

## Bon Bonn? What the UN Climate Conference taught us

The 23rd UN Climate Conference in Bonn last week showed that the world needs to seriously accelerate efforts to counter climate change.

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We did not expect many announcements at COP23 that would reshape how we look at the world. None surprised us.

In our view, the key takeaways lie in the picture painted of global commitment and the platform built for tougher action in the future. Here there was some progress. Outside the formal proceedings, the EU reached an initial agreement to tighten its emissions trading scheme and a group of 19 countries launched an alliance to phase out coal-fired power .

Against a backdrop of the commitments leaders made in Paris to limit temperature rises to two degrees, we continue to see collective ambition mixed with reluctance to take individual action or to be held to account. But despite the hurdles some countries tried to erect, the conference marked a step closer to the binding rules that will translate commitments made in Paris into tangible action.

As investors, we see two main factors in the climate challenge.

We developed the [Climate Progress Dashboard](#) to track a range of trends that tell us where the world's collective actions will take us. It still points to a 4°C temperature rise; indicating a persistent gap between ambition and action. The Bonn conference doesn't materially change that conclusion, but the building blocks for tougher action are being built.

As Brazil's environment minister put it, "Right now we're moving at a brisk walk, so all countries will need to really pick up the pace from here." In our view, the world is going to have to start sprinting soon.

Although the Paris agreement was hailed as a watershed in tackling climate change, it amounted more to a set of goals than a clear path of how to achieve them. Filling in the details has been a priority and COP23 was meant to make headway on drawing the roadmap to limiting global temperature rises to two degrees over pre-industrial levels . Complicating matters, policy makers have a range of other domestic and international issues to grapple with. The US decision to withdraw from the accord sidelined the world's largest economy.

The 2020 COP is slated to confirm a rulebook translating the Paris goals into tangible actions. The meeting in Bonn was meant to start drafting that rulebook. There were two main topics on the agenda and progress was made on both fronts.

Both points represent progress on how commitments made in Paris will be delivered. As we have argued before, these details are key. A collective agreement without tangible action doesn't amount to much.

Limiting temperature rises to two degrees will mean cutting annual greenhouse gas emissions by close to two-thirds through 2050, during which time with the world's population will rise by about a fifth and its economic output will triple. The efforts we have seen so far just scratch the surface. Research from the Global Carbon Project, released during the conference, found that global emissions are set to reach a new record this year.

Looking forward, a huge amount of change lies ahead if global leaders are to translate the commitments they made in Paris in 2015 into tangible action. The conference in Bonn brought those changes a small step closer.

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