

COP28 must make fossil fuels history

Expectations for the UN climate talks in Dubai

November 2023

COP28 takes place at the end of a blistering year of record-breaking temperatures and climate-induced extreme weather. A year that saw the world's climate scientists lay out the unequivocal need for steep and immediate emissions cuts to limit warming to 1.5°C and ways to get there. A year in which the International Energy Agency set out a narrow but feasible 1.5°C aligned pathway for the decline of fossil fuels and acceleration of renewables.

The causes and consequences of climate change have never been clearer - and the solutions never more in reach. Fossil fuels are killing us, but renewable energy promises a better future for all. Yet rising emissions and planned expansion of fossil fuel production are wildly out of sync with the direction of progress needed. And financial support to reduce emissions in poorer countries, along with finance to address escalating climate impacts remains completely inadequate.

COP28, marking a key stress test for the Paris Agreement, will be about facing the facts, correcting course and giving solutions a real chance to deliver.

What we need from COP28

1. COP28 in Dubai is where countries must finally agree to set us free from fossil fuels. The moment world leaders decide to end the expansion of coal, oil and gas and accelerate renewable energy transition, with a fair and managed phase out of fossil fuels.
2. The Global Stocktake at COP28 must conclude with outcomes that kick-start transformative action across the board to limit temperatures to 1.5°C and respond to increasing climate impacts.
3. Success will only be possible with a credible finance package that is commensurate with real-world needs, includes the launch of a new Loss and Damage Fund, and moves us closer to making polluters pay for the destruction and harm they have caused.

In the following pages we outline our expectations in more detail.

The end of fossil fuels or 1.5°C?

To avoid the worst impacts of climate change governments at COP28 need to make fossil fuels history. An immediate shift in gear is needed as governments still plan to produce more than double the amount of fossil fuels in 2030 than what would be consistent with limiting global warming to the Paris Agreement warming limit of 1.5°C.¹

Global agreement to end expansion of new oil, coal and gas and rapidly phase out of all fossil fuels has to happen now. We need to achieve around a 40% reduction in fossil fuel use already by 2030 (6% annually from here on), in order to avoid unfeasible levels of future carbon dioxide removal.² From there, we will have to continue towards fossil free energy systems no later than 2050.³

The rapid transition away from fossil fuels is possible. Solar and wind have become the cheapest new sources of electricity in most countries, and the renewable revolution is now advancing at remarkable speed. Over the past decade, annual capacity additions of solar and wind have more than quadrupled. According to the IEA, maintaining the recent pace of growth in capacity additions to 2030 would put the power sector on course for what's needed in their 1.5°C pathway, lifting the share of renewables in global electricity generation to almost 60% in 2030.⁴

Only scaling up renewables will not work, if the expansion and use of fossil fuels is allowed to continue. The IPCC and the IEA have both made clear there's no room for new fossil fuel projects. Yet, governments continue to expand production, with the United States at the forefront of new oil and gas projects, accounting for more than one-third of planned global oil and gas expansion through 2050, followed by Canada and Russia.⁵ To date, no major producer has announced plans to phase out fossil fuels in line with the 1.5°C goal.⁶ Instead, it is estimated that over USD 1 trillion will be invested in unabated fossil fuels this year.⁷ Governments also continue to heavily subsidise fossil fuels: to the tune of USD 1.3 trillion in 2022.⁸

COP28 President Al Jaber has stated that the decline of fossil fuels is “inevitable and essential”⁹ but the facts to date show emphatically that the phase out will not happen on its own at the speed and scale required. COP28 host, the United Arab Emirates, is itself a prime example. Despite supporting the global goals of tripling renewable energy and doubling energy efficiency by 2030, which the IEA says would make investments in new oil and gas redundant, the UAE still plans for a substantial oil and gas expansion.¹⁰ The UAE has a golden opportunity to lead by example and send a powerful message to the rest of the world, including fellow oil-and gas-producing nations, that a just and equitable phasing out of oil, gas and coal is possible.

International cooperation in how we manage the accelerated transition from fossil fuels to renewable energy and smart energy use will be essential. Currently investment and adoption of renewables are not distributed evenly with a massive gap between rich and poor countries.¹¹ From 2015 to 2022, advanced economies and China together accounted for nearly 85% of combined wind and solar capacity additions and over 95% of global electric car and heat pumps sales.¹² To ensure the benefits of new and better energy systems can be reaped by all, stronger international collaboration and financial support is needed to accelerate a just transition away from fossil fuels and to renewable energy.

A robust COP28 outcome on fossil fuels would include:

- **Commitment to end new fossil fuel expansion now.**
- **Commitment to a fast, fair and full phase out of existing fossil fuels** - With a roadmap, clear accountability mechanisms, funding and expectation that this commitment is implemented through national plans contained in NDCs (Nationally Determined Contributions).
 - **Fast** - Reaching fossil free energy systems by 2050 at the latest with significant progress in a managed decline of fossil fuel production and use by 2030.
 - **Fair** – All are committed to act - in particular major emitters with rich historically polluting countries going the fastest and providing increased financial support for just transition into renewable energy systems in poorer countries.
 - **Full** - *All* fossil fuels must be phased *out* not down. Any promises on abatement technologies cannot be used to green-light fossil fuel expansion or to delay transition to renewables. Nor can protection and restoration of forests and other carbon rich ecosystems be used to avoid fossil fuel phase out, but instead must complement it.
- **Commitment to triple renewables and double energy efficiency** - Necessary, but not enough without commitment to also phase out fossil fuels.

- **Commitment to fossil free politics** - Progress towards far reaching reforms to address the influence of the fossil fuel industry in global and national climate politics.

Transformative course-correction or continue drifting?

COP28 marks the completion of the first Global Stocktake (GST) – the Paris Agreement’s reality-check on the global response to the climate crisis and an intended springboard for greater ambition. The GST conclusions will lay the foundation for countries’ next round of national targets (Nationally Determined Contributions) and have huge implications in terms of investor signals, and the overall credibility of the Paris Agreement. Failure to adopt transformational elements could lock in the current, slow pace of action, allowing more fossil fuel infrastructure to be built, tipping points to be crossed and further loss and damage to be caused.

Since the Paris Agreement in 2015, global momentum to tackle the climate crisis has been building: national emission targets have been strengthened, renewable energy costs have fallen drastically, and investors have shifted away from coal. Yet instead of stopping warming at the Paris Agreement limit of 1.5°C, we’re still heading towards a disastrous level of 2.7°C with current policies.¹³

The GST conclusions must set a clear political direction for how gaps in emission cuts, funding and adaptation will be closed; how we will move from target-setting to implementation; and from incremental to transformational change. The success of the GST will ultimately determine the success of COP28.

A robust political outcome on the GST would include:

- Clear benchmarks for the current and next round of national commitments (NDCs) on action aligned with the Paris Agreement 1.5°C warming limit, with commitments to:
 - **Raise the ambition of 2030 targets urgently and significantly in order to reduce global emissions by at least 43% by 2030**, in line with what the IPCC says is needed to keep 1.5°C within reach.¹⁴
 - **Submit new economy-wide emission targets by 2025 towards aggregate ambition of at least 60% emission reduction by 2035 – with rich countries going the fastest.**¹⁵
- Agreement on transformative action in sectors with the highest potential to reduce emissions, above all commitment to:
 - **Fair, fast, full and funded phase-out of all fossil fuels and no new expansion.**
 - **Triple renewable energy, double energy efficiency and substantially decline fossil fuel use by 2030.**
 - **Implement these commitments with updated and new NDCs.**
- A commitment to **significantly ramp up finance for loss and damage, adaptation and mitigation.**

Make or break on finance?

Finance is a cornerstone of global cooperation on climate change, and at the heart of the grand bargain that underpins the Paris Agreement. In many countries and contexts international financial support from rich countries is what makes action possible. The extent to which COP28 is a success will be shaped by the credibility of the finance package on the table.

Making the new Loss and Damage Fund a reality at COP28 is a top priority, so that finance to support already impacted communities can start flowing. But heading into the COP, negotiations on the Fund's governance arrangements are fraught and critical questions remain unresolved, including which countries should contribute to the Fund.

Looming over this year's COP is also the unfulfilled USD 100 billion (per year by 2020) commitment rich countries made in 2009 to support poorer countries to cut their emissions and adapt to climate impacts. Confirmation the pledge has finally been met this year, and in a way that is fair and robust, will be a vital trust-builder at COP28. Along with assurance that rich countries will double adaptation finance by 2025 in line with their commitment at COP26.

Governments at COP28 will also continue negotiations on a new climate finance goal to replace the USD 100 billion/per year commitment. The deadline for reaching agreement is next year at COP29, but now governments must lay the groundwork for agreeing a goal that is adequate in scale, scope and is fit for purpose. Discussions on the Paris Agreement's Article 2.1c about making all global financial flows consistent with the Agreement's goals also need to progress, with assurance that advancing 2.1c will not diminish the focus on ongoing provision of climate finance.

A robust outcome on finance would include:

- **Operationalisation of a new Loss and Damage Fund at COP28** that meets the needs of people on the frontline of the climate crisis, with agreement that rich historical polluters would lead in resourcing the Fund, and commit funds in the near future.
- **New package of finance and a commitment from rich countries to significantly scale up international support** to finance mitigation, adaptation and loss and damage.
- **Rich countries meet their USD 100 billion/per year commitment** in a way that is fair and robust, and showing they are on track to at least **double adaptation finance** by 2025.
- **A way forward on the New Collective Quantified Goal (NCQG) negotiations that set the stage for an ambitious new post-2025 climate finance goal** being agreed next year, and progress in negotiations on **Article 2.1c**.

Make polluters pay, or profits before people and the planet?

As more people than ever are suffering loss and damage from a rapidly changing climate, the fossil fuel industry is enjoying exorbitant and record profits. Loss and damage from last year's Pakistan floods alone are estimated to exceed USD 30 billion, and reconstruction needs total over USD 16 billion.¹⁶ Meanwhile in 2022, just five of the world's biggest oil and gas companies saw record profits totalling nearly USD 200 billion.¹⁷ The fossil fuel industry has never had it so good, while those most affected by climate impacts, brace for worse.

The fossil fuel era needs to end, and while oil, coal and gas are being phased out, the fossil fuel industry needs to pay for the destruction and harm their products cause. There is not an absence of money but an absence of government action to make the fossil fuel industry and other big polluters pay. COP28 must be a turning point.

What's needed for a robust outcome on making polluters pay:

- **Affirming the 'polluter pays' principle in the COP28 decisions.**

- **A commitment to progress new sources of public finance based on the polluter pays principle – taxes and levies - to support international climate action.** This includes:
 - Agreement that **rich countries should lead** in introducing such taxes and levies at a **national level** and through **multilateral cooperation** given their longstanding (and unfulfilled) obligations to provide international support, and direct more revenues from existing polluter pays mechanisms to international climate finance.
 - Agreement on new sources of finance based on the polluter pays principle as a **source of finance for the new Loss and Damage Fund.**
 - Agreement that next year's **negotiations on the new post-2025 finance goal** (to succeed the \$100 billion) will include a mandate to discuss new sources of public finance based on the polluter pays principle.

How we get there:

The calls for a fossil fuel phase out have never been stronger. At COP27, countries and negotiating blocs representing over 80 countries called for a fossil fuel phase out or phase down. Since then, momentum for that call has been building globally. By now, over 130 companies representing nearly USD \$1 trillion in global annual revenue have also signed an open letter urging governments to phase out fossil fuels in line with the Paris Agreement 1.5°C warming limit.¹⁸

The EU and G7 have stated their commitment to agree on an unabated fossil fuel phase out, along with a tripling of renewables and doubling of energy efficiency. But it remains to be seen whether they will commit the international financial support needed to help seal the deal. And whether they will drop their focus on abatement technologies which risk greenlighting fossil fuel expansion and delaying the transition to renewables. In Latin America, Chile, Guatemala and others have called for a fossil fuel phase out, and in Africa, Kenya, Ethiopia, Senegal and Zambia.¹⁹

Unfortunately, G20 leaders did not manage to land an agreement on fossil fuel phase out this year. Saudi Arabia has a long history of fiercely defending the fossil fuel industry. While China, who last year approved new coal power capacity six times that of the rest of the world combined and has no specific timeline for its power emission peak, considers complete phase out of fossil fuels as unrealistic.²⁰ So countries' positions are still far apart - as they typically are ahead of the COP. And the support or opposition of many other key emerging economies including South Africa and Brazil remains unclear.

Ultimately there's no hiding. All governments need to act now to phase out fossil fuels and phase in renewables and efficiency. In particular the world's major emitters need to act - with rich historically polluting countries going fastest. G20 countries account for around 80% of global emissions - their leadership is vital. But too many are heading in the wrong direction, including the US, UK, Germany, China, Australia and Saudi Arabia, who continue to approve and/or fund new fossil fuel extraction projects, and Brazil who are pursuing new oil frontiers in extremely sensitive areas.

Rich countries need to step up on finance. This includes making good on the \$100 billion promise and committing to provide significantly scaled up support for mitigation, adaptation and loss and damage, including through the make polluters pay principle.

As COP28 President, the UAE's role is paramount. They must lead negotiations in a way that enables governments to reach consensus on advancing and accelerating critical action, captured in legal outcomes at the end of the COP. Dr Sultan Al-Jaber has an opportunity to display true leadership and ensure COP28 results in an agreement for a just and equitable phase out of all fossil fuels - oil, gas and coal.

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¹ <https://productiongap.org/>

² <https://climateanalytics.org/publications/2023/2030-targets-aligned-to-15c-evidence-from-the-latest-global-pathways/>

³ For reference, even the IEA Net Zero emissions pathway, which assumes tripling of renewable energy capacity and doubling energy efficiency by 2030, sees a 29% drop in fossil fuel supply already by 2030, and then 83 % by 2050. The potential failure of CCS and CDR to develop at scale calls for an even more rapid global phase-out of all fossil fuels. <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach> Page 105.

⁴ <https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-0c-goal-in-reach>

⁵ <https://priceofoil.org/2023/09/12/planet-wreckers-how-20-countries-oil-and-gas-extraction-plans-risk-locking-in-climate-chaos/>

⁶ <https://productiongap.org/>

⁷ <https://www.iea.org/reports/world-energy-investment-2023>

⁸ <https://www.imf.org/en/Publications/WP/Issues/2023/08/22/IMF-Fossil-Fuel-Subsidies-Data-2023-Update-537281>

⁹ <https://www.cop28.com/en/letter-to-parties>

¹⁰ <https://www.carbonbrief.org/daily-brief/revealed-uae-plans-huge-oil-and-gas-expansion-as-it-hosts-un-climate-summit/>

¹¹ <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-september-2023-briefing-no-175/>

¹² <https://www.iea.org/reports/world-energy-investment-2023>

¹³ <https://climateactiontracker.org/global/cat-thermometer/>

¹⁴ <https://www.ipcc.ch/report/ar6/syr/>

¹⁵ <https://www.ipcc.ch/report/ar6/syr/>

¹⁶ <https://tinyurl.com/3d2b5efz>

¹⁷ <https://www.energymonitor.ai/finance/big-oil-profits-soared-to-nearly-200bn-in-2022/>

¹⁸ <https://www.wemeanbusinesscoalition.org/cop28-businesses-urge-governments-to-phase-out-fossil-fuels/>

¹⁹ <https://www.highambitioncoalition.org/statements/cochair-summary-april-2021-9n7c5-z7kxl-733k4-sjma4-6rx7a-72mzf>

<https://www.reuters.com/business/energy/g7-urged-phase-out-fossil-fuels-by-netherlands-chile-others-2023-05-19/>

²⁰ <https://www.reuters.com/sustainability/climate-energy/china-climate-envoy-says-phasing-out-fossil-fuels-unrealistic-2023-09-22/>