Brief for GSDR – 2016 Update

# Paris Agreement on Climate Change: The First Global Sustainable Development Agreement

## A new global vision that responds to global mega-trends and moves out of the post-colonial North-South multilateral framework

Mukul Sanwal[1*]

The Paris Agreement is the first Global Sustainable Development Agreement. It is data, assessment and analysis based. Legally binding provisions to ensure information flows are aimed at re-framing the civilizational transition from rural poverty to urban middle-class levels of wellbeing to remain within global ecological limits.

The Paris Agreement shifts the global concern away from the sole focus of the Climate Convention on emissions reductions, which is really the symptom of the problem, to dealing with its causes, that is, human activities in the urban transition. The Purpose of the Agreement, or the new global climate policy, puts adaptation at par with mitigation and finance now also linked to technology development and transfer have a more significant role than under the Convention. A static Convention has evolved into a dynamic sustainable development agreement giving hope for optimism.

**Urbanization as a mega-trend**

Cities are already home to half the world's population, and account for more than 80% of global economic output and 75% of global energy use and energy-related greenhouse gas emissions; by 2050 two-thirds of the global population will be urban[i]. Responding to this mega-trend the vision of international cooperation has moved away from reliance on environmental law, national obligations and dispute settlement arrangements regulating production patterns; growth in global carbon dioxide emissions from electricity generated from fossil fuels and from industry has ceased in the past two years.

The urban transition is at the heart of the current use and distribution of natural resources. Clearly a focus on scarcity, historical responsibility, burden sharing and the polluter-pays-principle under international environmental law cannot meet the challenges of the global transformation[ii]. 'Common but differentiated responsibilities and respective capacities in light of national circumstances' is now to be reflected in implementation with consideration of sustainable development and eradication of poverty elevated to the level of principles, for sharing responsibility and prosperity.

A common understanding is now to be achieved to influence public opinion and modify consumption patterns[iii] which, along with services, constitute the major component of GDP and increasing emissions; transport emissions continue to grow in all countries and energy efficiency, also in cities, has the greatest potential in reducing emissions of greenhouse gases. Chinese consumers live on relatively small budgets and are already driving

[1] Formerly Director in the UNFCCC Secretariat, negotiator and author of 'The World's Search for Sustainable Development', Cambridge University Press.

fundamental changes in industry structure in a number of sectors[iv].That is why the Agreement requires all countries to provide by 2020 low emission development strategies.

**Global transformation in natural resource use**

An alignment of global trends in demographics, technology and notions of wellbeing is triggering a global transformation. Energy efficiency, lifestyles and digital technology are coming together with a dedicated policy space in the global agenda as the Paris Agreement and the Sustainable Development Goals are implemented. It is the first transformation, described as the 4th Industrial Revolution, not dependent on increasing use of energy or natural resources[v]. Adjusting our societies to these trends is one of the grand challenges of our times[vi].

By 2025, China will be home to more large companies than either the United States or Europe, which will be in the services rather than manufacturing sector, and it is expected that nearly half of the world's large companies—defined as those with revenue of $1 billion or more—will be headquartered in emerging markets. "South–south" flows between emerging markets have also doubled their share of global trade over the past decade and Asia is becoming the world's largest trading region[vii]. This seismic geo-economic and geo-political shift cuts across the post-colonial North-South divide and the Agreement will support it leading to new forms of urbanization and international cooperation with China and India now in the leadership role.

In the real world outside the climate regime there is ground for optimism and this dynamic trend also needs to be captured in the stocktaking. Global emissions have stalled in 2015 after growing between 2 to 3 percent since 2000. The projected decline in global emissions is shaped by the peaking of emissions in the United States in 2005 and peaking of coal use in China with more than half of new energy needs in 2014 met from renewable sources such as hydro, nuclear, wind, and solar power. At the global level, in 2014, renewables made up over half of total energy investment, while the cost of solar panels has fallen by 75% and that of batteries for electric vehicles by half since 2009[viii]. Wind-generated and solar electricity is now at grid parity in an increasing number of countries and the rapidly declining cost of storage will help solar become the mainstream electricity source. These trends are sufficiently strong for countries to consider reducing their future trajectory of emissions to remain within ecological limits.

**The need for new research**

The Paris deal does not represent a transformational change in the global efforts to meet the challenge of climate change. It only modifies how countries approach the problem, and it is still not clear what a low-carbon world would look like. By putting solutions at the heart of the debate, attention now turns to distribution issues and to the obstacles and policy choices. A global policy shift like the Paris Agreement marks the emergence of a new form of multilateralism where State and non-State Actors will together support a transformation.

New social science research can drive the debate in a constructive manner that goes beyond emissions data to understanding the role of all stakeholders and the trade-offs. Exploring how climate change interacts with urban lifestyles, social norms and e-commerce and modifying longer term trends in natural resource use without affecting middle class levels of wellbeing is going to be crucial to

politicians in designing practical policies[ix]. Including the social sciences into the Intergovernmental Panel on Climate Change remains a vital task.

---

[i] Mckinsey and Company. 2015, The Four Global Trends Breaking all the Trends, April 2015.

[ii] Sanwal, Mukul, 2015, *The World's Search for Sustainable Development*, Cambridge University Press, India.

[iii] Morgan Stanley, 2015, *Sustainable Signals: The individual investor perspective*', Morgan Stanley Institute for Sustainable Investing, February 2015, New York. See also, The Global Commission on the Economy and Climate:The 2015 new Climate Economy Report, HSBC, London.

[iv] Goldman Sachs, 2015,The Asian Consumer: The Chinese Millennials, Goldman Sachs Global Investment Research, September 2015, New York.

[v] World Economic Forum, Global Risks Report 2016, Geneva. See also, Megatrends: Making Sense of a World in Motion, Ernst & Young, 2015, New York.

[vi] UNDP, 2014, Decoupling 2: technologies, opportunities and policy options, A report of the Working Group on De-Coupling to the International Resource Panel, United Nations Environment Programme. 2014, Nairobi.

[vii] Asian Development Bank, 2014, Asia 2050:Realising the Asian Century, Manilla,

[viii] International Energy Agency, 2015, Energy Efficiency Market Report 2015, Paris.

[ix] ISSC and UNESCO (2013), *World Social Science Report 2013, Changing Global Environment*s, OECD Publishing and UNESCO Publishing, Paris.