

Toward a New Climate Network

Transatlantic Solutions for a Low Carbon Economy

Transatlantic Climate Policy Group



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Refocusing Europe's Leadership Role in Climate Change

Upcoming Challenges Before and Beyond Copenhagen

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“What Europe must understand is that its real leadership ambition should concentrate on being the first to create a low carbon economy. The real breakthrough for climate policy will not come through diplomacy. Rather, the breakthrough will come as countries learn to understand that saving the climate will help save their economies and safeguard their security.”

For a good number of years, climate diplomacy has been one of the European Union's strongest suits in international relations. While the former U.S. administration was in a state of denial concerning the science behind climate change, in addition to being intransigent in its stance, it was the EU that at least kept the climate negotiation process alive within the framework of the UNFCCC. Meanwhile the developing world, most notably the threshold economies, played the waiting game, demanding that the industrialized countries be the first to get serious about combating climate change.

The EU overcame the uncompromising stubborn efforts of the Bush Administration and other deniers of global warming to shipwreck the Kyoto Protocol. It also played an extremely important role in drafting the Bali Roadmap by outlining a strategy for developing a post-Kyoto agenda. The EU managed to set itself an emissions reduction goal that was more ambitious than anybody else's as well as broadly in line with the targets set by climate scientists: a reduction of 20% below the base year 1990 by 2020, and even by 30% if other countries were to take similar actions.

Evaluation

New script in Copenhagen

At least in comparison, the EU can be called without any irony "the good guys." EU leaders, and here a little irony is merited, have not wasted many opportunities to let the world know how much it owes Europe. Most gratifying have been all the numerous occasions in the climate discourse where we Europeans measured so favorably against our dear American friends, those from across the Atlantic who "just didn't get it."

However, the EU does not own the UN Framework Convention on Climate Change (UNFCCC). At Copenhagen in December of this year, the script will be a lot different from what it used to be. The most important difference will be the role of the United States.

The EU will find itself blessed and confronted with an American partner who, in general philosophical discussions, will very much sing from the same climate change song book.

The U.S. and Europe are finally finding common ground on climate change. They agree on the severity of the climate threat, the urgency of solutions, the necessity of action by all major emitters, the responsibility of developed nations to take the lead, the responsibility of developed nations to assist developing nations, and the importance of negotiating new global climate agreements. Thus, the name of the game is no longer "the good, the bad and the ugly"; rather, it is a community of well-intentioned partners.

One consequence of this is that the leadership in international efforts to combat and control climate change will not again fall to the EU by default. The U.S. is actively striving for a leadership role. President Obama has pledged internationally to lead the world toward a new climate treaty. Other participants are also going to have a more substantial role this year, most notably China. On the one hand, the Chinese government has not yet fully embraced a leadership position, heeding a caution issued by former statesman Deng Xiaoping to take on leadership in this regard. However, de facto China has assumed a dominating position by sheer virtue of: its economic impact; its growing weight as a CO₂ emitter; and the strategic decision of the Obama Administration to treat China as the world's number two power. China is not alone among the developing countries to play an active role. However, it seems fair to expect China to be the most influential among them.

Is European leadership on Climate diminishing?

With other countries getting more involved, the capacity for EU climate leadership is diminishing. The relative economic weight of the EU is shrinking and the internal cohesion and strength of the EU is also far from what it should be. The EU Commission under President Jose Manuel Barroso is weak as it gives in too often to European national governments that are less ambitious on climate policy. Among European national leaders, it was German Chancellor Angela Merkel who put climate on top of the agenda during the German presidency of both the EU and the G8 in 2007. However, since 2008 Chancellor Merkel has been as reluctant a climate reformer as many others out there. When push came to shove on specific policy decisions necessary to implement the mitigation goals agreed on by the EU, Merkel was anything but a driving force. In fact, she was often a stumbling stone. Moreover, so far no other European leader has stepped up to take her position in the batting line-up. European national leaders thus seem to have become somewhat wary of their former climate ambitions. So it came as no surprise when the European Council decisions on the climate policy package in December 2008 were reluctant, half-bred, if not embarrassingly ambiguous. The recent European Parliament elections were a great success for the strongly pro-climate change policy European Greens; yet at the same time, conservative parties also gained considerably more influence. It thus remains to be seen to what degree the European Parliament will be a positive factor in the political equation.

Challenges

There are three major problems in store for the EU at the Copenhagen conference, and it is astonishing to observe how little these have been discussed in public so far.

Ambition to meet climate targets

The U.S. will not only be unwilling to agree to a climate target in line with climate science, it quite practically could not reach such targets even if it wanted to. According to the International Panel on Climate Change (IPCC), industrialized countries should reduce their overall greenhouse gas emissions by 25-40% below 1990 levels by 2020, eleven years from now. As a matter of fact, CO₂ emissions in the U.S. have increased by almost 20% since 1990. The most demanding climate abatement plan that has been earnestly pursued in the U.S., the Waxman-Markey Bill, would amount to a reduction of less than 5% compared to 1990 levels. Many U.S. experts consider this bill to be the high water mark and predict that the Senate will propose less ambitious targets. Let us also note that President Obama has pledged to reduce U.S. emissions by 14% below 2005 levels by 2020; this would merely return U.S. emissions to 1990 levels by 2020.

Is Europe prepared to accept such a scenario? The idea that international pressure could bring U.S. decision makers to accept an international treaty demanding more than the U.S. Congress is willing to legislate seems absurd. Not only Republicans would block that, but also many Democrats from states fearing to suffer from such policies. Ten Democratic senators from Ohio, Wisconsin,

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Michigan, Minnesota, West Virginia, Pennsylvania, and Indiana—the “brown dogs”—have made it clear how sensitive this is for the Democrats, particularly since several of these states are swing states. However, the idea that a global climate change deal would work without the United States is equally absurd.

The truth is that it is impossible for the U.S. to make up for all the sins of a former administration within eleven years. Therefore, it would not get us very far to insist on scientific targets without taking that reality into account. Of course, the EU should lobby for as much as possible and, in order to do that, officials of various European governments should meet U.S. congressmen and senators every single day before Copenhagen.

And yes, it would be silly for the EU to walk away from negotiations if the U.S. comes with a target considered insufficiently ambitious. On the other hand, the EU cannot simply accept a weak proposal either. That would sideline science as the basis for discussion, politically undermine European domestic efforts, and give other industrialized countries such as Japan, Canada, or Australia an all too easy cover for their reluctance to move forward. Moreover, it would undercut any credibility the industrialized countries still have with the developing world. Thus, it would be a recipe for failure.

The EU should be frank and: Call a low figure a low figure; emphasize that the IPCC numbers are not an imperative target zone but scientific advice; hold on to the plus 2 degree Celsius target; say that the contribution of the U.S. (and others) must increase; demand a steeper midterm reduction curve because of the slow beginning; and ask for a quid pro quo. If the Obama government wants the EU to accept a lower-than-IPCC emissions reduction by 2020 in the U.S., it should be willing to offer more on the other issues that will be on the table in Copenhagen.

Climate financing

The second great challenge at the Copenhagen conference will be climate financing. A failure to deliver a solid solution would risk losing the support of the developing countries, including the giants China and India. Financing mitigation and adaptation efforts in developing countries is certainly the most important issue from the perspective of these countries. Industrialized countries must finance the incremental cost for developing nations of both adapting to climate change and abating their growth in emissions as well as help them in introducing advanced green technologies. Industrialized countries must agree to share with developing nations the management and control of new financial resources mobilized for climate action in the developing world. On these counts, the EU has so far been less than forthcoming, while the U.S. has dodged the issue.

Europeans must make up their minds whether they really want to partner with the developing world. The Copenhagen conference should leverage the U.S. to compensate their slow progress on domestic mitigation by helping developing nations speed up their efforts.

How significant is the financial volume under discussion? According to a European estimate \$150–200 billion a year are needed for emissions mitigation and adaptation in developing countries. The United States has so far withheld its cost estimate. Neither the U.S. nor Europe has specified what share of this global total each would be willing to provide. China and other countries have proposed a binding international obligation for industrialized countries to provide 0.5–1% of their GDP to developing nations for emissions mitigation and climate adaptation. This would add up to \$200–400 billion globally from donor nations, and amount to \$70 and \$140 billion annually for Europe and the United States respectively. Just to put these numbers in perspective, the total U.S. development assistance was roughly \$33 billion in 2007.

If Europe and the United States were to make a serious offer to substantially increase financial assistance to developing nations, it would have to be in the order of at least \$40–50 billion annually each. Auctioning revenues from cap-and-trade systems could well provide the means to cover this. Will Europe find enough resolve to make that a priority in its pre-Copenhagen negotiations with the U.S. about a common transatlantic approach? Will the EU find enough political will to present such an offer in the face of growing inner-European nationalism and protectionism?

New classifications of countries

Of course, the EU and the U.S. must also try to find common ground with regard to emissions reductions, an effort that will have to come mainly from major emitters among developing countries on the basis of common but differentiated responsibility. However, it would not be wise to confront the developing world with an EU-U.S. axis here.

Clearly, the Kyoto Protocol's simplistic classification of "developed" or "developing" countries will not meet the demands of a new treaty. In this regard, interesting proposals have been made by researchers from developing countries. The economist Hu Angang for instance, a professor at the Chinese Academy of Sciences and at Tsinghua University and director of the Centre for China Study, has advocated taking the Human Development Index (HDI) as an objective basis for this discussion.¹ He distinguishes four groups of countries: High HDI (above 0.8), Medium-high HDI (0.65–0.8), Medium-low HDI (0.5–0.65), and Low HDI (below 0.5).

The High HDI group would contain 70 countries, with a total population of 1.6 billion. These nations, which include the United States and Germany, would make major, non-conditional emissions cuts as specified by the UN. As countries grow wealthier over time, this group will expand.

1 Hu Angang: A new approach at Copenhagen. April 2009. <http://www.chinadialogue.net/article/show/single/en/2892>

The Medium-high HDI group (to which China now belongs) has a population of 2.44 billion, 37.41% of the world total. These nations are second-tier emissions reducers for whom conditional targets would be set according to the gap between the nation's HDI figure and the 0.8 threshold; the smaller the distance, the greater the obligation. The Medium-low and Low groups would not be obliged to reduce emissions, while voluntary reductions would be encouraged where possible. Hu Angang expects China, based on its economic development, to move up to the High HDI group by 2010 and with that become a non-conditional emissions reducer.

It is hard to imagine the Chinese government agreeing to such an ambitious graduation mechanism in Copenhagen. Hu Angang is a lonely voice in China. His motivation for putting forth such an ambitious proposal can only be explained when considering his argument that climate change policy is in China's own interest:

It would be petty of us to discuss how best to haggle with the foreigners at Copenhagen. We should start with the question of China's own interests. [...] I wrote that ecological security and environmental protection were two of our five core national interests. And this is not because of pressure from the United States and western nations. Unfortunately, many do not realize that addressing these issues is in China's own interests, and those of all humanity—they are the shared core interests of China and the rest of the world. If our leaders can realize this, they will agree to make emissions cuts rather than continuing to refuse.²

EU realism will have to take into account the national interests as perceived by leaders in China and other threshold economies who are less clear-sighted than Hu Angang. A confrontational approach with protectionist overtones and sweeping border adjustments would serve no one. This is not to say that border adjustments measures in line with WTO rules should be ruled out altogether

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and forever. The New York Times columnist Paul Krugman has recently made the argument in favor of such measures, as have others. But in the Copenhagen context it will be imperative to create trust, something that has been lacking so far. It will be up to the industrialized world to move the ball. This is the main message which every European should try to get across in Washington D.C. between now and Copenhagen.

Recommendations

Europe needs to refocus its leadership role

What Europe must understand is that its real leadership ambition should concentrate on being the first to create a low carbon economy. The real breakthrough for climate policy will not come through diplomacy. Rather, the breakthrough will come as countries learn to understand that saving the climate will help save their economies and safeguard their security. The decisive struggle over the success or failure of climate policy will take place in the fields of economy and national security. To put it in one sentence: It's a green economy, stupid, that we need to protect our wealth and our security. If Europe can lead on this front, it will have provided the greatest service to the globe, and it will be good for us and our children too.

2 Interview with Hu Angang. August 6, 2009. <http://www.chinadialogue.net/article/show/single/en/3208>

Copenhagen will most probably be an extremely limited success at best. The outcome may well only provide the architecture for international climate policy without committing any country to specific reduction figures, much less the 25-40% reduction range for industrialized countries. A later conference may have to continue with the effort to come up with an international climate regime. It is important, however, to avoid a breakdown of climate diplomacy in order to save options for the future. To reach this minimum goal, we need both ambition and realism concerning the emissions reduction targets as well as the financing issue. As our societies learn, our negotiators will find it easier to find sensible diplomatic agreements. Copenhagen is not Armageddon. The more progress we make there, the better. But, we must realize that, in any event, we will have to keep working and fighting for a very long time down the road.



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Biography

Reinhard Bütikofer is a Member of the European Parliament and Vice Chairman of the Group of the Greens/European Free Alliance. He works on issues of climate change, energy and economic policy, European foreign and security policy and transatlantic relations. From 2002 until November 2008, he was Co-chairman of Germany's Alliance 90/The Greens. Prior to this, he was the party's National Executive Director. Mr. Bütikofer also served for many years as member of the board of directors of the Heinrich Böll Stiftung and was involved in the European Green Party for ten years. Mr. Bütikofer is a board member of the Berlin Aspen Institute, an advisory board member of the American Jewish Committee's Ramer Center in Berlin, a member of the German-Chinese Dialogue Forum, and a member of the European Green Foundation. He studied philosophy, history, and ancient history at Heidelberg University and has three daughters.



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