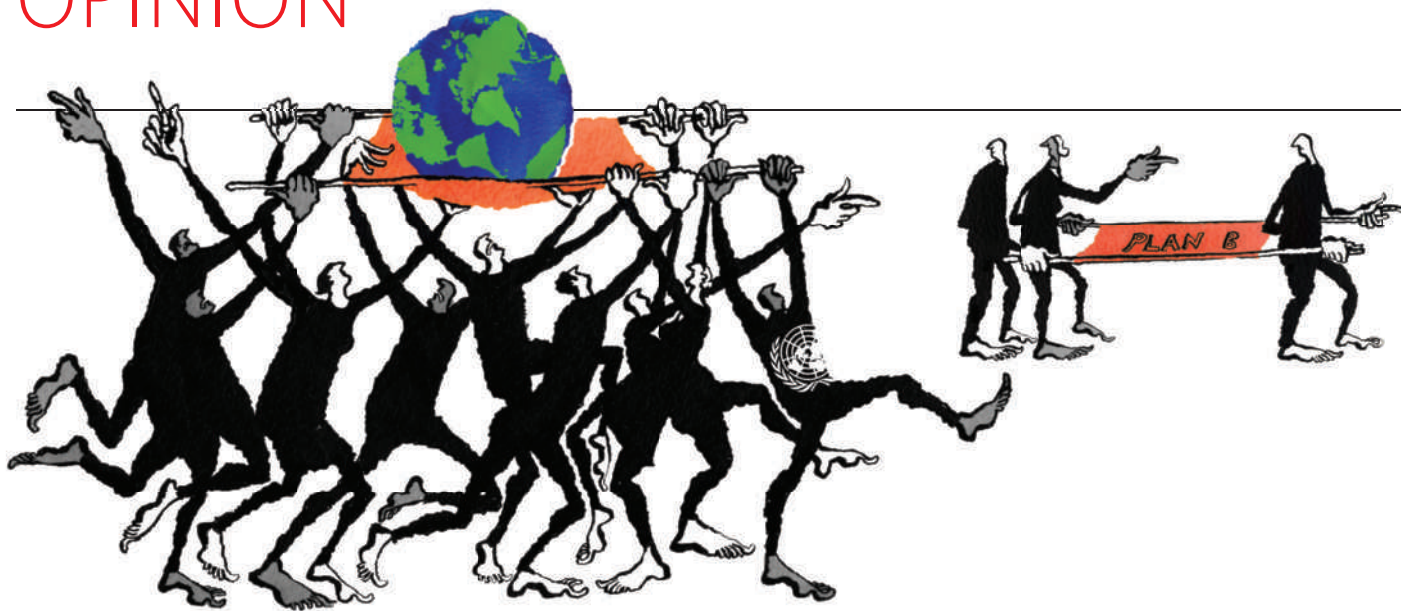


## OPINION



## Plan B for Copenhagen

In 11 days the curtain will rise in Bangkok for the penultimate round of negotiations before the climate change conference in Copenhagen. **David Victor** warns of the dangers of a rushed, stapled-together deal.

'Plan A' for the United Nations climate-change conference in Copenhagen is an ambitious new global agreement to replace the ageing Kyoto treaty. But most signs point to disaster. Negotiators are grappling with issues more complex than practically any others in international diplomacy. Their progress has been so slow that the most recent round of climate talks, held last month in Bonn, Germany, ended with strident calls to work harder and faster.

In reality, no amount of hard work can meet the goal of producing a fully useful treaty in time for the conference in December. Working faster, in fact, would be counterproductive because slapdash fixes will make it harder to craft an effective, long-term strategy to slow global warming.

Rather than a mad sprint, success in Copenhagen hinges on crafting a more realistic 'plan B'. Some negotiators are privately pondering the question of what to do if Copenhagen fails. Those debates must now happen in public — starting in the upcoming meeting in Bangkok, Thailand — while there is still time to sift the issues that can be settled by December from those that require a new strategy and more realistic deadlines at least two years away.

Plan B would include an immediate standby agreement on the small number of issues on which governments already largely agree and in which failure would be harmful. At the same time, it would lay the foundations for a new approach that would rely less on the sprawling, all-inclusive United Nations process. Guided by lessons from economic diplomacy, more

progress will come from small groups of pivotal nations rather than global forums.

The looming disaster at Copenhagen is partly bad luck owing to the global economic meltdown. Concern about environmental issues has plummeted over the past two years even faster than the economy. Most governments are reluctant to spend huge resources on uncertain, distant goals when they face pressing local problems such as unemployment.

amendments and adjustments to the Montreal protocol on the ozone layer<sup>5,6</sup>. Usually it works, because governments are able to control the activities that cause most environmental problems, and it is relatively easy for diplomats to make reliable promises on behalf of their governments. In such settings, international agreements on exacting targets and timetables are quickly reached and often effective.

Global warming is different because



## SUMMARY

- No amount of hard work can produce a fully useful treaty for December
- Smaller, more flexible approaches can break the impasse
- Copenhagen, at best, is a starting point for the most influential nations to make ambitious commitments

But the main culprit is bad strategy. Simply too many issues are in play, and the aggressive timetable set in 2007 (ref. 1) to solve them was never realistic. Half that schedule was lost as negotiators dithered through 2008. Finally this spring, just four months ago, serious negotiations began when the secretariat that manages the talks cobbled together three negotiating texts to focus minds on areas of unfinished business<sup>2-4</sup>. Those documents had 1,142 pairs of brackets signalling lack of agreement. Over the summer months diplomats failed to settle any of the most divisive topics.

That swift two-year timetable followed the typical strategy for negotiating international environmental treaties, such as the successful

diplomats can't be so confident of what they can offer. Serious cuts in emissions require governments to adopt policy reforms that are costly and deeply intertwined with national and global economies. So much is at stake that negotiators can't be sure that domestic reactions will stay supportive, and what each government does hinges in part on what others are likely to implement. No country wants to be a sucker who bears the high cost of regulating emissions while their economic competitors run free<sup>7</sup>.

This style of policy-making is not without precedent, however. Although rare in environmental diplomacy, it is commonplace in negotiations over the interdependent issues that dominate international trade and other

aspects of global economic cooperation<sup>8</sup>.

The experience with the 1997 Kyoto treaty shows why global warming diplomacy should not be hurried. Working at a similar breakneck schedule to Copenhagen, the Kyoto diplomats made hasty promises that some countries, notably the United States, quickly abandoned as unrealistic. Others, such as Canada, balked in response. Still others, such as Russia, were allowed to make Kyoto promises so diluted that they required no real effort to honour<sup>9</sup>. Of the major economies, only the European nations and Japan actually made (and have so far honoured) promises that required much effort; but those countries are a relatively small and shrinking part of the warming problem.

Hurried deals are thus prone to create false expectations. On the critical issue of engaging the developing countries — which already emit about half of the world's warming gases and will probably account for nearly all future growth in emissions — the hasty Kyoto process crafted a Clean Development Mechanism (CDM) that has mushroomed into a political liability. The CDM was designed to encourage greater investment in low-emission technologies in developing countries. But it was obvious even during the sleepless negotiations at Kyoto that the CDM would only work if it included tough rules and strict oversight. With no time and little effort to craft a serious administrative system, the CDM has been a disaster. Many CDM credits do not represent real reductions in emissions<sup>10–12</sup>, and the CDM excludes some of the best opportunities for emission reductions, such as nuclear power and carbon storage. And because the CDM was designed to reward countries that avoided binding limits on emissions, it has perversely made it harder to convince developing countries to make a bigger effort on their own<sup>10</sup>.

The diplomats preparing for Copenhagen, especially from the United States, are keen not to repeat the mistake of promising what they can't deliver. That's well-intentioned, but is not the most important lesson they should take from Kyoto. Such an approach prizes commitments that lack ambition. Indeed, compliance with binding international agreements is surprisingly high because diplomats are good at crafting agreements that are easy to honour even if they don't solve the underlying problem<sup>13</sup>.

I call this lesson the 'big stapler strategy' of international law. Facing impossible deadlines, diplomats promise only what they can surely deliver. In the tired waning hours at Copenhagen they will staple all those national promises

into a grand-sounding global effort. The big stapler is attractive to diplomats, who abhor visible failures, but it is terrible news for global warming. When each nation looks at the issue from a narrow national perspective, it offers conservative pledges that do not sum to what is needed to protect the planet.

### The road ahead

Success in Copenhagen must start with the recognition that on just a few topics, a failure to agree would be immediately harmful. A 'standby' agreement is needed to extend the promises already made in Kyoto, such as existing emission targets and timetables. Most developed nations have already made such promises, so this modest outcome should be easy to deliver — along with an opt-in scheme through which countries can bind themselves to even stronger targets and other policies if they like. In addition to locking these targets in place, a clear commitment to the CDM is needed.

I am no fan of either targets or the CDM<sup>9,10</sup>. But private companies have already poured billions of dollars into emissions controls on the back of these existing promises, and will watch Copenhagen for signs that future promises will be credible and worthy of investment. Developing countries, which are keen to turn the modest commitments made under the CDM into much larger funds for adaptation and technology programmes, are also watching. The most prized commodity in international diplomacy is credibility, which is why governments must not allow existing promises to expire even while they start on the harder, slower process of crafting new commitments.

In tandem with a standby agreement, Copenhagen should mark the start of climate talks that will elicit more credible and ambitious national policies. With a practical focus, that effort can bring success within two years. As

with many trade talks, negotiations should start with all the key players offering packages of efforts that they will implement unilaterally. In addition, they should outline extra promises that are contingent on the actions of others. The European Union provides a partial model for this kind of contingent offer. It has promised to boost its planned 20% cut in emissions to 30% if other industrialized countries make a similar reduction<sup>14</sup>. Yet outside that tantalizing offer, which itself is hard to assess because it is probably more than Europe can deliver, no other country has proposed a serious package of contingent actions.

More credible and ambitious contingent offers would not only help slow global warming but would also make national politics less nasty, because groups that bear the costs of regulation will see how their efforts will be multiplied globally.

This kind of political engineering is just how trade diplomats build the necessary coalitions to pass new trade laws.

Smarter offers will also make it easier to avoid promises of the worst kind that are taking shape in US policy:

**"Diplomats are good at crafting agreements that are easy to honour even if they don't solve the problem."**

contingent commitments that slide only in the backward direction. The legislation<sup>15</sup> now making its way through Congress threatens to abandon an already miserly proposal for US emissions controls if big developing countries fail to make comparable efforts. Contingent commitments of this variety are prone to unzip, and when that starts with big important countries it can spread quickly to infect the rest, as happened with the Kyoto treaty. The United States has caused similar harm to world trade talks with its unilateral anti-dumping rules, which are also a one-directional zipper. Climate plans taking shape in China and India may include similar negative offers.

As with trade talks, this approach is complicated to manage; with all 192 nations of the

UN Framework Convention on Climate Change sitting at the table it will fail. Luckily, just a dozen countries account for nearly all warming emissions. They should start the process, not just because they have the most influence but because their economies have the most at stake if warming regulation is handled badly. Of the several 'clubs' of big emitters formed in recent years, the best candidate to take this role is the 17-member Major Economies Forum on Energy and Climate (MEF). The MEF, like all other clubby attempts to address



Kyoto conference: hurried deals are prone to create false expectations.



warming, has lacked a clear mission and has been hobbled by diplomats who have scorned anything that might compete with the UN. It has also not treated developing countries with the respect they deserve. But after the likely disaster of Copenhagen, these smaller, more flexible approaches offer the only realistic expectations for making progress in 2010 and beyond.

### Avoiding the zombie

The experience with international trade provides not only a model for how to make contingent offers but also what to expect. From the 1940s to 1960s, when major trade talks involved the relatively simple task of adjusting border tariffs between two dozen countries, negotiations were easy to plan and ended swiftly. But today's trade negotiations are a lot more like global warming — they are horrendously complex and cover so many issues that they are much harder to schedule and success is more elusive.

The global trade talks that began in the mid-1980s took eight years, engaged 123 countries and nearly collapsed. The current 'Doha' round of talks involves more than 150 countries with a sprawling agenda packed with issues that are nearly impossible to resolve. Doha has become a legal zombie that neither succeeds nor dies. The UN climate talks will suffer the same fate unless the parties learn from it: even as the global trade agenda has stalled, governments have made significant progress in smaller forums in which it is easier to craft complex agreements, and even through unilateral actions that spur better global efforts, such as India's recent unilateral decision to cut tariffs. Purists lambast these clubs and special deals because they are not universal, but they are the only practical way to manage such complex problems. Global talks still have a part to play, but they are no longer the engine of trade liberalization.

### Signal and noise

An effective post-Copenhagen club will require its members to focus attention on the most genuine and credible contingent offers so that the talks do not stall. Sorting reliable policies from smoke and mirrors is never easy, but leading countries can nominate themselves for an intensive, open review of the promises they are making to aid transparency. Such systems are rare in formal diplomatic talks — even in trade, where strong enforcement mechanisms exist, but regular policy review remains weak — because diplomats tend to avoid intrusive processes. But many good models exist. For example, the International Energy Agency,



Major Economies Forum: less talk, more action?

which advises its 28 member governments on policy, has recently finished a review<sup>16</sup> of China's options for cleaning coal — done with the full support of Beijing, even though China is not a member of the agency.

Seasoned observers of the climate process will recognize this idea as 'pledge and review', a concept that gained traction in the early 1990s but was then abandoned by climate diplomats, who were seduced by the notion of legally binding targets and timetables. A small club of key emitters that adopted pledge and review as an ongoing process could transform the credibility of climate actions and provide an effective alternative to over-ambitious global negotiations prone to yield legal zombies.

For many observers, such a process would still seem slow, complicated, and not up to the task of halting global warming in its tracks. But it would reflect the reality of global diplomacy, which must rely on weak and often fragile

legal mechanisms. Along the way, the world is doomed to experience some global warming, and countries must prepare for those changes. Some will also lament that progress hinges especially on offers from a few countries, notably the United States and China. But that is a reality of world politics.

Some hard-nosed unilateral decisions could also spur more effective international actions. For example, Europe and the United States have a pivotal opportunity to shape the carbon offset market. The EU's carbon market is the world's largest; the eventual US market will be even bigger. Both will rely heavily on international offsets yet are plagued by the poor quality and cumbersome bureaucracy of the CDM. These countries could fix that problem by setting their own tougher rules for offsets while also

**"Diplomats should recognize global warming for the problem of economic cooperation that it is."**

promising full linkage to other markets that have comparably tough provisions. Overnight, such actions would force the CDM to adopt smarter rules lest its investors lose access to the markets that provide its revenue. Other disputes, such as over credits for forestry, would be easier to solve with similar unilateral decisions by these large markets and then a period of experimentation to see what works best.

Without a change of strategy, disaster at Copenhagen will be a disaster of choice, not of necessity. A well-managed disaster could be as constructive as the collapse of the 1986 Reykjavik summit between Ronald Reagan and Mikhail Gorbachev — which broke down in the final hours yet helped pave the way for later arms control. Rather than sprinting to Copenhagen, the world's diplomats should focus their attention on the few areas where failure would certainly be harmful. For the rest, they should junk the toolbox of environmental diplomacy and recognize global warming for the problem of economic cooperation that it is. Success hinges on more credible and ambitious commitments by a smaller number of countries. ■

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