-network/about>

However, all this falls short if we compare it to the estimated needs. The international aid required to adequately minimise and repair loss and damage would be at least \$50 billion in 2022, rising to at least \$300 billion in 2030⁸.

3.3. Adaptation

Mitigation⁹ often receives the most attention in policy in the Global North, but for many countries in the South, adaptation¹⁰ is the main concern. At COP26 adaptation finance was a priority for the countries of the Global South. The text of the final document calls for developed countries (in the language of the United Nations) to double adaptation finance between 2019 and 2025. This would provide \$40 billion dollars. However, again, the estimated sum required is currently \$70 billion per year, and could quadruple by 2030¹¹.



Source: Created by the authors using data from adaptation funds.

Admittedly, at the COP26 and throughout 2021, new contributions to adaptation funds have been announced. The adaptation fund works through project grants, not loans. However, the total collected so far is \$355 million, less than 2% of what was required in 2019 (\$20 billion).

3.4. Article 6: markets

The central debate at the COP is not «markets, yay or nay». The debate is about «markets **how**», aiming to make them more reliable, robust and efficient. The Kyoto carbon markets¹² have been heavily criticised and have shown themselves to be inadequate in the face of the challenge posed by the climate struggle. This is

⁸ ACT Alliance, Bread for the World, World Council of Churches, i Lutheran Wolrd Federation. (2019, november). *Climate Finance for Addressing Loss and Damage: How to Mobilize Support for Developing Countries to Tackle Loss and Damage*. <https://reliefweb.int/report/world/study-climate-finance-addressing-loss-and-damage-how-mobilize-support-developing>

⁹ Initiatives and measures aimed at reducing net greenhouse gas emissions into the atmosphere.

¹⁰ Initiatives and measures aimed at reducing the vulnerability of natural and human systems to the current or expected impacts of climate change.

¹¹ For more information: <https://www.unep.org/resources/adaptation-gap-report-2020>

¹² Para más información: <https://unfccc.int/process/the-kyoto-protocol/mechanisms>

why many of the efforts made since COP21 in Paris have focused on improving the Kyoto markets instead of trying to find non-market alternatives.

Given this, it is easier to understand the Presidency's satisfaction with reaching an agreement on article 6 of the Paris Agreement Rulebook, which regulates carbon markets. The debate was centred on two sections: Article 6.2, which sets out the market mechanism for bilateral transfers between countries¹³, and Article 6.4 regarding the new international emissions market for public and private actors¹⁴.

Although, in general, the negotiating teams are agreed that both types of market (bilateral and multilateral) need significant conditions and safeguards, they have again left escape routes which could damage the rules' integrity. For example, a comprehensive set off accounting rules have been developed to avoid «double counting» and break Brazil's blocking position. «Corresponding adjustments» are applied so that this does not happen.

How do the markets work and how is double counting avoided?

According to Article 6.2, if a country A has set out a target in its NDC to reduce emissions by 10 billion tonnes of CO₂ and it achieves a reduction of 11 million, it can sell this surplus to another country. That is to say, 1 billion tonnes is sold as 1 billion reduction units. Country B can buy these emissions reductions and add them to its own reductions, but Country A should then renounce them (the «corresponding adjustments»). Without these adjustments, the reduction would be counted twice.

According to Article 6.4, if a state or company wishes to carry out a project in country B, the same process is carried out to discount emissions from the NDCs. 5% of the total transaction amount is also transferred to the Adaptation Fund¹⁵ to finance climate change adaptation projects in the most vulnerable countries and 2% is «discarded» so that the overall level of emissions is reduced rather than simply maintained¹⁶.

The worry of the negotiating parties is that a single escape route could collapse the entire mechanism – and there are several. The most difficult task is definitely moving from the heterogeneity of the NDCs to the rigidity of a market. Certain questions surface repeatedly:

- If countries present plans to reduce emissions in 2030, without year-by-year objectives, how can they buy or sell reduction units before 2030?
- If their NDCs do not cover all the sectors of its economy, how can they be prevented from focusing on those areas where reduction units can be gained and neglecting others which fall outside the NDCs?
- How can it be ensured that NDCs are sufficiently ambitious and have not been designed speculatively in order to gain more reduction units?

¹³ The units in this mechanism are known as *Internationally Transferred Mitigation Outcomes* (ITMO): <https://www.emissions-ueets.com/carbon-market-glossary/2097-internationally-transferred-mitigation-outcomes-itmo>

¹⁴ More information on the debates on markets: <https://www.climatica.lamarea.com/mercados-de-carbono-cop26/>

¹⁵ UNFCCC <https://unfccc.int/Adaptation-Fund>

¹⁶ «Overall Mitigation in Global Emissions» (OMGE).

These questions, and other more technical issues, continue to hover over the issue of markets. However, without a doubt, the most heavily criticised agreement has been the decision to allow old credits, generated under the Kyoto Protocol, to be transferred to the new market and used to meet NDCs. This undervalues current reductions and suits Brazil and India, which both currently have many projects underway¹⁷.

Following the belief in improving markets which prevails at the COPs, one of the important topics for the new international markets is human rights, a demand brought in the form of a denunciation by NGOs and indigenous organisation. The lifespan of the Kyoto markets brought with it numerous conflicts and human rights violations. The cases of the Santa Rita hydroelectric project in Guatemala¹⁸ or the wind power corridor in Tehuantepec, Mexico¹⁹, which caused violence, displacement and environmental impacts, led to widespread alarm. The new market promises the application of robust social and environmental protection mechanisms and establishes an appeals process²⁰.

Lastly, the only amendment in the entirety of the market instruments is found in Article 6.8, «Non-market approaches», mainly promoted by Bolivia. Although the debate around 6.8 did not have the same significance as the other Articles, at COP26 it was decided to set up a committee which would meet twice a year until at least 2027 to develop proposals for organising climate cooperation without using market mechanisms.

3.5. Transparency

Transparency refers to the guidelines used to guarantee that states provide sufficient information to determine whether they are fulfilling their promises and that this information is reliable. In fact, all climate regulation depends on transparency²¹.

One of the key issues at COP26 was to define what must be included in emissions inventory reports and their updates. Negotiations on these points were extremely technical, but in summary we can say that agreement was mainly reached on the tools required for the reports and a training programme for expert reviewers.

The negotiations were not free of tension. In fact, at one point China and Saudi Arabia declared that they would not accept the transparency rules as they were proposed²². Finally, a single global transparency

¹⁷ Some sources claim that these projects from the past could be worth 300 million carbon credits. What is more, these projects, mainly wind farms and hydroelectric plants, were registered between 2010 and 2012, and continue to generate credits which could reach 2.8 billion for the 2021-2030 period. This could reduce the climate ambition of these countries, as they are able to use existing reductions instead of undertaking new measures.

Oeko & New Climate Institute (2021, October 21st). *The potential impact of transitioning CDM units and activities to the Paris Agreement*. Webinar [Power Point] Available at: https://www.oeko.de/fileadmin/oekodoc/WEBINAR_TransitioningCDMActivitiesUnitstoParisEra.pdf

¹⁸ CAN (2014) <https://climatenetwork.org/2014/12/08/human-rights-in-the-cdm/>

¹⁹ Environmental Justice Atlas: <https://ejatlas.org/print/corredor-eolico-en-el-istmo-de-tehuantepec-oaxaca>

²⁰ Oeko: <https://blog.oeko.de/glasgow-delivered-rules-for-international-carbon-markets-how-good-or-bad-are-they-cop26/>

²¹ During the summit itself, the Washington Post published an article which claimed that between 8.5 and 13.3 billion tonnes per year in emissions had not been reported by nations. <https://www.washingtonpost.com/climate-environment/interactive/2021/greenhouse-gas-emissions-pledges-data/>

²² Webster, B. (2021, November 9th). Chinese and Saudis thwart moves towards climate deal. *The Times*. <https://www.thetimes.co.uk/article/chinese-and-saudis-thwart-moves-towards-climate-deal-5pr86frjv>

system was accepted, but with various instruments allowing flexibility. It remains to be seen what impacts this will have on the robustness of the information²³.



COP26 at Glasgow. **Source:** [El Periódico](#).

3.6. New deadlines for improving national plans and new objectives for 2030

The NDCs will be updated at the end of 2022, despite the agreement in Paris that this would happen every five years. This is a «plus point» achieved by the Presidency because it increases pressure on states and bolsters the coming COP27 in Egypt. In 2024 the transparency mechanism will come into force and countries will need to present detailed national emissions plans based on common criteria.

A 45% reduction in global CO₂ emissions by 2030 relative to 2010 would be required to reach net zero by the middle of the century, as well as significant reductions in other greenhouse gases. The NDCs as they currently stand envisage a reduction in emissions of 7.5%.

3.7. China-USA Agreement

In the final straight of the COP, China and the USA (which together account for 40% of global emissions) signed an agreement in which they commit to increasing their climate ambitions. The 3-page document announces the will of both countries to work together in key areas such as the reduction of methane (a gas which has contributed to half of the global warming seen since the Industrial Revolution) and transport, energy and industrial emissions. With regard to controlling the increase in global temperatures, the document speaks of keeping the increase «well below» 2°C and «pursuing efforts» to limit it to 1.5°C²⁴, paraphrasing the most well-known objective of the *Paris Agreement*²⁵. The pact, which has been called a

²³ Carbon Brief. (2021, November 15th). *COP26: Key outcomes agreed at the UN climate talks in Glasgow*. https://www.carbonbrief.org/cop26-key-outcomes-agreed-at-the-un-climate-talks-in-glasgow?utm_source=pocket_mylist

²⁴ “U.S.-China Joint Glasgow Declaration on Enhancing Climate Action in the 2020s” (2021, November 10th). Article 12, section B. Entire declaration available at: <https://www.state.gov/u-s-china-joint-glasgow-declaration-on-enhancing-climate-action-in-the-2020s/>

²⁵ Paris Agreement, Article 2(a): «Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change».

«climate peace» agreement by some observers, is not a list of concrete actions as much as a political declaration of alleged cooperation between two countries which seemed irreparably opposed under Trump's leadership. However, despite the generally positive reception of the closer cooperation of China and the USA in the face of the climate crisis, it has also been cautiously received by some: voices from the Global South say that the language and objectives in the text fall short²⁶.

3.7. Sectorial agreements

DEFORESTATION

More than 100 countries have made a global commitment to halt and reverse deforestation by 2030²⁷. The agreement, initially supported by Brazil, Indonesia and the Democratic Republic of the Congo (which together account for 85% of the planet's forests), envisaged an unprecedented deployment of funding (\$12 billion and \$7.2 billion in public and private funds, respectively) over the coming years to develop forest protection policies. However, a few days after signing the agreement, high-level civil servants from Indonesia said the agreement was «unfair»²⁸, arguing that the objective of zero deforestation by 2030 went against its development plans.

The agreement in question is not the first of its kind: in 2014 the New York Declaration on Forests was launched, in which dozens of global leaders committed themselves in a similar way to ending deforestation by 2030. According to Professor Simon Lewis, this non-binding pact «failed completely in halting deforestation»²⁹.

GAS METANO

Over a hundred countries have agreed to reduce methane emissions by 30% by 2030³⁰. The agreement is supported by countries accounting for half of global methane emissions, including the states of the European Union, the USA, the UK and the UAE, and envisages mobilising \$300 million³¹. It is concerning that countries like China, Russia and India, which together generate a third of global anthropogenic methane emissions, have not signed up to the initiative.

PACT ON THE TRANSITION FROM COAL TO CLEAN POWER

This global pact, supported by more than 40 countries, promises to eliminate the use of coal by 2030 in major economies and by 2040 in developing countries (to use the language of the United Nations)³². Some of the main global consumers of coal, including Poland, Vietnam and Chile, have joined the agreement.

²⁶ <https://www.theguardian.com/environment/2021/nov/10/china-and-the-us-announce-plan-to-work-together-on-cutting-emissions>

²⁷ <https://ukcop26.org/glasgow-leaders-declaration-on-forests-and-land-use/>

²⁸ <https://www.nbcnews.com/news/world/indonesia-criticizes-cop26-deforestation-pledge-unfair-days-after-signing-it-n1283308>

²⁹ Rannard, G., & Gillett, F. (2021, November 2nd). COP26: World Leaders Promise to End Deforestation by 2030. *BBC News*. <https://www.bbc.com/news/science-environment-59088498>

³⁰ Global Methane Pledge <https://www.globalmethanepledge.org>

³¹ Special Presidential Envoy John Kerry [@ClimateEnvoy]. (2021, November 2nd). *The U.S. and EU are proud to announce over 100 participating countries and over \$300M in financial support for #GlobalMethanePledge, formally launched today @COP26. Success will mean >0.2C reduction of warming by 2050, which is crucial to keeping 1.5C within reach.* [Audiovisual description]. Twitter. <https://twitter.com/ClimateEnvoy/status/1455540545238016008?s=20>

³² Global Coal to Clean Power Transition Statement (2021): <https://ukcop26.org/global-coal-to-clean-power-transition-statement/>

Others, such as China (which accounts for more than 50% of global coal consumption and contains 13% of global coal reserves), India (with 11% of global consumption and 9% of global reserves) and the USA (8.5% of consumption and 22% of reserves)^{33 34}, have not signed it.

ENDING FOSSIL FUEL INVESTMENTS

Over 20 countries have committed to stop financing fossil fuel purchases from 2022³⁵. The initiative, supported by the UK and the USA, among others, presents itself as the first major global pact which sets a date for ending coal, oil and gas sales. As the conference continued, countries such as Italy and Germany, which did not originally join the proposal, announced that they support it. The final list of signatories is still unclear.

THE GLASGOW AGENDA FOR INDUSTRY

The launch of the «Glasgow Breakthrough Agenda» involved a commitment by some 40 governments to push clean energy and reduce emissions in some of the world's most polluting industries: steel, hydrogen, energy and transport³⁶. The signatories agree to «widen the implementation of climate policies» but, so far, they have not defined how and when this promise will be translated into their national plans.

HALTING THE SALE OF POLLUTING CARS

At least a hundred actors have joined a new global pact to end the sale of polluting cars over the next few decades³⁷. The agreement envisages «strengthening zero emissions policies by 2030 and ending the sale of cars and vans with combustion or hybrid engines in leading markets by 2035 and globally by 2040». The commitment was published with signatures from 31 countries, 38 subnational governments, 11 vehicle manufacturers and 27 fleet owners and shared mobility companies including Ford, Jaguar, Land Rover, General Motors, Mercedes-Benz and Uber. In total, it is estimated that the signatories represent almost 15% of the global road vehicle market.

The Spanish government did not sign the pact because it considers that the transition to the electric car is already included within the EU Fit for 55 plan. In contrast, the Generalitat de Catalunya (Catalan government) has signed the agreement³⁸.

³³ Coal Consumption by Country. More information: <https://www.worldometers.info/coal/coal-consumption-by-country/>

³⁴ Coal Reserves by Country. More information: <https://www.worldometers.info/coal/coal-reserves-by-country/>

³⁵ Para leer entera el «Statement on International Public Support for the Clean Energy Transition» (2021, noviembre 4), lo encontraréis disponible en: <https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/>

³⁶ Statement on International Public Support for the Clean Energy Transition (2021, November 4th): <https://ukcop26.org/cop26-world-leaders-summit-statement-on-the-breakthrough-agenda/>

³⁷ COP26 declaration on accelerating the transition to 100% zero emission cars and vans (2021, November 10th) en: <https://ukcop26.org/cop26-declaration-on-accelerating-the-transition-to-100-zero-emission-cars-and-vans/>

³⁸ Robaina, E. (2021, November 10th). España no suscribe el acuerdo de la COP26 para poner fin a los coches contaminantes en 2035. *Climática – La Marea*. <https://www.climatica.lamarea.com/espana-coches-contaminantes-2035-cop26/>

«BEYOND OIL AND GAS ALLIANCE» (BOGA)

The governments of Denmark and Costa Rica promoted the Beyond Oil and Gas Alliance (BOGA), which also includes France, Sweden, Ireland and the regions of Quebec and Wales and is supported by other countries such as New Zealand and Portugal, as well as philanthropic actors³⁹. The central declaration of the Alliance recognises the need to drastically reduce the extraction of oil and gas and condemns the fact that current national objectives would lead to an *increase*, resulting in twice as much fossil fuel production as is compatible with the 2030 objectives of the *Paris Agreement*⁴⁰. The text calls for investment in oil and gas extraction to be halted and highlights the positive impacts of measures such as the elimination of national subsidies in the fossil fuel industry. The initiative aims, therefore, to incentivise such measures at an international level, but is not any sort of binding agreement.

DECLARATION ON THE JUST ENERGETIC TRANSITION IN SOUTH AFRICA

After months of negotiations, France, Germany, the UK, the USA and the EU have announced a package of \$8.5 billion in subsidies and concessional finance⁴¹ over the next 3-5 years to help South Africa abandon coal and accelerate its transition to a renewable energy model. The agreement, which was co-written by South Africa and investing countries and is celebrated as a model agreement for other transitions around the world, promises to help to dismantle the South African coal industry (which currently produces 87% of the country's electricity) by 2050 and re-employ coal workers in the emerging electric car and green hydrogen sectors⁴². The questions coming from society about the viability of these alternatives and the lack of transparency around the funds have stayed in the shadows.

4. Private companies at COP26

Again, the private sector has made its presence felt at the summit. The Glasgow summit was the backdrop to a whole series of proposals, declarations and commitments about «climate neutrality». Climate neutrality, defined as a state of *net* zero emissions, aims to mitigate emissions (through measures such as reduced energy consumption, improved energy efficiency, innovation in low-carbon technology and reduced use of fossil fuels) at the same time as compensating emissions which cannot be reduced by supporting projects which *neutralise* or offset them (for example, reforestation, funding carbon capture technology or buying carbon credits on the markets) .

At COP26, the private sector launched the Glasgow Financial Alliance for Net Zero (GFANZ), which includes more than 450 signatures from financial actors from all over the world and promises to turn the UK into the

³⁹ BOGA website: <https://beyondoilandgasalliance.com>

⁴⁰ Official Beyond Oil and Gas Alliance declaration: <https://drive.google.com/file/d/176fTn0z5aNr-vhUecAsLOD8Jg110dQMF/view>

⁴¹ Concessional finance includes a whole range of financial products, including grants but also loans. According to the World Bank, concessional finance is "(...) below market rate finance provided by major financial institutions to developing countries to accelerate development objectives". More information is available at: <https://www.worldbank.org/en/news/feature/2021/09/16/what-you-need-to-know-about-concessional-finance-for-climate-action>

⁴² Farand, C. (2021, November 4th). South Africa \$8.5bn finance package offers a model for ending reliance on coal. *Climate Home News*. <https://www.climatechangenews.com/2021/11/04/south-africa-8-5bn-finance-package-offers-model-ending-reliance-coal/>

«world's first net zero financial hub»⁴³; To take a Spanish case, the *Grupo Español para el Crecimiento Verde* (Spanish Green Growth Group), a coalition of companies including Naturgy and Endesa, presented a declaration at the COP which announced their intention to reach «neutral emissions by 2050 or earlier»⁴⁴. This corporate discourse coincides with other commitments nationally (the Nationally Determined Contributions of most countries); regionally (Brussels' commitment to make Europe the «first carbon-neutral continent» by 2050)⁴⁵ and internationally (the commitment before the COP by the leaders of the G20 to reach climate neutrality by the middle of the century)⁴⁶.

The risks associated with a corporate consensus on climate neutrality are clear. On one hand, it could increase belief in technological salvation and reduce the sense of urgency around reducing emissions in the short term⁴⁷. On the other hand, with the consolidation of a new international market at COP26 (Article 6.4 of the Paris Agreement), companies have increased opportunities to carry out compensation projects in other countries. The impacts of these new developments are still to be seen, but the sense of inertia and above all the unprecedented reductions in emissions which need to be made very quickly ring alarm bells.

Institutional and corporate trends around climate neutrality

Taking regional agreements as an example, on the 11th December 2019 the European Green Deal was presented under the headline that it would make Europe “the first climate-neutral continent by 2050”. A few months later, between May and December 2020, in the face of multiple crises aggravated by the pandemic⁴⁸, recovery plans were set in motion financed by the European Next Generation EU funds to «mitigate the economic and social impacts of the pandemic» and move towards a «green, digital transition».

In this context, some governments and companies have been at pains recently to spread the idea that renewables, electric vehicles and the creation of technology to capture gases from the atmosphere will allow us to reach «zero net emissions» («net zero» or «climate neutrality») by the middle of the century.

⁴³ Riaz, S. (2021, November 3rd). COP26: UK to become world's first net zero financial hub, says Sunak. *Yahoo Finance UK*. <https://uk.finance.yahoo.com/news/cop-26-uk-rishi-sunak-world-first-net-zero-financial-hub-100406678.html?guccounter=1>

⁴⁴ Grupo Español para el Crecimiento Verde (2021, November). *Doce claves para empresas hacia la descarbonización. Guía de Mejores Prácticas para Convertir Objetivos de Cero Emisiones Netas en Planes de Acción Climática*. https://grupocrecimientoverde.org/wp-content/uploads/2021/11/Guia_12_CLAVES_PARA_EMPRESAS_HACIA_LA_DESCARBONIZACION_GECV.pdf?utm_source=web&utm_medium=boton

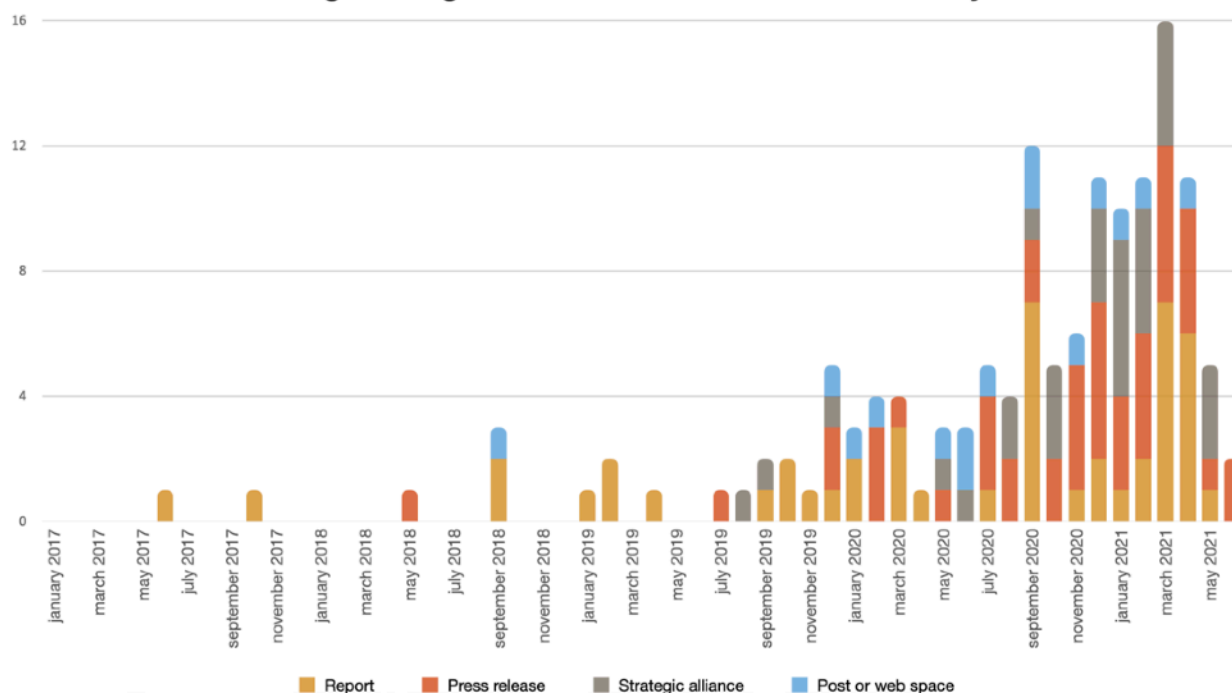
⁴⁵ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁴⁶ Euronews. (2021, October 23rd). G-20 leaders make pledges on carbon neutrality and coal financing as COP26 begins. *USA Today*. <https://eu.usatoday.com/videos/news/politics/2021/10/31/g-20-leaders-make-pledges-carbon-neutrality-cop-26-begins/6225495001/>

⁴⁷ The Conversation. (2021, may 13rd). El concepto de neutralidad climática es una trampa (I). *Climática*. <https://www.climatica.lamarea.com/concepto-neutralidad-climatica-trampa-i/>

⁴⁸ Pérez, A. (2021). *Green Deal in a time of pandemics. The Future will be contested now*. Barcelona: Observatori del Deute en la Globalització, Libros en Acció, & Icària Editorial. <https://odg.cat/en/publication/green-deals-pandemics/>

Figure 4. Big business statements on climate neutrality



Number of announcements by large companies about climate neutrality in the formats of *reports*, *press releases*, *strategic alliances with other companies or corporate groups* and *internet posts and websites*, from the 2015 adoption of the Paris Agreement to the second quarter of 2021. **Source:** Created by the authors.

This graph shows the number and type of climate neutrality announcements from 38 large companies⁴⁹, including mining companies such as Glencore, Vale and Rio Tinto, energy and electricity companies like BP, Shell, Total, Repsol, ExxonMobil, Naturgy and Endesa, “Big Tech” as represented by GAFAM, vehicle manufacturers, airlines and investment funds.

In the years directly following 2015 we found very few reports which mentioned investments in renewables or energy efficiency or directing R&D resources towards technologies for carbon capture, use and storage. It is at the end of 2019 that institutions and companies really started talking about climate neutrality, and in 2020 and 2021 there was flurry of announcements by large companies. It seems that companies’ interest in positioning themselves around climate neutrality has grown especially fast during the pandemic, and this continues to be the case.

When it comes to monitoring companies’ emissions, there is a common system which classifies emissions into three categories: direct emissions, related directly to the company’s activities such as the use of gas boilers *in situ*, its fleet of vehicles or leaks from air conditioning (**Scope 1**), indirect emissions related to the electricity the company buys and uses (**Scope 2**) and other indirect emissions related to the company’s activities but coming from sources which it does not own, such as the transport and distribution of its products, waste produced by its activities, business travel, transporting workers to their places of work, the

⁴⁹ The companies and sectors analysed were energy and electricity (E.on, Endesa, RWE AG, EDP), mining (Vale, Glencore, Anglo American, BHP, Rio Tinto) and hydrocarbons (British Petroleum, Chevron, Eni, Equinor, ExxonMobil, Gazprom, Naturgy, Repsol, Shell, TotalEnergies); information and communication technology (Amazon, Apple, Facebook, Google, Microsoft Corporation); road vehicles (Hyundai, General Motors, Nissan, Volkswagen); airlines (Air France-KLM, American Airlines, Delta Air Lines, International Airlines Group, Lufthansa); and fund managers (BlackRock, Capital Group, Fidelity International, State Street, Vanguard).

use of products sold throughout their entire life cycle, franchises and investments (**Scope 3**)⁵⁰.

Although the **Scope 3** emissions usually make up the largest part of the carbon footprint, a review of the declarations made by large companies shows that very few commit themselves to reducing them, using the excuse that they are outside of the company's control.

On top of this, as has been discussed throughout this document, centre stage is given to compensation projects such as reforestation projects or credit trading on carbon markets (which never mean a change in behaviour), the construction of huge wind farms or the large-scale production of electric cars. These ignore the planet's biophysical limits and neglect the need to democratise the energy system and reduce emissions, resource extraction and resource consumption in order to advance towards an ecosocial transition based on global justice⁵¹.

⁵⁰ More information about the **scopes**: https://www.ghgprotocol.org/sites/default/files/ghgp/standards_supporting/Diagram%20of%20scopes%20and%20emissions%20across%20the%20value%20chain.pdf

⁵¹ Bregolat, J. (2021). *Green Deals: Where is global justice?*. Barcelona: Observatori del Deute en la Globalització. <https://odg.cat/en/publication/green-deals-where-is-global-justice/>



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