

COP28: The Global Stocktake

The first global stocktake under the Paris Agreement will take place at COP28 in Dubai this year. The outcomes of the global stocktake will frame decisions at COP28 and beyond as the world takes a pulse-check of progress against greenhouse gas emissions reduction targets and the efforts required to reach “net zero” greenhouse gas emissions by 2050.

The United Nations Framework Convention on Climate Change (**UNFCCC**) will continue international climate change negotiations in Dubai this year at the COP28 conference. COP28 comes at a pivotal time in the global efforts to combat climate change, being host to the first global stocktake (**GST**) of Nationally Determined Contributions (**NDCs**) under the Paris Agreement.

The GST, which is established under Article 14 of the Paris Agreement, is a mechanism for countries to together review their respective greenhouse gas inventories to assess progress towards the ultimate goal of the Paris Agreement – to hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the

temperature increase to 1.5°C above pre-industrial levels. The GST is designed to encourage countries to scale up the ambition of their NDCs and domestic emissions reduction targets.

To achieve the goals of the Paris Agreement, the best available science states that global emissions of greenhouse gases must peak soon, and reach “net zero” no later than 2050. “Net zero” means that at least the equivalent of whatever greenhouse gases are being emitted into the atmosphere, must be absorbed (or “sequestered”) at the same time. This will require widespread transformation across all sectors and contexts.

NDCs

Under Article 4 of the Paris Agreement, signatory countries are required to prepare and submit NDCs that communicate the domestic mitigation measures that the country is taking to pursue emissions reductions. NDCs must be reflective of the “highest possible ambition”, taking into account the different circumstances and capabilities of developed and developing countries.

All signatory countries are required to submit an updated NDC every five years, with the next round of updated NDCs required to be submitted by 2025.

Expectations for this GST

The timing of the GST is particularly significant because it is a prime opportunity for countries to assess their progress against their current emissions reduction targets – and whether greater ambition and climate action is required – before submitting updated NDCs by 2025. There are widespread concerns that, under the current emissions trajectory, NDC targets (which are measured up to 2030) and the 1.5°C temperature goal will be unable to be met. This is reflected in the GST technical dialogue synthesis report published by the UNFCCC in September 2023¹, which found that while the Paris Agreement has stimulated near-universal climate action, the world is not on track to meet its long-term goals.

The outcomes of the GST are likely to inform various other aspects of international climate change law and policy at COP28 and beyond, including in relation to climate finance for mitigation and adaptation, as well as the implementation of the loss and damage fund agreed at COP27. The GST may also lead to increased engagement with cooperative approaches under Article 6 of the Paris Agreement, which involves the establishment of a global framework for carbon credit certification and trading.

For Baker McKenzie and our clients in the private sector, we will be following COP28 closely and considering the potential implications for domestic and regional policy settings. If, as anticipated, the GST demonstrates that countries are not on the appropriate emissions trajectory course, we would expect to see the development of policy initiatives that facilitate increased efforts to reduce greenhouse gas emissions, particularly in the scale and pace of the energy transition. This will also likely drive growth in areas such as carbon markets as these provide opportunities to increase finance flows for mitigation and adaptation efforts. These areas are the subject of other alerts in this series in the lead-up to COP28 – where we also consider the interface with biodiversity markets.

With a long-standing history of participation and involvement at COP events, Baker McKenzie is leading on the development of both international and domestic climate change markets and climate finance. As the only law firm ranked Band 1 – Climate Change Global Market Leaders Chambers for 15 consecutive years, we have unrivalled knowledge and expertise in climate change law and climate finance.

We are currently engaged on multiple levels advising governments, companies, and other entities on the implementation of the Paris Agreement, emerging compliance and disclosure regimes and innovative approaches to carbon markets and climate finance transactions. Our team will be on the ground in Dubai for COP28 and look forward to engaging in ground-breaking discussions with all key stakeholders to share insights and continue to offer cutting-edge advice to our clients.

¹ <https://unfccc.int/documents/631600>