PSI Executive Board EB-157
30th November and 1st December 2021
Virtual meeting in 2 sessions
From PSI HO France

Item 2.17: Climate

Purpose of brief: Update EB-157

Relates to: PoA section 4.8 and Congress Resolution #35

Background: The brief for EB-156 is an analysis of the issues at COP26 and remains relevant.

Discussion:

COP26 Outcomes: Despite pronouncements from global leaders[i] about the urgent need for action, COP26 in Glasgow didn't deliver results commensurate to needs. The Glasgow Climate Pact is long on words and short on real content.

Two weeks of negotiations at COP26 (which follow monthly meetings of multiple working groups throughout the year) have not succeeded in breaking some key deadlocks – notably climate finance, including loss and damage and funds for adaptation; rapid and deep cuts in fossil fuels (including state subsidies).

COP 26 builds on the Paris Agreement of 2015, which passed only because there were no binding targets.[ii] The core the Paris Agreement is the Nationally Determined Contributions (NDCs) whereby all countries submit plans for emissions reduction – usually with 2030 as the target date. The country plans are voluntary, not enforceable. NDCs currently submitted by countries to the UN will see a temperature rise of more than 2.5C by the end of the century, which is unacceptable. They are to be reviewed every five years. The COP26 wants that changed to annual reviews, as one way of ensuring growing ambition in country plans. Note that very few countries involve unions in developing NDCs.

Climate finance is a core issue. Industrialised countries, which grew their wealth burning fossil fuels, still refuse to pay into collective climate funds to help developing countries. Although the COP statements do refer to this, no further commitments exist.

Overall UN policy options, both for the SDGs and for climate, remain fixated on using public subsidies to attract private capital, but it is not working. Our assessment is that this will likely go the same path as the public-private partnerships (PPPs), private finance initiatives (PFI) or Mobilising Finance for Development (MFD). These policies fail to mobilise the promised private finance, result in more untenable privatisations and what private capital there is flows to countries and projects with highest returns on investment – hence not to areas most in need.

For PSI, the work on tax justice and on debt are directly connected to the climate crisis, in that governments desperately need additional funds to invest for resilient infrastructure and services. Yet if climate funds are used to accelerate privatisation, then we will be worse off in the long run. Local governments are especially susceptible to the promises of private finance and PPPs, as they have limited fiscal space and almost unlimited demands for climate-proof public infrastructure and services.

We need to accelerate the exit from fossil fuels, reducing by 7%/year until 2030 – an almost unreachable goal. The new term of Net Zero emerged, to give yet another moving target for the end date of fossil fuels – supposed to be 2050 (although India announced 2070). Given the history of climate promises, many view this as yet another delaying tactic. The use of natural gas as a bridge away from coal is not a viable solution.

In the global negotiations, we need to understand the power of the fossil fuel lobby. At COP26, they had the largest delegation. They also translate their power to national policies, effectively blocking needed climate policies. However, they are under increasing stress. For the first time, the term fossil fuels was actually mentioned in the text, and the end of coal is on the cards. Investors are increasingly moving their funds out of coal, including some pension funds. And lawsuits against companies and governments might accelerate the transition. However, both for companies and countries, a huge proportion of their fossil fuel assets will become worthless, as they need to be left in the ground.

The ITUC succeeded in moving Just Transition[iii] from the preamble of the Paris Agreement into the full text of the Glasgow Pact. However, Just Transition is used vaguely, to suit various purposes – hence some say it is devoid of its core meaning. Nevertheless, the ITUC has been able to raise the profile of workers and trade unions with the tight focus over the years on two words.

On electricity generation, PSI collaborates with Trade Unions for Energy Democracy and unions around the world. We are finalising a detailed analysis of the obstacles blocking the rapid shift to renewable energies. The main issue is that private energy utilities only invest when their profits are guaranteed by public subsidies, and where profits are highest.[iv] Also, many countries prevent public utilities from expanding into renewables, including under donor conditionalities. The main recommendation from TUED is to take electricity systems back in public hands. This project links our LRG, Utilities and Climate work. The research has been distilled into a two-page Trade Union Programme for Public Low-Carbon Energy Future.

PSI's work on migration is increasingly integrating the impacts of the climate crisis, as it is one of the key drivers forcing people from their homes, regions and countries. Work on LRG also increasingly integrates climate issues across the broad range of infrastructure and services, including emergency services. Education unions are calling for climate to be integrated into curricula. Health unions include the pressure from climate to call for more staff and better infrastructure.

A political parallel needs to be drawn between the COVID pandemic and the climate crisis. On COVID finance, rich countries have spent $17 trillion on a mix of public interventions. Developing countries were only offered moratoria on their interest payments to the IFIs. In climate, rich countries haven't met their promised $100 billion per year, which in comparison to their COVID spending is a pittance. Problems of global supply chains highlighted the need to develop national industrial strategies based on public needs. Some manufacturing facilities were mandated to produce materials needed for the pandemic. Private health and care facilities were temporarily taken over by public mandates. All of these tools, and more, are needed now, to deal with the climate crisis.

The UN Human Rights Council recognised, for the first time, that having a clean, healthy and sustainable environment is a human right. This issue will be brought before the UN General Assembly for consideration. Note that the UN discussed but never adopted the 2010 Universal Declaration of the Rights of Mother Earth.

Budget implications: on budget.

Next steps:

- Provide post-COP26 assessment with recommendations for further action
- Continue the energy work with TUED on the transition to low-carbon public energy systems
- Support project work on climate
- Gather and share materials on pension fund divestments
- Gather and share research on subsidies for fossil fuels

It is recommended that EB:

*1. **NOTE the report.***

Related documents: see embedded links in the text above.

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[i] Since EB-156 in May 2021, the climate crisis is accelerating. The 6th IPCC Report leaves no doubt about the urgency. Before COP26, The UN Secretary General António Guterres called a RED ALERT and urged member states to declare climate emergencies to allow the legislative, regulatory and financial space for the deep and rapid changes needed. In briefing the G20 meeting of 30 October, Guterres said "G20 leaders - in particular - need to deliver. The time has passed for diplomatic niceties. If Governments — especially G20 Governments — do not stand up and lead this effort, we are headed for terrible human suffering… the old, carbon-burning model of development is a death sentence for their economies and for our planet." Guterres also called on the youth and climate activists to continue their mobilisations. At the end of COP26, he said: "Baby step forward when what was needed was a giant leap. Urgency to come back next year with increased commitments."

Pope Francis said "Climate change and the Covid-19 pandemic have exposed our deep vulnerability and raised numerous doubts and concerns about our economic systems and the way we organize our societies." However, "every crisis calls for vision, the ability to formulate plans and put them rapidly into action, to rethink the future of the world, our common home, and to reassess our common purpose."

[ii] As opposed to the Kyoto Protocol (KP) of 1997 which had binding emission reduction targets on industrialised countries – Annex 1 countries. Perhaps because of the binding nature, the KP only got enough country signatures to enter into force in 2005 – even if the USA never ratified. It required that countries reduce emissions by 5% from 1990 levels, and this from the period 2008-2012. The second round, from 2013-2020, was never enacted.

However, the KP did establish some principles which continue to be controversial, notably the trading of emissions between countries, which set up carbon trading market instruments which have been heavily criticized for both allowing industrialised countries to avoid cutting emissions and has led to abuse by financial interests. Carbon trading is seen as ineffectual at best, even if developing countries see it as opportunities to raise money.

[iii] Just Transition refers to several policies which will protect workers and communities negatively affected by the move to low or zero carbon societies. Its origin lies in the need to ensure that fossil fuel workers and communities would not end up abandoned by employers and governments.

[iv] Neoliberal energy policy has broken the vertically integrated public energy companies into the discrete activities of generation, transmission, and distribution, and then privatised the most profitable pieces of generation and distribution/retail. However, if countries want to develop renewables, big investments will need to be coordinated and synchronised among all three areas. Hence the need to reintegrate and return to public ownership.