

Climate Change in Copenhagen: Received Ideas and Actual Stakes

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Was the Copenhagen Conference the last chance to do something about climate change?

The fact that the Summit did not result in a concretely detailed, legally binding international treaty does not represent the failure that some have seen in it. Under cover of the now well-established scientific data, the international negotiations on climate change reveal the differences between energy policies, between the desire to benefit from the advantages of a common strategy and the risk of financial protectionism.

Moving forward from Copenhagen: by any means necessary

The pessimism that surrounds the question of climate change and, in particular, the December 2009 Copenhagen Conference has been palpable. We are given to understand that failure will be decisive.

In this way, some say that the physical consequences of the phenomenon itself can no longer be stopped: extreme meteorological events will become more numerous and more intense, from Bangladesh to the United States; the rise in sea-level combined with desertification will lead to forced migrations whose economic and geopolitical consequences will be as dramatic as they will be costly¹.

The IPCC² Fourth Assessment Report cannot reasonably be disputed³. Current scientific findings show that inaction will henceforth have alarming, insurmountable consequences in the span of just a few decades. If the Stern Review⁴ aroused timely debate among certain economists regarding discount rates, it also shows that whatever happens the cost of inaction will be much greater than the cost of taking action, even if agreements on further GES emission reduction figures have not all yet been determined. The G8⁵, the GEF⁶, the OECD⁷, the IEA⁸, the European Union and, of course, now, the United States, all acknowledge as much.

The urgent necessity of a global post-Kyoto agreement on climate change is not intrinsically tied to the adoption of the treaty coming out of Copenhagen.

¹ At the European level, the 2008 Report of the European Environment Agency (EEA) shows that the continent will not be spared the effects of climate change. See Impacts of Europe's changing climate: http://www.eea.europa.eu/publications/eea_report_2008_4/.

² IPCC: Intergovernmental Panel on Climate Change

³ http://www.ipcc.ch/publications_and_data/publications_ipcc_fourth_assessment_report_synthesis_report.htm.

⁴ http://www.hm-treasury.gov.uk/sternreview_index.htm.

⁵ G8: the US, Japan, Germany, France, the UK, Italy, Canada, Russia

⁶ GEF: Global Environment Facility

⁷ OECD: Organisation for Economic Co-operation and Development

⁸ IEA: International Energy Agency

In other words, that on December 18, 2009, a single, general policy declaration was adopted by representatives of the near-totality of world States is no alibi for ignoring the very real importance of the stakes involved (economic, climatic, political, and energy).

Indeed, doing so would confuse at least two realities: the scientific reality of the crises which they have to face in socio-economic terms due to climate change and the other reality, that of the timeframe specific to international negotiations.

An international treaty or just conference decisions?

Following the last round of negotiations prior to Copenhagen, held in Barcelona in November, it was nearly certain that a treaty like the Kyoto Protocol would not be adopted in December in Denmark.

The legal status of the instrument to adopt was one of the major stumbling blocks at the Conference, to such an extent that the result of the December negotiations ended up taking the form of decisions taken by the Conference of the Parties.

On a global scale, two years of negotiations (Bali Action Plan, December 2007) to come up with a detailed, concrete agreement on an issue as complex as that of climate change does not represent a lot of time. But the fact that the energy question was at the heart of the Copenhagen Summit could in fact enable the finalizing of an agreement 6 months on in Bonn, or a year later, during the next Conference of the Parties, the 16th, which is set to take place in Mexico City in December 2010.

Today, the important thing is not so much the legal status of the instrument adopted in Copenhagen as the policy positions that these first fruits of negotiations already translate into. Faced with, by-definition, global stakes and potentially catastrophic human and economic consequences, the core issue remains the reconciliation of divergent, or even opposite, energy strategies and policies and strategies that refashion national economies and international exchange. In the final analysis, at stake is probably the issue of avoiding new economic wars.

Reconcilable positions?

The situation today is radically different from that at the time of the Kyoto Protocol negotiations (markedly more precise scientific data and time limits necessary for taking action; widespread political will; implementation of national and/or regional mechanisms: involvement of economic actors, etc.). Numerous States and companies have included in their strategies actions aimed at slowing and adapting to climate change⁹.

It is in fact this first recent encounter that highlights the real stakes of a new global agreement on climate change. It reveals the fundamental visions of the three main groups of States: the European Union, the United States, and developing countries (while differentiating between the major emerging economies from other developing nations, in particular those of Africa). Two principal types of question continue to be asked: how to coordinate within a coherent and compatible system market and non-market mechanisms, and how to incorporate new commitments.

⁹ See, to take the single case of the European Union, the commitment to the "3x20" objectives: 20% greenhouse gas emission reduction, 20% increase in renewable energies, and 20% reduction in energy consumption by 2020.

If the final international agreement merges the provisions of the UN Framework Convention on Climate Change and those of the Kyoto Protocol, the future of flexibility mechanisms will be crucial in terms of the direct repercussions at the national level, and therefore on businesses. As much politically as economically, it would be difficult to carry out a 180° turn with regard to those economic mechanisms put in place within the framework of the Protocol in order to allow for its implementation (CDM¹⁰, JIM¹¹, and emission permit trading market).

Improving existing procedures would, on the other hand, offer an at once technical, complex, and necessary negotiating point which will in all likelihood be the object of discussions after the December conference (unblocking CDM projects, indicator improvements, quantification of additionality, project development in new areas, particularly in Africa, quantification of carbon sinks, inclusion of deforestation issues, etc.).

But if the Kyoto Protocol is not extended, which is always possible, these crucial questions will have to be put differently (framework? governance? etc.).

The possibility of sanctions

In the same way, the targeted agreement returns to center stage the issue of monetary mechanisms to ensure that commitments are followed through on. Although the issue often remains in the shadows, it is of fundamental importance. For it is through these mechanisms that certain sanctions may be issued against States and lead finally to a tightening of national laws, especially those concerning greenhouse gas limits on sectors with the highest emission levels.

The current compliance mechanism is that of the Kyoto Protocol. Beyond the intractable political position of the Bush Administration, which refused to ratify the Protocol, the principle of committing to a binding agreement that includes possible sanctions determined at the international level remains even in the new American political climate one of the major sticking points to the ratification of an instrument like that of the Kyoto Protocol. The United States remains firmly attached to exclusively national sanction mechanisms. And despite Barack Obama's announced determination to commit to coordinated, coherent, and legally binding action to fight climate change at the international level, it is far from clear that the US will accept the inclusion of an equivalent to the current compliance regime.

Here the full scope of the issue of the legal status of the global climate change agreement ultimately adopted becomes clear. The risk of a several-tiered system has indeed not been ruled out, and the European Union will have a decisive role in final negotiations on the issue (at Copenhagen or in the year to come).

In order to make sure that developing countries increase somewhat the commitments they are willing to undertake (with the necessary compensatory financial and technical assistance) and that the United States steps into the ring, it may be necessary to accept the possibility that they enjoy a particular regulatory regime vis-à-vis developed countries. At least at first. The time it takes for Congress to pass the bill on greenhouse gas reductions planned for a vote in spring 2010. A few months that could be critical, as Barack Obama encounters his first serious domestic challenges (health reform, the American presence in Afghanistan, two Democratic losses in November, etc.). This would markedly quell the current argument

¹⁰ CDM: Clean Development Mechanism

¹¹ JIM: Joint Implementation Mechanism

according to which it would be impossible to commit to a new agreement that reproduces the basic items of the Kyoto Protocol due to the latter's incompatibility with national legislation.

The reality is far from being clean-cut¹², since the Waxman-Markey¹³ and Kerry-Boxer¹⁴ bills do not stop the United States from, at minimum, committing to limitations on its greenhouse gas emissions through international treaty.

A world carbon market?

Major opposition runs deeper and is essentially tied to carbon markets. That is where the major paradox of the negotiations can be found: almost all States agree on the urgent need for action on climate change, but unilateralism freezes the adoption of an agreement that can only ever be global in reach.

After feeling their way at the beginning, European firms have for the most part shown themselves favorable to an emission quota exchange system, which would allow them to negotiate among themselves and open a new market. Now the question is creating a market for emission quotas within a global framework. More than the size and flexibility it would allow, the creation of such a market on a global scale would represent one of the best guarantees against "carbon leaks."

The obstacles nonetheless remain imposing: the implementation of national greenhouse-gas rights markets have been put off to 2011 at the earliest in several countries because of the economic crisis (Australia, the US). Indeed, the drop in activity of the most CO₂-heavy sectors has an automatic effect on the need for compensation through credit buying. But the case of Russia shows how tempting financial protectionism can be, since it plans to hold on to the boon of some 60 billion Euros raked in since its ratification of the Protocol¹⁵, betting on the rise in the price of carbon without having implemented policies aimed at reducing its emissions.

At first glance, it would seem that China and India have every interest to see the creation of a structured and monitored global carbon market, which would really be the only effective means for developing countries, and in particular the big emerging economies, to obtain the financing necessary for their reduction and adaptation strategies, since it avoids eating into the national budgets of Northern countries. But it is far from clear that they will pursue this line of reasoning in negotiations. Financing could always be negotiated differently and everything will depend on their relationship with the United States.

The auctioning of CO₂ quotas as of 2013, which the EU decided on last December, represents in this respect an important step towards a possible leadership role within the carbon market, at least at the regional level. As the firms concerned will now have to buy their emission quotas (more than a billion tons of CO₂) from States, the auction process will represent a total of several billion Euros per year within the EU ■

¹² See the article, "La convergence du marché Carbone américain," OTC Conseil Newsletter, June 2009 (French).

¹³ American Clean Energy and Security Act (ACES), passed by the House of Representatives on June 26, 2009.

¹⁴ American Clean Energy Leadership Act (ACELA), currently in the Senate.

¹⁵ That is: emission credits of around 4 billion tons, without its taking any action to reduce greenhouse gas emissions. Decaying, heavily-polluting industry combined with energy production essentially based on natural gas rather than carbon, were apparently enough.

“2009: A Year of Intense Negotiations”

DECEMBER 7-18

- 15th Conference of the Parties to the UNFCCC (United Nations Framework Convention on Climate Change)
> Copenhagen (Denmark)

DECEMBER 10-11

- European Council
> Brussels (Belgium)

DECEMBER 2

- European Union ECOFIN Council
> Brussels (Belgium)

NOVEMBER 30

- European Union/China Summit
> Nanjing (China)

NOVEMBER 27-29

- Commonwealth Summit
> Port of Spain (Trinidad and Tobago)

NOVEMBER 26

- Amazon Countries Summit
> Manaus (Brazil)

NOVEMBER 23

- European Union Environment Council
> Luxembourg

NOVEMBER 20

- Major Economies Forum on Energy and Climate
> Washington, DC (US)

NOVEMBER 18

- European Union/Russia Summit
> Stockholm (Sweden)

NOVEMBER 16-17

- Last “pre-Copenhagen” Meeting
> Copenhagen (Denmark)

NOVEMBER 15-18

- US/China Summit
> Beijing (China)

NOVEMBER 2-6

- Intersession Meeting (AWG-LCA and AWG-KP)
> Barcelona (Spain)

OCTOBER 7-8

- Major Economies Forum on Energy and Climate
> Sydney (Australia)

SEPTEMBER 28-OCTOBER 9

- Intersession Meeting (AWG-LCA and AWG-KP)
> Bangkok (Thailand)

SEPTEMBER 24-25

- G20 Summit
> Pittsburgh (US)

SEPTEMBER 21-25

- UN General Assembly Climate Change Summit
> New York (US)

SEPTEMBER 17-19

- Major Economies Forum on Energy and Climate
> Washington, DC (US)