

Legal update

COP 21 – Paris, a new climate order

December 2015

Environmental

The Paris Conference on Climate Change finally yielded results. On December 12, the 195 countries meeting at this conference approved a final agreement that is expected to enter into force in early 2016. **What are the most important details of this agreement?**

- It is the first agreement in which both developed countries and developing countries agree to transition to a low-carbon economy.
- All countries undertake to set their national targets for reducing greenhouse gas emissions every five years. 186 of the 195 summit participants and countries have already done so. Colombia is one of them.
- The text states that developed countries will continue to financially support developing countries, helping them to reduce their emissions and adapt to the effects of climate change; however, no specific amounts are mentioned.
- Finally, and although no sanctions have been included for countries that fail to comply with their commitments, they are committed to reporting their emissions and efforts to reduce them as an incentive for them to comply.

How will the Paris Agreement affect Latin America?

- Many critics say this agreement is not enough. But some Latin American countries may receive some money from the Climate Fund.
- Latin American countries will probably not be on the list of priority countries to receive this money, which will mostly go towards helping the poorest countries in sub-Saharan Africa.
- A clause for damages associated with the effects of extreme weather was added to the agreement and could perhaps help the most vulnerable countries. However, it does not specify responsibilities or the bases for compensation.

How will it affect the energy business?

- Perhaps the most significant impact in Latin America will be the changeover to an economy not based on fossil fuels.
- Observers note that the agreement aims to reach a peak of global greenhouse gas emissions as soon as possible and that implies a clear avoidance of oil, gas and coal and economies moving towards a reliance on

renewable energy sources. This situation will clearly affect the extractive activities involved with these resources.

- On the other hand, Latin America is considered a very attractive region for investment in clean energy.

Specifically, what did Colombia commit to?

- Reducing the country's greenhouse gases emissions by 20% of emissions projected for 2030.
- Building the country's resilience and adaptive capacity through 10 sectoral and regional actions prioritized through 2030.

All of the above is to be framed within the *Green Growth* strategy (the master strategy behind the *2014-2018 National Development Plan: "All together for a new country"*), which seeks to persuade all productive sectors to adopt practices that generate the added value that will lead to economically, socially and environmentally sustainable growth. This means increased productivity, competitiveness, sustainability and efficiency in the use of resources in the different sectors of the economy, while greenhouse gases emissions are being reduced. While the emission reduction goals are managed as a whole, under the aegis of the nation's contribution it is expected that the above will particularly impact certain sectors of the economy, namely transport, industry, power generation and mining (i.e., producers of fugitive emissions). This is to be achieved taking into account that the programs will be implemented by sectors to the point of even including climate change considerations in the National and Strategic Interest Projects (*Proyectos Estratégicos de Interés Nacional – PINES*).

Therefore, although some are unhappy with the outcome of COP 21, others think it is a great improvement on the approach that has to be taken to the problem of global warming; whatever position is taken, however, there will be measures and regulations that will force many domestic productive sectors to implement different measures to mitigate their impact, and these cannot be undertaken exclusively by the private sector. International aid (economic and technological) and facilitation by the government will be required in helping to achieve them.

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