



Inter-Committee Meeting of Select Committees of the House of Lords

EU Environment Sub-Committee, EU Goods Sub-Committee, EU International Agreements Sub-Committee, International Relations and Defence Committee, EU Security and Justice Sub-Committee, EU Services Sub-Committee

Corrected oral evidence: Climate change and COP26

Monday 21 September 2020

10 am

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Members present: Lord Teverson (The Chair); Baroness Brown of Cambridge; Baroness Anelay of St Johns; Baroness Donaghy; Lord Giddens; Lord Goldsmith; Baroness Kramer; Lord Lexden; Lord Ricketts; The Earl of Sandwich; Lord Sharkey; Baroness Verma.

Evidence Session No. 2

Virtual Proceeding

Questions 9 – 30

Witnesses

I. Rt Hon Alok Sharma MP; Vijay Rangarajan, Director-General, Americas and Overseas Territories, Foreign, Commonwealth and Development Office; Kate Hughes, Director, International Climate and Energy, Department of Business, Energy and Industrial Strategy; Peter Hill, Chair of COP26.

Examination of witnesses

Alok Sharma MP, Vijay Rangarajan, Kate Hughes and Peter Hill.

Q9 **The Chair:** Welcome, Secretary of State, or should I say President of COP26, and your officials here this morning. This is an evidence session into preparations for the United Nations Climate Change Conference, better known as COP26, which we, as the UK, have presidency of with Italy. It is taking place not this November, as originally planned, but because of the pandemic in November 2021.

This is a unique occasion in that six committees of the House of Lords have come together to take part in this session. I think this is the first time that has happened. It also arises out of individual sessions on climate change held by those committees earlier this year. It illustrates how important an issue climate change, and particularly the upcoming COP26, is for the House of Lords, as indeed it is for Parliament as a whole.

I will go through the normal notices. This is a public meeting. It is being webcast and a transcript is being taken. Perhaps I can ask Members to declare their interests, if they have any. I am a trustee of Regen SW and of the Green Purposes Company.

Secretary of State, we will leave it entirely up to you who in your team answers the questions, unless Members direct them at an individual. First, may I ask you and your team to introduce yourselves very briefly?

Alok Sharma MP: Thank you very much, Chair. It is an absolute pleasure to be here. As you say, this is a unique committee in the sense that you have so many experts on climate change action gathered together, so we look forward to this interaction.

I have three colleagues with me, and I will ask them to introduce themselves in turn: Peter Hill, Kate Hughes and Vijay Rangarajan. In order, would you guys like to introduce yourselves formally for the record?

Peter Hill: I am the CEO of the COP26 Unit based in the Cabinet Office.

Kate Hughes: I am the Director for International Climate Change at BEIS.

Vijay Rangarajan: I am two weeks into my job at the FCDO as DG for health, climate change, the Americas and Overseas Territories. I have just come back from being the Ambassador to Brazil.

Q10 **The Chair:** Thank you, all of you, and we look forward to all your evidence.

Secretary of State—or President, shall I say—I will start with quite a general question. We are all very proud that the UK has the climate change conference next year, and we all want it to be a success. Occasionally, we think back to Copenhagen and when these conferences

go wrong, they can do the country with the presidency of them not a lot of good. That will not be the case, I am sure, with us.

What does the success of COP26 look like to you? What do you want it to achieve?

Alok Sharma MP: Thank you for that question, Chair. Overall, we are looking to make progress on the Paris Agreement objective and to chart that pathway to well below 2 degrees. That is our overall objective in this.

More specifically, I and the team have been engaged in bilateral and multilateral discussions with countries and asking them to come forward with ambitious NDCs and long-term strategies. I have had bilateral meetings with almost 40 countries to make that particular point. You will also know that there are five particular areas of progress that we are targeting: clean energy; clean transport; nature-based solutions; adaptation resilience; and then, the thing tying it all together, the finance. As part of this, I have also gathered together an international business advisory group and an advisory group consisting of civil society and youth actors.

We are very much at the inflection point where we are seeing businesses, Governments, civil society and youth groups all coming together and saying the same thing, which is that they want us collectively to build back better and to have a green future.

So on your specific question about what success looks like, first, we want to see a consensus outcome of the UNFCCC negotiations taking all that forward.

Secondly, we want a step change in commitments to NDCs and long-term strategies. In finance, as you know, there is the totemic issue of the \$100 billion, which I am sure we will talk about further in this session.

Another key thing for me is the vulnerables, the countries that are at the forefront of feeling climate change. They have not been part of where we are, and we need to make sure that they feel that this will be a fair and inclusive process. I say to every single person I talk to as part of my engagement that, yes, we have the presidency and we are working alongside our friends in Italy, but success will belong to all of us collectively, which is why we need to put our best foot forward.

Q11 **The Chair:** I am very interested in the vulnerability side, and I am sure that Baroness Anelay will follow that up later. What is the secret to making this process deliverable? We have seen with Paris that we can get decisions taken, and I am sure that will be the case next year. How do we then motivate progress beyond that? That is the big challenge, is it not?

Alok Sharma MP: Absolutely. I will invite Peter Hill to come in later with his CEO hat on, but first I should mention all the preparatory work that is going on for the negotiations, and no doubt we will talk later about Article 6 issues, et cetera. Our COP negotiating team is doing a lot of

preparatory work, and I have set out the level of engagement that I have had so far. A lot more will happen later this year, and I have spoken at a wide range of multilateral conferences on this issue.

On the ground, we also have our climate envoys and the diplomatic network, which has been mobilised, and collectively we have spoken to over 100 countries. The key here is to continue this dialogue and to ensure that particularly the big emitters come forward with ambitious NDCs.

The Chair: Has the fact that the conference has moved back a year, which is probably a good thing for UK preparation, if nothing else, changed the agenda, or are the issues exactly the same?

Alok Sharma MP: I do not think it has. In fact, interestingly, we have worked closely with the UNFCCC and our various international partners, and we are grateful to them for reaching agreement on the fact that the conference should be delayed by a year. That is absolutely the right decision.

I constantly hear that climate change has not taken time off, which is absolutely correct. So the issues are the same. I would argue that, because we have somewhat longer, there are raised expectations; people want us to come forward with more progress. Over 110 countries have committed to coming forward with enhanced NDCs, and around 100 countries have now pledged to reach net zero. So we are continuing to work with them.

On the negotiations themselves, we have the outstanding issues from COP25, the stuff that was going to be discussed at COP26, and of course issues covering some of the elements of what would come at COP27. The issues have certainly not changed, and we are working very closely with the UNFCCC in ensuring that we also have a road map of events leading up to COP26—events at which countries can come forward and set out their plans. As you know, we will have the presidency of the G7, and our Italian friends will have presidency of the G20. Both of those are on the path to November 2021.

The Chair: Thank you, Secretary of State. That is an important point about the G7. I now hand over to Baroness Verma, who is chair of our EU Goods Sub-Committee.

Q12 **Baroness Verma:** Thank you, Chair, and thank you, Secretary of State and President of COP26. It is of course disappointing that we will not have the conference this year, but if large international gatherings are still not viable next November due to the continuation of COVID-19, what contingency plans are you making so that the conference can still go ahead?

Alok Sharma MP: It is an absolute pleasure to see you again, and I know that this is an area you have a lot of experience in yourself.

Yes, we have had this delay, but we are working away. The overall view

is that we want a physical COP. That is very important for many of the actors, particularly civil society; they want a physical COP. We also want to ensure that negotiations can take place face to face. As we have learned over the past few months, there is a lot we can do online, but ultimately some of these discussions have to take place face to face.

I will ask Peter Hill to come in on the particular point about the planning. First, however, I was up in Glasgow at the beginning of August and met with some of our key delivery partners—Police Scotland, the Glasgow Science Centre, Glasgow City Council—and I have to say that I was very encouraged by the preparations that have been made there. They have a team of nine people who are permanently based up in Scotland, and we continue to have discussions and plans for a physical COP.

None of us, of course, can predict precisely where we will be in November next year in relation to COVID. So one of the key things that will be important for us is making sure that we are taking care of the health of any participants at COP26 and, of course, the people of Glasgow themselves. We are also looking at contingency plans through the delivery board, which Peter Hill chairs.

Irrespective of what happens, I am very keen that we make this COP as inclusive as possible, so as well as a physical element I am personally very keen that we try to expand the virtual offering so that more people can participate.

This might be the point at which, with your permission, I turn to Peter Hill, who might want to talk a little about the logistics and the planning that is going on in Glasgow.

Peter Hill: There is one point to underline: this is an event that we host on behalf of the world, so we are not taking decisions on any of this in isolation or in a vacuum. We are working extremely closely with the UN to find out what their requirements and expectations are, so I do not want to give the impression that we alone will decide how this event is handled.

As the Secretary of State has said, we are very keen to hold the event in person if at all possible. That is partly because we think that there are distinct advantages to getting parties and leaders together on an issue like this at a time like this. It is also because a number of the parties have concerns about conducting the negotiations and taking decisions virtually, so although we have had a number of discussions and pre-negotiations with parties, there is some nervousness, particularly in parts of the developing world, about a virtual COP. At the moment, there is quite a strong desire across the membership that COP should be in person if at all possible.

Having said that, of course, we do not know what world we will be in in a year's time, so we are starting some sensible contingency preparations to work through what the scenarios and options might be, both with the UNFCCC and with our delivery partners in Scotland, against the

background, as I say, of a desire to hold the COP in the terms that we originally envisaged.

Lastly, as the Secretary of State has said, whatever we do we would like as far as possible to virtualise the offer, so that those who cannot participate in person have the opportunity to participate at least in elements of the event as we go along. That is one of the things that we will look at when we think, for example, about the design and the use of the green zone, which is outside the core negotiations. The green zone is where businesses, non-state actors, civil society, cities and regions come together, put on events, and so forth.

That is the work that we are going through at the moment. I can certainly go through how we are working this through, and through the range of other operational issues with our delivery partners, if that would be useful, but I do not want to jump the gun.

Alok Sharma MP: I would just re-emphasise Peter's point that we are delivering this on behalf of the UN, and I am very conscious of that. I have a very regular dialogue with Patricia Espinosa and others at the UN. In fact, we spoke in the last few days. It will be vital for us to work hand in glove with them. At the end of the day, this is a UN conference that we are delivering; we happen to be the people who are organising it.

Q13 **Baroness Verma:** I failed to declare my interests in the register before making my opening remarks, so I put those on the record.

Secretary of State, I am pleased that you are going to try to make this as inclusive as possible, because one of the hats I wear relates to gender and ensuring that there is a focus on the impact of climate change. I am really pleased to see that we have a former ambassador to Brazil with us, because, given the depletion in the Amazon and what is happening across the world with the fires, floods and earthquakes, it is quite important that we see the impact on goods and services through women's eyes, because it has a greater impact.

I was really pleased to hear you say that you want to make this conference as far-reaching as possible. Do you have any of your own thoughts as a leading voice in the world about what you would like to see, particularly for businesses that are led by women, to address their concerns about climate change? Sorry, that was slightly long-winded.

Alok Sharma MP: It is an incredibly important issue. I talked about the fact that we have set up a number of international advisory groups. We had the first meeting of the business group, which obviously includes CEOs who are female, and we will shortly launch a youth and civil society group. I think there will be an opportunity to bring forward some of these issues.

I am very keen that people feel that their voices are heard in this process. The only physical travel that I have been able to do was just before we went into lockdown; I was at the UN in March and had an opportunity to address the permanent reps, together with the Secretary-

General. I also had a number of side meetings, one of which was with civil society groups, which very much made this point: that this is a COP that has to speak for youth, for women's issues and for indigenous people.

So the best way of answering your question is to say that you will see when we set out who is sitting on our advisory groups that we will very much take this forward, listening closely to the voices on those groups as we plan for November next year.

The Chair: Thank you. Peter Hill, if you would like to give us additional evidence about some of those matters, please write to our clerk, Jennifer Mills. That would be most useful, thank you.

I now hand over to Baroness Donaghy, who is chair of our EU Services Sub-Committee.

Q14 **Baroness Donaghy:** Good morning, Secretary of State. It is very encouraging that you appear to be very committed and have pledged that the conference will be inclusive.

You mentioned meeting Glasgow City Council, academics and other bodies. What contact have you had with the Scottish Government and Scottish Parliament about arrangements? It will be a matter of pride, I imagine, that Glasgow is hosting the conference.

A supplementary question, if I may. How are the other devolved institutions being involved in the conference so that they feel that they have a contribution to make?

Alok Sharma MP: Thank you very much for that. As I said, we obviously have Scottish Government officials from Glasgow and others who are stakeholders, who sit with Peter Hill on the delivery board. There is also a delivery working group below that.

When I was up in Glasgow, I had a very good session with Susan Aitken, the leader of Glasgow City Council. She is incredibly enthusiastic, and yes, absolutely, there is a real sense of civic pride. I think I am right in saying that this will be the biggest international event of this type which the UK has ever organised, and Glasgow is very much up to the challenge and very keen.

Again, you are absolutely right: we want to make this not only internationally inclusive but inclusive on a UK-wide basis. I have therefore set up two separate groups. One is a mayors and regions group, which includes Glasgow and other cities and regions across the UK. We had a very good first meeting of that group in the last few days, and there is quite a lot of engagement with the general public that we will take forward through those bodies. As we get to COP26, I would like people to be really enthused about the fact that the UK is showing this leadership in hosting this conference.

In terms of the devolved administrations, again, we have set up a group

that will bring together the Environment Ministers in the devolved administrations. The first meeting of that group will take place at the beginning of November, and I will chair it. Again, that will be a conduit to make sure that we are working together and effectively singing from the same hymn sheet when it comes to promoting COP and making sure that the messages are getting out across the United Kingdom.

There is a lot to do, but we now have the processes set up to make sure that we are able to interact properly.

The Chair: Thank you. We move on to another question on parliamentary issues.

Q15 **The Earl of Sandwich:** Good morning, Secretary of State, and welcome to this side of the Palace. This is a three-star event, at least; as our Chair has explained, it is especial.

Are you satisfied with the involvement of Parliament? Are we aware enough of the issues, and what plans do you have to involve both Houses in the future?

Alok Sharma MP: That is right, in the sense that we need to do even more to keep parliamentarians abreast of what is going on. Perhaps I can tell you a little bit about what we have done so far. I have obviously been giving evidence to the Environment Audit Committee, as I am to this Committee. We had a session last week, and a range of issues were raised in relation to COP and to net zero.

I give regular briefings, and I come before the BEIS Select Committee, where COP issues sometimes come up. I spoke last week at the launch of the Climate Assembly UK report, and as a result I have officials in my department engaging with some of the lead individuals who helped to produce that report to see how we can take some of that work forward. As you will know, Mark Carney addressed parliamentarians in the past few days. He is, of course, the Prime Minister's finance adviser/envoy for COP.

There has been a lot of engagement, and work is also going on through APPGs. Zac Goldsmith is a Minister in the Foreign, Commonwealth and Development Office, but he is also focusing very much on the nature side of our campaign, so I know that he has regular briefings.

I certainly agree with you that we need to find a more systematic way of regularly keeping parliamentarians updated, and that is something I am giving very active thought to right now.

The Earl of Sandwich: I suppose it goes without saying that COVID has claimed a lot more parliamentary time. Are you having to work harder for that reason?

Alok Sharma MP: Absolutely. COVID has claimed a lot of time, and in the past few months it has been all hands to the pump. But I think we are getting into a rhythm when it comes to COP. As I said, in the last

months, neither I nor the team have stopped our international engagement.

On one level, we have been able to have more engagement virtually than perhaps we would have been able to have physically. A couple of weeks ago, I managed virtually to fly around the world in a day, having discussions with Ministers in Governments across the world.

There is a lot that we are doing. Undoubtedly, COVID has slowed things down. On the other hand, postponement means that we can have the reset that is now taking place.

The Chair: Secretary of State, the other side of the coin is that we have, in Westminster, some 1,500 parliamentarians, the vast majority of whom want this event to be a real success and maybe could be a part of it. I suppose one question we would ask is: how can you mobilise that support, not just to keep us informed but to help parliamentarians in both Houses who really feel that this is an important issue to help to make this conference a success, if you see what I mean?

Alok Sharma MP: We have the APPG for renewables and sustainable energy, which is helping us to co-ordinate parliamentary engagement. We look for a conduit; there are a lot of very excellent APPGs across Parliament, but it has been important to try to channel some of this.

You will see a lot more briefings, both verbal and written, from Ministers in the lead-up to COP.

The Chair: Thank you. You have a willing team here who would like to help you to make this event the success that it will be. I will leave it at that.

Alok Sharma MP: I will take that as encouragement to interact more frequently with you.

The Chair: That is fine. Good. Thank you.

Q16 **Lord Sharkey:** Welcome, Secretary of State. When you launched the COP26 private finance agenda at the Guildhall earlier in the year, you stressed the importance of unleashing the finance that will power the shift to a zero-carbon economy.

Could you talk to us about your ambitions for the green finance agenda at COP26, and what specific outcomes you are hoping to achieve?

Alok Sharma MP: You are absolutely right. It seems a long time ago now; that event took place in February. Apart from the fact that we had Mark Carney and Sir David Attenborough there as well, which was quite something, the whole area was totally packed with folks from the City, which gives you some idea of where the private sector is in its views on green finance and TCFDs.

I started my career in the City some years ago. Frankly, in the 1990s, if someone had talked about a conference of that sort being put together, I

would have been amazed if that many people had turned up. This is very much front and centre in the minds of the private sector and the public sector.

On the question of what we want to achieve, in terms of public finance you will all know that the figure of \$100 billion a year is absolutely totemic. In all the conversations I have with the vulnerable groups, the small island developing states and others it comes up again and again. The latest sets of stats that we have from the OECD are from 2017 and show that we have moved to \$71 billion. We will see what the latest figure is by the time we get to COP. That is one area.

I am advised by and speak regularly to Lord Stern on public finance issues, and I had the opportunity to be at the UN General Assembly last year when the Prime Minister made the UK's commitment to double our ICF funding. That was incredibly well received, and it gives the UK an opportunity to demonstrate that we have led in this area and to encourage others to come forward.

In terms of private finance, I know that Mark Carney spoke to you, in March I think, about the work that he is doing, and I have a very regular dialogue with him as well. Ultimately, we want public and private financial institutions globally to commit to net zero, to use Paris Agreement methodologies, to set science-based targets and to make transitional plans.

I think we are seeing progress. You will also be aware that, as part of that COP process, we launched Race to Zero at the beginning of June. Again, this pulls together public institutions, private companies and cities to pledge to get to net zero, and at the start we had 38 financial institutions and investors committing to get to net zero; we are talking about people like Aviva, Allianz, Swiss Re, and CalPERS. That is an agenda that is taking off.

We are also looking to the multilateral development banks and the DFIs—I had a lot of interaction with them when I was Secretary of State in DfID—to increase their ambition on climate finance and resilience. When I was at DfID, we were very keen for the World Bank funding to be dependent on putting more money into developing resilience when it comes to climate.

If I can sum up, there are two elements to this. One is the public finance issue. The other, of course, is private finance. I think we are seeing private finance come forward on this.

With your permission, Chair, I will ask Kate Hughes if she wants to comment on any of these issues, particularly private finance.

Kate Hughes: I am happy to come in if the Committee would find that useful.

The Chair: Yes. Please come in Kate.

Kate Hughes: As the Secretary of State has pointed out, there are two elements to this: the public and the private. Through our finance work for COP26 we are trying to accelerate the transformation of the whole financial system. This will bear particular benefits in various aspects. One key thing that we are trying to achieve is ensuring that all countries have access to the funds that they need to drive their transformation. We know that the private sector is hugely important in that, and we want to ensure that every professional finance decision takes climate change into account.

This is very much the alignment that the Secretary of State talked about and which is a key part of the Paris Agreement, so that we ensure that all finance flows are building towards and supporting net zero and keeping temperature changes well below 2 degrees.

On the private side in particular, and we can talk more about this, one of the key aspects is the TCFD—the Task Force on Climate-related Financial Disclosures—and very much encouraging all companies to sign up to it. Mark Carney is encouraging companies to do that, and Race to Zero is very much asking all financial institutions to commit to full disclosure. We will also encourage countries to make it mandatory where voluntary schemes are insufficient.

We know that Mark Carney has spoken to you, as I said, but he is looking in particular at encouraging financial institutions and the global financial systems to think about the three Rs: reporting, which is very much about the TCFD; risk, which is about setting scenarios and stress-testing the capability of their portfolios and policies to respond to climate change; and returns, which is about how they make decisions based on what portfolios and the companies they are investing in look like.

That is a bit more on the private finance side. I do not know whether Vijay wants to come in, too.

Vijay Rangarajan: I will say three things. While the private and public money and the finance systems are a huge driver of behaviour, we hear from a lot of countries, particularly developing countries and particularly the smaller ones, how hard it is to access that. The UK is very good at helping countries to access this.

First, we are working, for example, to implement the ESG methodologies in many countries of the world, so that all the public and private finance systems can understand the projects and the pipeline of projects which they can invest in.

Secondly, we are working with small island developing states. We currently have a call for evidence out, and we have a couple of meetings organised for October 2020 and a big follow-up in April 2021. This is exactly to help small island developing states to access finance, which they find very difficult, partly because of the system and partly because of their own capacity.

Finally, with Treasury I chair a meeting with the multilateral development banks, which is entirely about trying to work with them to ensure that they are supporting all their programming in relation to access to finance in countries.

Lord Sharkey: What barriers do you see in making reporting on TFC disclosures mandatory?

Alok Sharma MP: We are very keen to build an ecosystem where we call on auditors to publicly commit to including climate change risk in their audit procedures. We want to make sure that we are establishing pathways for mandatory disclosures through international standard-setting institutions.

You will have seen that in the last few days the New Zealand Government announced their intention to be the first country to make TCFDs mandatory, which is quite interesting. This is a process. The UK has also set up a task force, together with the regulators, which is considering the appropriateness of making TCF disclosure mandatory for different sectors of the economy. That work is ongoing, but the key thing to do is build the blocks towards allowing this to happen.

Q17 **Baroness Kramer:** Secretary of State, I come to the somewhat sticky topic of subsidies, or state aid—whichever term you will. I think many of us can see no way to meet net zero carbon emissions by 2050 without profound changes to the UK economy.

Could you talk to us a little about which sectors and which activities you think are likely to need public intervention if we are to get to net zero transition? You may wish to bring in Kate Hughes on this, which is absolutely fine.

Alok Sharma MP: Great. Thank you for that, Baroness Kramer. We can step back from this and look at where these emissions are coming from. The stats from 2018 show that around 28% comes from transport, 25% from business and industry, 15% from power, 15% from land use, 15% from domestic buildings, so we have a pretty good idea about which sectors we need to target. The simple answer is that there needs to be transformation across all sectors of the economy.

You will have seen over the last few years the work that we have done through TCFDs in driving down the price of offshore wind, and we launched a consultation on the latest rounds for CFDs where we also set out our plans for additional technologies being able to take advantage of those.

On buildings, you will have seen the Chancellor's recent announcement in the Summer Statement of £3 billion for energy efficiency measures in relation to public buildings and private homes. BEIS is responsible for the £2 billion element of that and we are taking it forward through the green homes grant at the moment.

There will be an energy White Paper, I promise you; we will get it out this

year. I hope that will show some of the plans that we have for decarbonisation across different sectors.

Finally, on transport, there are two things. One is that more money has gone into low-emission vehicles and a supercharging network; you will have seen the announcement of about £1 billion at the last Budget. Of course, we have also had the consultation on the timeline for bringing to an end to the sale of new petrol, diesel and hybrid vehicles in the UK. Again, that consultation has closed, so we are giving that a lot of thought.

The key thing to say is that we are very cognisant of the fact that support will be required. On the other hand, the way I see it, this is not just about public money; we can also leverage private finance, and sometimes you need to get to the point where you pump-prime through public finance to allow the private sector to take off. One stat we use is that, over the last 30 years, GDP in the UK has grown by 75%, yet we have managed to cut emissions by 43%. That, of course, is across successive Governments; they have been part of that process.

The UK has demonstrated that clean growth is absolutely possible. Kate, do you want to come in on any of these points?

Kate Hughes: Thank you, Secretary of State. Perhaps it is worth just adding that we will, of course, be getting a response from the Committee on Climate Change on carbon budget 6 later this year. That will give sector breakdowns on how they see us meeting carbon budget 6, and we will respond by June 2021 on what we will be doing on carbon budget 6. That response will include an impact assessment.

So with the Committee on Climate Change and our carbon budget plans, we are working across government in all those sectors, as the Secretary of State said, to make sure that we bring our emissions down.

Q18 **Baroness Kramer:** You will be very aware that businesses and obviously public authorities are very keen to get clarity as soon as they can on where support will be available and how it will be framed. The Government have said that they will provide guidance to public authorities on the subsidy framework post transition, so that will take effect in January. Will that include clear advice, guidance and direction on what support can be provided within WTO rules and within the rules of the various individual trade agreements? We will need to know that in order to understand what public intervention is possible to support decarbonisation.

Alok Sharma MP: Specifically on subsidy control, it is precisely as you say: the Government set out—I set out—a Written Ministerial Statement earlier this month in which we said that, from 1 January, we will follow WTO rules on subsidy control, and absolutely before the end of this year we will clarify public guidance for public bodies, public authorities, explaining the rules and any related commitments which the Government have agreed to in any FDAs that have been signed up to.

As I set out in the WMS, we will also publish a consultation in the coming months on whether, indeed, we should go further than those existing commitments and whether legislation may be necessary. This will be an opportunity for all parties to come forward and set out their thoughts.

When it comes specifically to the WTO rules—Kate, Peter or Vijay will come in if I have got this wrong—I do not think there are any WTO rules that are specific to climate change, but any measures that are put in place may be subject to WTO rules if they affect any international trade or any agreements, or indeed have any discriminatory impact.

Finally, one issue that has come up in other Select Committees I have talked to is the last-resort support which government has provided for businesses that would otherwise be viable. You will know that some months ago we provided about £30 million to steel company Selzer. We put a number of legally binding contractual conditions in place. It is a commercial agreement, so we have not been to go into the details of that, but I can tell you that climate change elements were very much part of it.

We are aware as a Government that we need to do everything we can to tackle climate change, and that is certainly our intention going forward.

Kate, do you want to comment on any of the subsidy-control issues?

Kate Hughes: Secretary of State, I think we have covered that very well, so I have nothing to add in answer to those questions.

Baroness Kramer: That has been helpful. Thank you.

The Chair: Secretary of State, it is always good to hear the Government say yet again that the energy White Paper will be out soon.

Alok Sharma MP: I absolutely promise you that it will be out this year. I will deliver.

Q19 **The Chair:** Good, we look forward to that.

You mentioned the emissions record, and I know that the UK is a world leader in the decline of emissions. Dieter Helm, who sometimes advises the Government, particularly on natural capital, has made the point very strongly that, at the moment, carbon footprint is not measured as well as consumer, or consumed, emissions are, because we have tended to export our emissions. Is there any move in the United Nations and COP organisations to look more at emissions generated through consumption rather than production, or will we steer well clear of that?

Alok Sharma MP: With your permission, I will ask Peter Hill to come in on this point from a COP26 perspective.

The Chair: By all means.

Peter Hill: Yes, I am aware of the debate. The honest answer is that I do not think there is a groundswell of views among parties to change the

rules in those terms—in other words, to account for imported carbon emissions, as some put it, or emissions produced in other countries—because of the complexities which that would introduce and the questions it could raise about the responsibility of the importing country for the mitigation and reduction measures taken in a third country, over which it has quite limited influence and control.

I am conscious that it is a live debate in some circles, but in my time in this role I have not picked up that there is a strong move among parties to change the way these things are accounted for. It would obviously be a very significant change in how the production of greenhouse gas and other emissions is calculated and in the responsibility for the steps to address them.

The Chair: Thank you. I am not surprised by that particularly, but perhaps you would note that Defra follows these figures here in the UK, so we do do something.

The next question is from Lord Ricketts, who chairs our EU Security and Justice Sub-Committee.

Q20 **Lord Ricketts:** Thank you, Secretary of State, for spending time with us this morning.

I wanted to come back to the issue of developing countries, which has already come up in our discussion. You said in your opening statement that you are very conscious of the importance of taking account of the vulnerable countries, which are often the poorest as well. I suppose there have been two major developments in the development area since the last conference. One, of course, is now the huge additional priority of public health, and the other, in the UK, is the creation of the FCDO and some concern that that might lead to some dilution of the UK's commitments in development policy.

Could you tell us where we stand on ensuring that climate objectives are fully integrated into our development policy and our relationship with developing countries, and how integration in the FCDO is coming on?

Alok Sharma MP: Let me start, and then I will ask Vijay, who is obviously at the FCDO, to perhaps elaborate on some of these points.

First, on the merger of DfID and the FCO, our aim is to align all ODA spending to Paris Agreement goals, and we have obviously had the doubling of the ICF commitment, which I talked about; that stays. A lot of the work that we were doing when I was at DfID is absolutely continuing.

Let me give you one clear example. Adaptation and resilience is one of our five key campaigns from a COP26 perspective, and last year at UNCAS we launched—I was there—a call to action on it. We did that alongside a range of partners such as Egypt, Bangladesh, the Netherlands, Malawi, St Lucia—many of the countries particularly impacted by climate change—and we have managed to get around 120

nations and 80 organisations committed to raising their ambition when it comes to adaptation and resilience.

There is a lot that we are doing. One stat that we used when I was at DfID is that, since 2011, we as a Government have helped over 66 million people to cope with the effects of climate change and natural disasters. That is something that I think we can be very proud of.

Perhaps I can ask Vijay to talk about this in a bit more detail, because this is really an FCDO lead.

Vijay Rangarajan: I can just confirm what the Secretary of State has said: there is no reduction whatever—in fact, there is probably an increase—in our view of the importance of climate change.

There are perhaps two additional points to make. First, as the Secretary of State has said, the UN Climate Action Summit was crucial, and the call for action and the subsequent working out of that are high on our priority list.

Secondly, we are also leading the recovering better for sustainability workstream under financing for development, working with the EU, Fiji, Rwanda, and the whole UN membership very much to try to have as green a recovery as possible, given all the COVID pressures that we are now seeing around the world.

Within FCDO, we have brought together the former DfID and former FCO parts on climate change. It is a formidable group of people, as Lord Ricketts will know very well. All heads of mission now have very direct objectives on COP26 and on climate change, because this will involve them in a whole-of-mission capacity abroad for the whole of next year, and beyond I think.

Finally, we are looking beyond COP26. COP26 is obviously a huge milestone, but many of the campaigns that we are using abroad and much of the political and civil society engagement abroad are looking even beyond COP26 to the actual implementation, using the large amount of ODA that we will have and the doubling of ICF, which the Secretary of State mentioned, to try to help countries through the massive economic transition that is coming and which we hope COP26 will increase the ambition of.

Alok Sharma MP: When I was at DfID, I was very keen to ensure that we get more private sector money into sustainable development projects. We always talk about the totemic figure of \$100 billion, which of course is incredibly important, but it is the leverage on private finance that will ultimately deliver more sustainable infrastructure projects.

I set up the UK International Development Infrastructure Commission, which was designed to see how we could corral more private sector money alongside public money into sustainable infrastructure projects in developing countries. Certainly as I left we made sure that we started to

partner with a number of countries in Africa on this to design, plan and support this new facility.

I hope—Vijay may tell me afterwards—that that work is continuing.

Q21 Lord Ricketts: Thank you very much, Secretary of State. Briefly, apropos sustainable infrastructure in developing countries, there are other major players in the field, and China, of course, is a particular one. Overall, are we continuing a dialogue with China about the climate sensitivity of their infrastructure programmes?

Secondly, when I was ambassador to France I attended COP21 and saw how much effort the then chair of COP, Laurent Fabius, put into the run-up to it, including a trip to China, and so on. I am interested to know whether, among your many functions, you have the bandwidth to engage intensively with countries like China over the run-up to COP26.

Alok Sharma MP: Thank you, Lord Ricketts. I had the pleasure of meeting Laurent Fabius within days of being appointed to this role. Many of the experts in climate action came together at an event at Wilton Park, including a number of former COP presidents, so there was an opportunity to talk to him. You are absolutely right: he and other COP presidents in the past have done a lot of engagement.

We are, of course, in a slightly different world now. I would love to get on a plane and have those physical meetings. We have not been able to do that. I hope that that may restart in the future. But we are supplementing that with the bilateral discussions that I am having online; as I said, I have spoken to almost 40 countries and will continue that engagement.

You raised the issue of China. I had a discussion in June with Minister Huang, who is the Minister responsible for ecology and environment. You will know that it also has its CBD—its nature COP—which, again, was due to happen in October this year. That has now been moved to May. So there is an opportunity for us to work very closely with China, and the Minister and I have agreed that we will establish a senior-level official dialogue on climate and environment, so that we can support each other mutually through the two COPs.

Obviously there is a lot of discussion about China at the moment, but when it comes to climate change it really is a key pillar in our relationship with it. It is embedded across all senior levels of engagement that we have. The Prime Minister has spoken a couple of times this year with President Xi, and the issue of climate has been raised.

In June last year, we had the EFD—the economic and financial dialogue—where we, as two countries, recognised each other as primary partners when it comes to green finance, and we agreed to work together to green China's overseas investments.

There is a lot of work going on. We will want to continue, ahead of COP26, to work with China. I do see it as a key player, and I hope that in

due course I will once again be able to have those physical meetings. I was responsible for Asia and the Pacific when I was at the FCO, and I had very good interactions with China, India and other key players, which will be such an important part of making COP26 a success.

Given that this is also an FCDO lead, perhaps I could ask Vijay if he wants to comment any further on engagement with the key emitters.

Vijay Rangarajan: Thank you, Secretary of State. I have just one point to add. In addition to the extensive political engagement, a number of other UK actors are also working very closely with their Chinese counterparts.

I will give a couple of brief examples. One is working with the People's Bank of China to set green bond rules that involve the removal of fossil fuels from what green bonds can have. That was supported by HMG but also very much by the Bank of England.

The City of London has also been working with China's Green Finance Committee to develop green finance guidelines for belt and road. As Lord Ricketts mentioned, that is the great driver for infrastructure investment around a very large part of the world now. So having some green investment principles is one of the most powerful ways of greening a huge quantity of infrastructure investment which the world needs.

Going a little more broadly, some of the Chinese-based finance institutions are also green in their guidance and their portfolio.

Lord Ricketts: Thank you very much. It is good to hear that there is one area we can work constructively with China in.

Alok Sharma MP: Perhaps with your permission, Chair, I could ask Peter Hill to comment particularly on issues such as powering past coal.

Peter Hill: As the Secretary-General of the United Nations has been making clear over the last year, it is absolutely critical that we make progress in reducing the reliance on coal, particularly in power production. We have to make significant inroads into that if the world is to hit a below 2 degrees target. That is partly about the production of coal in country. It is also about the financing of coal in third countries.

A relatively small number of countries are still financing coal overseas, and one of the aims of our energy work is to persuade countries whose financial institutions are financing coal overseas that there is an alternative route to generating the power that they need. Vijay talked about the dialogue with the Chinese. I could also say that the dialogue that we are having with the Japanese and the South Koreans is to seek to persuade them to change their overseas operations, because there is quite a big gap between where we currently are on coal in the international energy mix and where we need to be.

That international financing of coal is quite a big part of what we are trying to do in our energy work up to COP.

The Chair: Thank you, Peter. China, of course, is running the parallel biodiversity conference, which I think is called COP15 in China and which has been postponed until next year. Hopefully there will be mutual co-operation between both those conferences.

We now come to one of our many climate experts in the House, Lord Giddens.

Q22 **Lord Giddens:** Good morning, Secretary of State, and thank you for your illuminating answers so far. I am glad to hear that you are working with Nick Stern, who is a colleague of ours in the House of Lords and a colleague of mine at the London School of Economics and elsewhere.

Can you outline what your strategy will be on Article 6 and carbon trading? Controversy over the issue, as you will remember, almost sank the Paris Agreement, and questions of double counting and so forth remain so deeply contentious that they have been famously described as four-dimensional spaghetti of red lines.

How do you see a way forward? Are you taking steps ahead of COP26 to try to forge some kind of consensus on all this? In other words, how will you disentangle the spaghetti?

Alok Sharma MP: Thank you very much for that, Lord Giddens. I have a very regular dialogue with Lord Stern. He is a font of knowledge and incredibly good to talk to on a regular basis, and I have very frank and useful discussions with him.

On the question about untangling the spaghetti, the COP26 negotiating team has been doing a lot of work on this, and I will ask Peter Hill to outline some of the work that is going on. You are absolutely right that the Article 6 issue has come forward at all COPs, and various compromises were proposed at Madrid.

Overall, from a UK presidency point of view, of course we want to see a process where all the parties come together and where ultimately there will be agreement on Article 6, but it is really very important that we do this in a consensus-building way. That will be a key part of this. Ultimately, we have a higher ambition in adaptation and mitigation as a result of this.

As you say, there are a number of contentious issues that are related to this, such as double counting. I have had a number of discussions with individual countries and Ministers, as has Zac Goldsmith, but the bulk of that work so far has been done at official level, so perhaps I can ask Peter to come in and talk a little about the work that the team has been doing on this area.

Peter Hill: On process, the Secretary of State is absolutely right. We have spoken regularly to the negotiators from those groups on Article 6; we have spoken to them at least twice this year. At head of delegation level, we held an in-depth discussion on Article 6 in February this year, and we have carried on those discussions. At the moment we cannot conduct negotiations, because the Bonn intersessional was postponed, so

I would call them discussions and pre-negotiations rather than negotiations. My expectation is that parties will be reluctant to settle on Article 6 until much closer to or at COP, so I would not expect an early breakthrough in the next weeks and months on Article 6.

At the moment, the messages that we are getting are positive, which is that everyone would like to resolve this issue, so that is a good start. You know what the issues are: they are double counting, the carryover of the carbon credits from the CDM, and the share of proceeds to fund particularly adaptation activities. I am sure that you know all these issues in great depth, so I will not go through them here.

We saw over the last two or three long days and nights at Madrid that parties had got into exploring a range of compromises and landing zones. People will have different views on various aspects of the compromises that were floated, but I think it shows at least that the parties were starting to move into a solution space rather than simply blocking.

The number one task now is to see whether we can pick up where we left off at Madrid, rather than rolling back and re-opening old discussions. The second task is to see in those informal discussions how we move forward, and then test those noises in some of the negotiations which I hope we will be able to have in person next year.

This issue is affected, as are many other issues, by the overall context and atmosphere of the negotiations. At Madrid we saw that a loss of confidence in the overall progress on mitigation and on adaptation had a wider impact on the ability of parties to come to solutions. So it is important to see Article 6 in the wider context of the progress overall in achieving the outcomes of the Paris Agreement.

Lastly, carbon markets are very important and Article 6 is very important, but it is not the most important thing for COP26. We will be doing absolutely everything that we can as president to bring parties together and find a solution. I do not see COP26 being defined as the Article 6 event, but, as I say, as president we have had a huge number of contacts and we will continue those in the months ahead, both at official and at ministerial level.

Lord Giddens: Thank you. Would you like to care to say just a word about how that refracts through the developing world, because there are issues there in the relationship between the less advanced parts of the world and the more industrialised parts of the world, obviously?

Peter Hill: Obviously the LDCs and the poorer developing countries are very keen for the issue to be resolved in the right way, in a way that maintains ambition and does not damage the prospects of mitigation.

They are also keen that funding routes are found through this, as they are at the moment for the adaptation fund to support wider adaptation activities. The number of countries that are involved in the core

negotiations and the core issues, the two main issues, in Article 6, is relatively small.

On the share of proceeds question, my own view is that if one could resolve the other aspects of Article 6 it might be more straightforward to resolve that aspect. The core issues in Article 6, in my view anyway, are the double counting and the transfer of credits, and I think that the share of proceeds issue could be resolved if those other two issues could be resolved.

The Chair: Thank you. Peter, Kate and Vijay, procedurally, do not bother to wait for me to give you permission to come in if the Secretary of State has asked you to. We can save time there.

Q23 **Lord Lexden:** Secretary of State, I wonder if I could raise three specific points about the Government's preparations for the conference.

First, what are the Government doing to support and highlight the work of the UNFCCC Task Force on Displacement? Secondly, how are they encouraging collaboration between climate change experts and migration experts? Finally, how are they giving prominence to the Global Compact on Refugees and the Global Compact for Safe, Orderly and Regular Migration and encouraging the implementation of the recommendations in them?

Alok Sharma MP: Thank you very much for that, Lord Lexden. Again, this an FCDO lead, so I will ask Vijay to elaborate on some of these points. The key thing I would say about COP26 is that we are very keen that we maintain an emphasis on building resilience and evidence on climate and migration, and how that is linked is integral to this.

You talked about the UNFCCC task force. The UK has a seat on the executive committee of the Warsaw international mechanism, and we continue to be involved in supporting and ultimately disseminating the task force's work on displacement. We very much share a goal in understanding the potential linkage between climate change and migration. The Foreign Office, at the request of our COP unit, is currently commissioning a rapid evidence assessment, which has been referred to, and looking at the current best evidence for understanding the links between migration and climate change, particularly how that may relate to internal and cross-border migrational displacement.

All that work is ongoing. Vijay, would you like to elaborate, because this is all being led by the FCDO migration department?

Vijay Ranganathan: Thank you, Secretary of State. There are a couple of additional points.

Migration has many drivers, and one of the key ways in which we are trying to address them is through our broader work on adaptation mitigation. That comes through the direct funding that we have. We are working, for example, in Kenya on clean energy and sustainable agriculture, and we have £700 million in other African regional

programmes, such as early warning systems to enable preparation for heavy rains that we know are coming.

A lot of the drivers of this will come from many different aspects. We are also working, for example, on some of the security aspects. Just last week, we hosted a meeting in NATO looking at the implications of climate change as a threat multiplier and trying to ensure, again, that some of those drivers are dealt with, as well as at having more of our NATO allies work on this as well. We are, of course, fully involved in the bodies that were mentioned, such as the Warsaw international mechanism and the other panels, and strongly pushing them on to see where we can get to.

Finally, on some of the migration issues, there are some very complicated interlinkages there, and one of the long-term thrusts of our entire climate change policy but also recovery from COVID is trying to get more sustainable livelihoods for many poor people around the world; I am thinking particularly of indigenous groups. Speaking from my own experience in the Amazon, as you will know, under the leadership of the Secretary of State and Lord Goldsmith we have very much been pushing how to keep people within forest communities and keep the forest standing, but also how to increase their own livelihoods—again, trying to mitigate the risk that various climate issues and other things will increase migration.

It is a very broad spectrum of work here.

Lord Lexden: Thank you very much indeed for those details. It is an immensely important area, and very best wishes for the success and continuing enlargement work that is being done. Thank you very much.

The Chair: We stay in a similar area with a question from Baroness Anelay, who is chair of the House of Lords International Relations and Defence Committee.

Q24 **Baroness Anelay of St Johns:** Good morning, Secretary of State. Our committee published a report on the UK and sub-Saharan Africa earlier this summer. Drawing on the conclusions of that report, and given the significant impact of the climate crisis on the continent, how is the UK working with African countries in preparation for COP26? There are, for example, almost 40 bilaterals, which were referred to at the beginning of our meeting. How many do you recall took place with sub-Saharan African Governments, and how are the Government's preparations for the conference drawing on the work on climate change that is being undertaken through the strategic approach to Africa?

Alok Sharma MP: It is a pleasure to see you again, Baroness Anelay. We served together in the FCO when you were Minister of State and I was Under-Secretary of State, so it is a real pleasure to be able to speak again on these issues.

Again, this is an FCDO lead, so I will ask Vijay if he wants to come in. On Africa, a lot of engagement is going on. I have spoken to a number of countries in the continent, and we have also ensured that we have a

regional ambassador for Africa. Currently we have Paul Arkwright, who has been an ambassador in the region previously and is currently acting as our regional ambassador and engaging on COP issues.

One of the key things that always strikes me is that when you have a discussion with some of the African countries they very clearly tell you, "We may be at the forefront of having to deal with climate change, but at the end of the day it is not African countries that have been the big emitters". For them, a key part of a successful COP26 will be where we get to on adaptation, finance, and helping them with resilient economic growth, particularly when it comes to clean energy. We have partnered with the African Union and we are jointly developing a road map to COP26 with it. Again, this is very much about a green recovery plan for the continent.

I will just outline a couple of things that I was involved in when I was at DfID. One was green bonds. I talked previously about the fact that there is public money, but that it is also about leveraging private finance. I was very pleased that we were able to get the first green bond listed on the Nairobi stock exchange some months ago, and when we had the African Investment Summit we then had a dual listing on the London Stock Exchange. During my time at DfID, we saw a lot of the work that was going on on renewable energy, solar, mini grids in the DRC and elsewhere.

More widely on Africa, we need to work even more with other donor Governments and with the MDBs that we have also talked about to ensure that renewable energy is ultimately the most attractive option for new power generation, so we have what we referred to as a just transition to clean energy.

A lot of work is going on in engagement with Africa. Vijay, you may want to talk a little about that and about the strategic approach to Africa, which we adopted back in 2018.

Vijay Rangarajan: Thank you, Secretary of State and Baroness Anelay. I have three brief points. There is obviously also a big link here to COVID and how we build back better after COVID. The Africa strategy focused on economic dynamism and investing in order to help African countries to leapfrog over some of the investments of more developed countries. We have seen them do that on telecoms, for example, but they can do it on energy as well.

How do we get the finance together that helps them? Obviously the UK is a very large donor; in 2011, for instance, we put in £1.9 billion, and a tremendous amount of FCDO ODA, and other countries' ODA continues and will continue to go into Africa. We are also working in the integrated review on setting the detailed strategy; the point about how we are going to work with Africa was very much brought out in the Committee's report.

If we can get the finance flows and the technology change right, it is a huge opportunity. It is also an enormous risk; we expect the population

of Africa to roughly double, and if we do not get it right it will be a tremendous problem if the carbon intensity of GDP growth of that population also rises. It is a crucial part of our COP strategy.

Coming back to adaptation and resilience, obviously many countries in sub-Saharan Africa have problems with resilience, so we are focusing a lot of our work on adaptation and resilience there. In particular, as the Secretary of State announced last year, we formed early action partnerships. That is a commitment to try to keep a billion people, many of them in Africa, much safer from disasters and to help them to recover from those.

A lot of work is going into how to build long-term resilience, which is obviously a core part of development spending more broadly but which in this case has a tremendous climate advantage as well. We are trying to bring all that together.

Alok Sharma MP: I will add one other point on this. Of course, the integrated review is taking place, and that will pronounce more widely the Government's ambition for the UK's role across the world and our strategic aims.

One of the parts of the strategic approach to Africa is prosperity. You will all be aware that we had the UK-Africa investment summit at the start of this year, and I had ministerial responsibility for that. I think that was very well received. The African leaders and the groups that came were incredibly positive about the fact that we were engaging with them on economic issues. It was not just about aid; it was something that would actually lead to growth in those countries by building up their economies. It was well received, as I said, and work is ongoing as a result of it.

Kate might want to come in and talk a little about the work that, from a BEIS-ICF perspective, we are doing in Africa. We are one of the departments that is responsible for spending ICF, and it is important to make the point that it is not just, as you would expect, the FCDO and a couple of the other departments; BEIS also does quite a lot in this area.

Kate Hughes: As the Secretary of State said, we are very much supporting countries in their transition to net zero, particularly away from coal, but we are also helping to support them to build the right regulatory environment and the right investment environment so that they can integrate and build renewables and create the jobs and prosperity that come with doing that. We are also working with many countries through our Powering Past Coal Alliance. Angola, Ethiopia and Senegal are members of that.

BEIS's ICF support spans that whole spectrum of financial support and includes an early-stage technical assistance side, working with countries to make sure that they have the capability to work, and helping to provide the right investments into renewables. For example, the World Bank's Energy Sector Management Assistance Program—ESMAP for short—provides technical assistance to enable energy transitions away

from unabated coal, and we are working with them on that, particularly in southern Africa, and on offshore wind programmes.

We also have a programme called Get FiT in Uganda, which is working on feed-in tariffs and helping Uganda and its regulators to make sure that it can provide small-scale on-grid renewable energy programmes in Uganda as well as energy access in a cost-effective way. We also bring in private sector investment.

We have programmes such our climate finance accelerator that almost matchmake. In Nigeria, we worked with the finance sector and the Government and brought them to London to talk with our City of London colleagues and experts here about what kind of regulatory environment they need to have in place in order to create investable projects which the private sector will come and invest in.

We have programmes all the way through to large-scale capital investments. For example, we have a programme called UK Climate Investments, which is a private finance investment vehicle looking at equity investments into cutting-edge clean energy projects. It is working across sub-Saharan Africa. Another example—

The Chair: This is really important stuff and on areas that we are interested in. We would find it very useful if you could perhaps give us that list through our clerk. I am sure that Baroness Anelay and her committee would be really interested to follow those up. Sorry, Kate, I did not mean to cut you off there, but I am aware of time and there is a supplementary question to this. We would really like to get into that even more in the future.

Q25 Baroness Anelay of St Johns: Thank you all for the comments so far, all of which have been helpful, of course.

Secretary of State, you mentioned the investment summit in January, and you said that you were the responsible Minister. What consideration has the UK being giving to matching its announcement at that summit that it will no longer invest in new coal-mining or power production projects with similar commitments on gas and oil, both in Africa and in other developing countries?

Alok Sharma MP: Thank you for that question. You are right: we made some announcements on these areas at the summit.

First, on the work that we have been doing through ICF, we have so far deployed about £1.5 billion in supporting African countries to make their own transition to low carbon. Clearly from a COP26 presidency point of view, we want to continue to support that transition away from coal to clean energy.

You are perhaps referring to UK Export Finance. UKEF has been developing the breadth of support for low-carbon sectors. It has been expanding its pipeline and business opportunities in renewables and clean growth. You will be aware that in March earlier this year the budget of £2

billion was allocated to UKEF support. The UK exports to projects internationally in these clean sectors. I will give you a couple of examples. Last month, in August, the UK provided around £27 million of direct lending to support a UK exporter called Aqua Africa, which is providing solar power technology for clean drinking water for just over 200,000 people across Ghana.

There is a focus, a shift, and you are seeing that very clearly in the money that we are putting into UKEF to focus on renewables and clean growth.

The Chair: The Earl of Sandwich has a quick supplementary, and a fairly short answer would be good as well.

Q26 **The Earl of Sandwich:** I will be as quick as I can. Secretary of State, we have not mentioned the European Union at all. I would just like to focus on what we used to call enlargement, which is chiefly the Western Balkans. Are we still committed to the Western Balkans? I have heard what your colleagues have said very encouragingly about coal.

Alok Sharma MP: Vijay may want to come in on this particular point.

Vijay Rangarajan: I have two quick points. First, we are obviously working incredibly closely with the European Union, which shares many of our objectives and has an enormous number of leaders. We are working particularly with two countries—Italy, as co-host, and France—because they have had so much experience of this and their diplomatic network is absolutely crucial. There is a broader group with Germany and Norway—the GNU group—that looks very much at some of the nature issues around the world.

Secondly, yes, we are still very committed to the Western Balkans. I will not set that out in detail now, but I will pass the question on to my colleagues, if that is all right. I am sure they can share what is going on now on Western Balkans policy more broadly.

The Chair: I now bring in Lord Goldsmith, who chairs the International Agreements Committee.

Q27 **Lord Goldsmith:** Secretary of State, it is very good to see you, and thank you for all the answers you have given so far.

As the Lord Chair has just said, I chair the International Agreements Committee, so I am particularly interested in asking you a little bit about the impact of trade on the areas that you are talking about.

The negotiating objectives published by the DIT for the US negotiations, which are obviously very important, mention climate, but I wonder whether you can help any further. The most specific reference, under the heading “Sustainability”, says that one of the objectives will be to: “Secure provisions that support and help further the Government’s ambition on climate change”, which is excellent, “and achieving Net Zero carbon emissions by 2050”. However, the only specific examples given are, “including promoting trade in low carbon goods and services,

supporting research and development collaboration and maintaining both parties' right to regulate in pursuit of decarbonisation".

Can you tell us how you see the Government's ambitions for their trade negotiation being able to advance the agenda that we have been talking about today? Secondly, is there a way of bringing the US back to the table in the negotiations on those issues, perhaps before COP26?

Thank you very much for considering those questions.

Alok Sharma MP: Thank you for that, Lord Goldsmith. Obviously the Department for International Trade and its Secretary of State lead on all this stuff, so in a way they are best placed to answer all these questions, but I will duly attempt to try to answer them.

You are absolutely right that we have made it very clear in the published negotiating objectives that we will raise climate change with the US in the FTA negotiations and explore opportunities for agreement, particularly when it comes to supporting decarbonisation. I will pick up on a little of that point as well.

Liz Truss, my colleague, has pledged that nothing in any agreement that we reach with other countries will undermine the UK Government's commitment to tackling climate change, and that very much stands. We are working with the US Government on areas where there is a shared interest, including technology, energy and innovation. From a COP26 perspective, we also working very closely with the US Climate Alliance of 25 states, and I have had discussions with some of those colleagues. They cover 60% of US GDP and 40% of US emissions.

If I can put this another way, a lot of real-world action is taking place. Some of the states are coming forward on net zero targets, and a lot is going on with regard to energy usage. The current US Administration do have a commitment to coal, but the price of renewables is driving change in the energy mix, so we are seeing coal falling as a percentage of energy usage, and I think we will see the impact of that in energy-related CO₂ emissions coming down in the US as well.

I may not be answering your question fully, but clearly climate change is part of the FTA negotiations. However, one also has to look at the real-world impacts which the market is driving, such as the move towards net zero.

On the issue of the US coming back to the table, we know that the US is formally withdrawing from the Paris Agreement in November, although it remains a party to the UNFCCC. Perhaps I can ask Vijay if he wants to comment further on this. He has recently been in the US with the Foreign Secretary.

Vijay Rangarajan: We have just returned from a week-long trip to Washington, and there are a couple of reflections from that. As the Secretary of State has said, all our posts there are working at many different levels within the US, and we have been struck that many US states—I think seven—have net zero targets, many of them are members

of the Powering Past Coal Alliance, and a whole bunch of US businesses, some of the very biggest, have made extensive commitments to become not just net zero but carbon negative overall.

When we were in Washington, the enormous and horrific fires were burning in California, and the pall of smoke reached all the way over Washington, which gave a very powerful backdrop to the political discussions that were under way. It is obviously intensely pre-electoral at the moment in the US, and the US's position on climate change was very much one of the electoral issues.

The Foreign Secretary very much set out our role in COP26 and why it was important. He explained to the US why, whatever the Administration, it is crucial that some of the new energy technologies and other new technologies benefit from US leadership around the world, for the reasons that you mentioned just now. There is a very powerful lobby in both the Republican and Democratic Parties on nature, and again that was part of the pitch.

So it felt as though this will play very strongly through the US election, to be honest. Obviously President Trump and the Democratic candidate Joe Biden have very different views on exactly how they will do it, but the underlying interests were actually a little more aligned than I thought, particularly on the need to invest in very low-cost energy solutions, and reducing external energy dependence also came through loud and clear. There is a lot that we can work with there.

Lord Goldsmith: That is very interesting. Thank you very much for that, and thank you, Secretary of State.

The Chair: Thank you, Secretary of State, and thank you Vijay. I wish you every success in persuading whichever US Administration is there in the future.

We move on to Baroness Brown, who is a member of the Climate Change Committee and chairs the Adaptation Committee.

Q28 **Baroness Brown of Cambridge:** Welcome, Secretary of State. It has been encouraging to hear some of your comments this morning. I should also declare that I am Chair of the Carbon Trust.

Clearly, as hosts of COP26, it is absolutely critical that we are seen to be delivering world-leading policies to reduce our emissions and to be meeting our own targets. You will know that despite our very strong record in reducing our production emissions, as you have mentioned, the Committee on Climate Change's assessment is that with current policy implementation we will not meet our fourth and fifth carbon budgets, let alone be on the path to net zero. I would really like to know how this will be resolved before we get to the COP and what policy announcements we can expect.

Alok Sharma MP: Thank you very much for that, Baroness Brown. I think Kate mentioned in an answer to an earlier question that the

Committee on Climate Change's progress report will be published in October. We will respond to that formally and set out what further action we will take across sectors to meet our carbon budgets and to deliver on net zero.

It is worth framing this in the context of where we are thus far. We were the first major economy in the world to legislate for net zero by 2050, and others have followed suit. Since 2000, we have been the fastest economy in the G20 to decarbonise. Since 1990, we have led in the G7 on cutting emissions.

You referred to the carbon budgets. We have met carbon budgets 1 and 2 and we are overachieving on 3, although you made the point about the subsequent carbon budgets 4 and 5. Work is ongoing in government on how we close the gap. You will be aware that, earlier this year, the Prime Minister set up a couple of committees: the Climate Action Strategy Committee and the Climate Action Implementation Committee. The Prime Minister chairs the strategy committee, which met just a few days ago. I chair the implementation committee, which also met some days ago. Serving on those committees—again, this is a matter of public record—are Secretaries of State from the individual departments that are responsible for sectors of the economy that are seeing the largest emissions which we need to abate.

So work is going on, as part of those groupings, to look at policies. Some of the policies have come forward—I talked about the Chancellor's Summer Statement and the £3 billion on buildings—but I expect that the Budget and the comprehensive spending review will be important moments in making sure that we continue on the path to net zero.

Q29 Baroness Brown of Cambridge: It is very good to hear of that increasing co-ordination across government, which the Committee on Climate Change has been strongly recommending. I am delighted to hear that that is happening and that we can look forward to things in the Autumn Statement and the Budget.

Finally, can you assure us that the UK's revised NDC will reflect the sixth carbon budget which the CCC will publish in December, because that carbon budget will of course reflect our commitment to reaching net zero by 2050?

Do you agree with me that it would be a really strong message if our NDC were to include international aviation and shipping, because this is such a critical area for emissions reduction?

Alok Sharma MP: In all the conversations that I have with other Governments from a COP presidency point of view, I always urge ambition when it comes to NDCs, and I think I can say that the UK is working on the same basis. You will forgive me if I do not go into the detail on this. A lot of thought is going into this right now across government, but we understand that at the same time as we are asking

others to come forward we also need to consider how ambitious we as a country can be when it comes to NDCs.

Q30 The Chair: Secretary of State, perhaps I can just follow one of those questions and ask about government co-ordination, which you have mentioned. Clearly climate change stretches very much across your own department, BEIS, but technically it stretches across all departments—the Treasury, the transport department and the environment department being some of the obvious ones.

How do you make sure that we get the co-ordination that we need here? Is the Cabinet Office hugely involved? I do not know whether the Cabinet climate change committee still meets. Clearly we all understand that an overall approach and overall commitment here are very important. Are you colleagues helping you to achieve that?

Alok Sharma MP: Very much. As I said, the two Cabinet committees that were launched earlier this year, in March—the Climate Action Strategy Committee and the Climate Action Implementation Committee—are very much the drivers of that co-ordination. Obviously the secretariat sits within the Cabinet Office for that.

The key issue, and the CCC and others have also called for this, is co-ordination across the whole of government, and I think that what many have found very encouraging is that the Prime Minister leads on all this stuff and the Chancellor or his nominated Treasury Ministers also sits on these committees. There is a holistic view, if I can put it like that, of what we are trying to achieve.

When I speak to counterparts around the world, I will talk to an Environment Minister, for instance, who will be very keen on the climate action agenda. But, again, we always reflect on the fact that it is vital that there is leadership from the Head of Government and from the Finance Ministers, and I think that is what you are seeing with our co-ordination. You mentioned some of the departments and the Secretaries of State for Transport and Defra, but there is also housing, given that buildings are such an important element of tackling emissions.

On COP26, I think there is a real desire across the Cabinet to get involved in this and to push the agenda forward. We have dedicated COP teams sitting in the Treasury, the Foreign Office, BEIS, Defra, supporting the central COP unit. As I said, Ministers across all departments are stepping forward and making the case for climate action in all our international interactions. You have just heard from Vijay that the Foreign Secretary is very involved in this and is very keen to take this particular agenda forward in all his discussions. There is also the regular briefing of Ministers from across Whitehall by the unit.

There is a lot of work that we are doing in a significantly more co-ordinated fashion than perhaps a year ago. I hope that that will lead to some good discussions and outcomes.

I will invite Peter Hill to come in here. He wants to talk a little more about the discussions at official levels between the COP unit and other departments, which I think it would very useful for the Committee to understand.

Peter Hill: As you would expect, we have a cross-Whitehall group that oversees the COP effort at an official level, and there are cross-Whitehall groups on each of the areas that we are focusing on: the policy areas, the diplomacy, the operational issues. Those groups will work to serve the ministerial group. We have officials seeing the Foreign Secretary every week or two. Lord Goldsmith is incredibly closely involved in what we are doing.

As the Secretary of State has said, I feel that the support across government for what we are trying to do is impressive. Co-ordination always brings its own challenges, but I do not think that we lack interest, involvement and commitment from across government.

Alok Sharma MP: This is an agenda which the Prime Minister personally takes a lot of interest in. When we had the discussion on doubling ICF last year, he was one of the key drivers for that. So, if I can put it like this, he very much gets the agenda of building back better and building back greener.

The Chair: Thank you, Secretary of State. We are coming to the end of the session. Is there anything that we have not covered which our other witnesses would like to put to the Committee?

Kate Hughes: There is nothing I can think of, but I can certainly make sure that we give you the information on our investments in Africa which you asked about.

The Chair: That would be very kind. Thank you very much.

Vijay Rangarajan: There is nothing that I have to add.

Peter Hill: Nothing from me either.

The Chair: Secretary of State, you and Peter in particular have a pretty tough gig between now and next year. You have to run a department as well as being president of COP26. We can say that the future of planet earth is literally in your hands. You have the full backing of this Committee and, I am sure, the House in everything that you are trying to achieve. It is really, really important. My last ask is: will you come back in, say, six months' time and tell us how you are getting on?

Alok Sharma MP: Absolutely. I am very happy to come back. I have very much taken the point which you and other colleagues have made about the cross-party support that is out there in Parliament for us to make sure that COP26 is a success. We will take up the offers that you have made, and I look forward to further engagement not just through this Committee but through other conduits in the weeks and months ahead. Thank you very much for having us.

The Chair: Good. Thank you very much indeed, Secretary of State, Vijay, Peter and Kate. May I publicly thank all the House of Lords staff, clerks and assistants who have made this evidence session possible? Thank you very much for your participation.