Copenhagen and Beyond

An ippr guide to the climate change negotiations

Institute for Public Policy Research
Challenging ideas – Changing policy

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About this guide

In this short guide, ippr's climate change experts set out in a clear and accessible way what might happen at Copenhagen, what might come afterwards and the background to the negotiations.

Our experts will be available for comment, briefing and interviews throughout the summit, both in Copenhagen and in London. See p10 for biographies of our team and their contact details.

Contents:

Top 5 things to look out for at Copenhagen

1) Will the US commit to an ambitious emissions target?
This could help break the deadlock in the negotiations and pave the way for an agreement which includes binding emission reduction targets for industrialised countries and actions on emissions by developing ones.

Were it to happen, key questions to be asked include:

- Will 2020 emissions reductions across the developed world add up to 25-40% relative to 1990 levels as demanded by developing nations?
- Will it be enough to prompt major developing countries to commit to actions of their own that would have a significant effect on their future emissions?

Chances of it happening: *slight*

The Obama administration still needs the United States Senate to pass a domestic climate change bill to avoid a repeat of the Kyoto Protocol 'dead on arrival' fiasco. President Obama has indicated that the US is prepared to put a 2020 target 'in the range of 17 per cent below 2005 levels' on the table, but this amounts to a cut of less than 5 per cent relative to 1990 levels.

2) Will industrialised countries agree to significant levels of financing?

Having hard, specified financial commitments from industrialised countries to support emissions reductions and efforts to adapt to climate impacts in developing countries is seen as a pre-requisite for a global deal by developing countries.

Were it to happen, key questions to be asked include:

- How much is being pledged? Developing countries want $250 billion; the European Union has proposed a fund worth $150 billion by 2020 but has so far failed to indicate how much the EU would contribute to it.
- How will industrialised countries pay for it? Watch out for proposed new levies on aviation and shipping.

Chances of it happening: *slight*

With industrialised-country emissions targets expected to be significantly below the 25–40% range, money flowing to developing countries from offsets will be highly constrained as there will be less pressure on industrialised countries to seek cheaper emissions reductions overseas. Public finance is also in short supply because of the bank bailouts and stimulus packages during the recession. Industrialised countries may however agree to provide some limited finance between now and 2013 under a 'fast start' scheme.

3) Will there be meaningful progress on technology transfer?

This is a key issue for developing countries. They argue that industrialised countries own most of the key low-carbon technologies and that these, as well as the skills and know-how to produce them, must be shared internationally.

Were it to happen, key questions to be asked include:

- Will industrialised countries agree to share some of the key technologies by offering companies incentives to waive patents or cut technology costs?

- Will countries agree to collaborate on the development of new technology, such as carbon capture and storage?

Chances of it happening: *possible*

There is perhaps a better chance of some agreement on technology sharing and cooperative development than in many other areas of the negotiation. President Obama's Major Economies Forum has already agreed some cooperative measures. These could be taken forward with or without a wider UN agreement.

4) Will developing countries commit to significant new action?

Various proposals have recently come from leading developing countries such as China, India and Brazil, suggesting that they would be prepared to adopt new measures, including targets to reduce emissions below business as usual levels.

Were it to happen, key questions to be asked include:

- What impact would the proposals have on national and global emissions in 2020 and would they be legally binding?
- Can developing country proposals be externally verified and will industrialised countries therefore help finance them?

Chances of it happening: *virtually nil*

Some developing countries are already pursuing impressive domestic policies to increase their use of renewable energy and improve energy efficiency. There is however almost no chance they will turn these into legally-binding international commitments, particularly if the industrialised world (including the US) does not commit to binding emissions cuts and new climate finance.

5) Will a Copenhagen treaty replace Kyoto?

Industrialised countries have of late been proposing to unite all 192 countries' actions under one, new treaty and get rid of the Kyoto Protocol. This makes sense if the US is to be included as it is highly unlikely ever to ratify Kyoto. However, developing countries are bitterly opposed to this because they see Kyoto as the only way of ensuring industrialised countries lead the march towards emissions reductions.

Were it to happen, key questions to be asked include:

- Will a new, single treaty still insist on legally-binding measures for industrialised countries and what kind of commitment will developing countries have to make?
- Can it be crafted to fit in with Kyoto so that the Clean Development Mechanism and other Kyoto instruments can continue?

Chances of it happening: *extremely slight*

In fact, while tidying up legal requirements and unifying all countries under one new treaty makes logical sense, it is the one area of the politics of the negotiation that could lead to a total breakdown in talks as it would remove the legal 'firewall' between industrialised and developing nations.

What should happen after Copenhagen if there's no deal?

ippr thinks that the international community should focus on four priorities:

1. Keep UN climate negotiations alive

If little agreement is reached or if talks collapse altogether in Copenhagen, it will be important that the UN process is kept alive. Ultimately, a comprehensive international climate agreement is necessary because no one country can successfully avoid dangerous climate change.

Action: Leaders attending Copenhagen should state their clear commitment to the UN process and should collectively set milestones for further negotiations in 2010. Milestones should include concrete plans to scale up finance and low-carbon technology.

2. Focus on domestic politics in high emitting countries

All countries are nevertheless limited in what they can agree internationally by their national debates on climate change. The US – the most important country in the negotiations – is a clear example of this problem. The US Government is no longer sceptical and is keen to participate in an international agreement, but simply cannot agree something that goes far beyond what is acceptable to US voters.

Action: Post-Copenhagen, a working group of big emitters, similar to but perhaps smaller than the Major Economies Forum, should be convened to develop collaborative, practical approaches to ensuring important domestic policies are implemented, for instance through technological or financial cooperation. Helping overcome finance and technology barriers will be critical to removing political barriers.

3. Start work on technology

Many countries – both industrialised and developing – have recently announced ambitious plans to increase the use of climate friendly technologies, especially renewable energy. The lack of agreement at Copenhagen should not stop these plans going ahead.

Action: Proposals for new international technology initiatives – for instance to help drive the collaborative development of carbon capture and storage – coming out of the UN process, Major Economies Forum and any new high emitters working group should be acted upon, launching in 2010.

4. Set up new funds to pay for technology plans

The weakness of proposed industrialised country 2020 targets will limit the amount of carbon market finance that will flow to developing countries. It will also limit the sums of money that governments receive from auctioning emissions permits in their domestic or regional schemes. A new approach to financing will therefore urgently be needed to ensure technology plans can go ahead.

Action: Low-carbon investment funds or banks that can attract both government and private sector finance should be established. These could be both national entities set up under government statute and regional funds-of-funds to channel public and private sector finance capital to the national level.

Background: On the road to Copenhagen

The Copenhagen climate summit is known in United Nations circles as the 15th Conference of the Parties (COP 15) to the UN Framework Convention on Climate Change (UNFCCC). It takes place on 7–18 December in a convention centre in the Danish capital. Its final three days, when environment ministers and perhaps even Presidents and Prime Ministers will take part, are its most important.

The meeting has been trailed heavily since global climate negotiations were formally launched at COP 13 in Bali, Indonesia in 2007. Environmental campaigners are portraying COP 15 as a make-or-break moment for international climate regulation and many politicians – especially those in Europe – have thrown their weight behind the UN negotiations and the meeting in Denmark as the principal show in town on climate change.

However, progress in the past two years has been glacial. The structure of the UNFCCC, first agreed at the Earth Summit in Rio de Janeiro in 1992, divides industrialised and developing countries, with the former having binding obligations to reduce their own emissions and support the climate protection actions of the latter. Negotiations since Bali have if anything further entrenched this division as the talks were only launched on condition that the future actions of industrialised and developing countries were discussed separately.

A twin-track negotiation has focused on the one hand on what commitments industrialised countries will take once their existing emissions reduction targets under phase one of the Kyoto Protocol expire in 2012, and on the other on how developing countries can be given financial and technological help to start reducing their emissions. This negotiating division has become known as the Bali Firewall.

Dead on arrival

Even as the Kyoto Protocol – an amendment to the UNFCCC which gives industrialised countries binding emissions reduction targets – was being finalised in 1997, US Senate Republicans famously declared it 'dead on arrival'. Their fear was that signing up to internationally binding targets to reduce emissions would handicap the US economy in relation to emerging economies in East Asia, which were (and still are) classified as developing countries and not included.

A fear of lost competitiveness and of allowing emerging economies – especially China – a free ride is what still pervades climate negotiations 12 years on. But because the US never did ratify Kyoto (President Clinton did not even send the treaty to the Senate because the fate that awaited it was so obvious) and presumably never will, the world's greatest single contributor to the current atmospheric stock of industrial greenhouse gases still has no binding obligations to reduce its emissions.

The Kyoto Protocol, the extension of which is seen by developing countries as an essential precursor to offering to make any internationally measured progress on their own emissions, is now an unlikely vehicle for future progress. While collectively European countries, Japan, Canada and others are significant contributors to global emissions and have ratified Kyoto, without the US it is a fatally flawed instrument.

All eyes on the US

Since Barack Obama was sworn in as President, the US has signalled its willingness to participate in a new climate treaty and is in the process of passing domestic legislation. However, to avoid delivering another legislative corpse to Congress, US officials are keen that the Bill – currently being sponsored through the Senate by John Kerry and Barbara Boxer – is passed before they agree to any international obligations.

The Kerry-Boxer Bill, however, is not only highly unlikely to pass through the Senate before the Copenhagen summit ends, but it is also at face value too weak to impress other major players in the international negotiations. Its principal instrument is a scheme that will see certain high-emitting sectors of the US economy issued with a restricted number of tradable emission permits: a so-called cap and trade scheme. This is unlikely to bring about 2020 reductions in US emissions of more than 5 per cent relative to 1990 levels. In contrast, the Intergovernmental Panel on Climate Change suggests that industrialised countries should reduce emissions in 2020 by between 25 and 40 per cent relative to 1990 levels.

Some studies – for instance by the World Resources Institute[1] – have suggested that the sum of all of the measures in the Kerry-Boxer Bill amount to much more ambitious action – perhaps in excess of 20 per cent below 1990 levels by 2020. As a result, US climate commentators and negotiators have begun to discuss methods by which climate commitments can be made at the international level that go beyond a single, economy-wide target.

Such measures may be necessary to bring the US on board in any future climate treaty, but developing countries have tended to view this development with considerable unease, fearing that it would allow the US too much wriggle room and to view its international obligations as essentially voluntary. Nevertheless, the past few weeks of talks have been dominated by such proposals, which has added further complexity and mistrust to already fractious and labyrinthine negotiations.

Finance and technology

In the legal and targets-dominated miasma that has increasingly dogged the negotiations, two critical elements of the original agenda agreed in Bali have been eclipsed: finance to support emissions reduction and the development of new, climate-friendly technology.

Without a structural change in the way energy is produced and used, emissions reduction targets of even modest ambition will be impossible to reach. This transformation of energy systems must be delivered during an era of rapidly expanding global energy demand. Thus, the only way that emissions levels can be checked and reduced as energy supply is increased is by putting to use existing low-carbon energy technologies quickly and very widely and by accelerating the development of new technologies. Climate targets may assist with this goal, but they are inadequate in themselves to ensure change takes place.

The most critical factor in bringing about a technological transformation is finance. Under the UNFCCC, industrialised countries have an obligation to support developing countries with both finance and technology to help with their efforts to decarbonise their economies. However, currently, levels of financing are low. Furthermore, the banking crisis and bailout and the fiscal stimuli employed in many industrialised countries have put considerable strain on government budgets; the politics of financing

1. See http://pdf.wri.org/usclimatetargets_2009-10-28.pdf

international climate action through government-to-government transfers (the preferred approach of developing countries) appear very tough indeed. However, movement on finance by industrialised countries, linked to technology development and transfer to developing countries, could be a deal-maker.

Copenhagen: what good will come of it?

Without a mandate from Congress, the US will be unable to make firm international commitments and will not in any case ratify an extension of the Kyoto Protocol. Without the US, Kyoto remains a deeply inadequate instrument and yet without Kyoto and its legally binding economy-wide targets for industrialised countries, developing countries are highly unlikely to support progress in any other area, such as international monitoring of their national measures to bring down emissions.

Grand aspirations to a new, all encompassing Copenhagen climate treaty may remain unfulfilled when the curtain falls on COP 15. Instead, countries could agree a set of 'decisions', such as to create new institutions to support low-carbon technology development, to fund efforts to halt deforestation and to support developing countries struggling to deal with climate impacts.

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ippr's climate change team for Copenhagen

Simon Retallack: Simon is the head of ippr's Climate Change team and oversees ippr's Low Carbon Programme. He will be leading ippr's team for Copenhagen. +44 (0)7739 136 775 / s.retallack@ippr.org

Andrew Pendleton: In addition to his work on climate change negotiations for ippr, Andrew is the coordinator of the Global Climate Network – see www.globalclimatenetwork.info. +44 (0)7789 997 376 / a.pendledon@ippr.org

Jenny Bird: Jenny is ippr's expert on low-carbon jobs and new technologies. +44 (0)7817 651 729 / j.bird@ippr.org

David Nash: David is assistant coordinator of the Global Climate Network. +44 (0)7889 092 730 / d.nash@ippr.org

Tim Finch: Tim is ippr's Director of Strategic Communications and will be coordinating media work for Copenhagen. +44 (0)20 7470 6106 / (0)7595 920 899 / t.finch@ippr.org

Kelly O'Sullivan: Kelly is ippr's media officer for ippr's Copenhagen work. +44 (0)20 7470 6125 / (0)775 719 289 / k.osullivan@ippr.org