



From Bali to Copenhagen: towards an endgame for global climate policy?

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For many climate change negotiators, 2007 ended on a high – amid jubilation about Australia’s return to the Kyoto fold, and the Bali summit’s dramatic last minute agreement on a road map for negotiations between now and 2009 about what should happen after the end of Kyoto’s first commitment period in 2012.

With the start of 2008, the more sober reality has sunk in: that while the Bali agreement was a real achievement, it was also – in the end – no more than ‘talks about talks’. The real work of agreeing a comprehensive global solution to climate change has not yet begun. So what might an endgame for limiting warming to two degrees Celsius might look like?

Start with the yardstick that the Intergovernmental Panel on Climate Change set for policymakers in the Fourth Assessment Report’s synthesis paper, published just before the Bali conference. The IPCC’s conclusion was that if policymakers want to limit warming to between 2 degrees Celsius (the EU’s stated goal) and 2.4 degrees Celsius, then:

1. Carbon dioxide levels need to be stabilized between 350 and 400 parts per million – they are currently at 370ppm – and
2. CO₂ equivalent level (for all greenhouse gases rather than just CO₂, in other words), must be stabilized at between 445 and 490 parts per million. Current levels are 455ppm.

What do these target ranges imply in terms of emissions? The short answer: global reductions that are much more demanding than most countries – including Europe – are yet willing to let on.

The last IPCC assessment report used, for the first time, ‘coupled’ computer models of the climate, which unlike the older ‘uncoupled’ versions, take ocean sinks into account – resulting in greater accuracy. These newer models find that to keep concentrations within the ranges mentioned above, global emissions of close to zero are likely to be needed by 2050.

This is a much more ambitious target than the global cut of around 50 per cent by 2050 often cited by EU leaders. And it would imply a global cut by 2020 of *at least* 40 per cent – and much more than that for developed countries, assuming that the framework agreed is equitable.

This, then, is the benchmark for policy efforts if pledges about limiting warming to two degrees C are to be taken at face value. What then are the prospects for achieving it?

In the post-Bali environment, there is essentially a new ‘Quad’ group of leading players, like the one that used to prevail on trade – but with a rather different membership. This time, the four members are the EU, which support binding targets for developed countries; China, which refuses to

countenance binding targets for developing countries, but is beginning to engage in debate about reducing its emissions; India, also opposed to binding targets for developing countries but generally perceived as more hardline than China in opposing action by developing countries; and the US, together with Canada and Japan. In the run-up to the Bali summit, the US-led group opposed *all* binding targets, but by the end of the summit their argument had shifted to being that if developed countries were to take on binding targets, then developing countries should also do so.

However, as I argued in *The Post-Kyoto Bidding War*, a paper published in October 2007 by the Center on International Cooperation,¹ on one issue there is consensus. No-one – not the EU, not the US and its allies, not China, not India – is calling for a binding ceiling on greenhouse-gas levels in the air (a “stabilisation target” in the jargon), that then leads to the definition of a ‘safe global emissions budget’.

It is in many ways a surprising omission. After all, it is hard to see how the goal of the 1992 UN Climate Convention - stabilizing greenhouse gas concentrations at a safe level – will be achieved unless that safe level is first *quantified*. So how can this strange consensus on no stabilization target in the next commitment period be explained?

It is straightforward to see why the US would be opposed to such a target. The current US Administration does not regard climate change as an urgent problem. Why then would it raise the political stakes by initiating discussion of a global emissions budget likely to result in targets much more exacting than those agreed under Kyoto?

But for Europe, China and India, the political reasoning is more subtle, and has to do with the central fact that it is axiomatic that a stabilization target cannot be discussed without discussing binding targets for developing countries. How else, after all, can there be a global emissions budget?

While many EU policymakers privately believe developing country targets to be essential, they also judge that there is insufficient political space to allow such a discussion – and hence remain silent.

China and India agree. For both countries – and many other developing states – the idea of discussing binding targets without some prior guarantee of equitable treatment, that safeguards their right to develop, is simply too hazardous to consider. Without iron-clad assurances on space to develop their economies, the risk in their view is that they will be railroaded into a target that will prevent them from growing their economies and eliminating extreme poverty.

This, then, is the impasse at which the Quad found itself before Bali; and it is where it finds itself now. Without some way of unlocking the politics of developing country targets, then greenhouse gas concentrations cannot be stabilized: it’s that simple. Yet so difficult, so hazardous, so politically toxic is this discussion, that the one Quad member calling for developing country targets is the US – apparently in a bid to try to stymie the negotiations.

However, as I also argued in October last year, there is a potential way through the impasse – as German Chancellor Angela Merkel appears already to have identified. Over the past few months, Mrs Merkel has begun to speak regularly about the need for a global framework based on the concept of convergence towards equal per capita rights to the atmosphere.

According to briefings to the media by German officials, this idea results from conversations between Merkel and Indian prime minister Manmohan Singh at the 2007 G8 summit in Heiligendamm, where Singh reportedly stated that convergence to per capita equity would be the price for Indian participation in a future deal.

¹ Available to download at <http://www.cic.nyu.edu/internationalsecurity/docs/PostKyotobiddingwar.pdf>

If this is the case, then it opens up the possibility of a real discussion between developed and developing countries about the principles that might underpin a future global “grand bargain” on climate change. Convergence, after all, is – at least on paper – a means of operationalising the long-discussed principle of ‘common but differentiated responsibilities’ within the scientifically sound context of a safe global emissions budget.

Under a process of convergence, countries’ emission rights within a global emissions budget would move from their current shares – where emissions are proportionate to wealth – to a new allocation proportionate instead to *population*. This process would take place over a negotiated timescale of anything from one to a hundred years.

How then would such an approach map out against the positions of the Quad countries mentioned above?

For India, first of all, a global framework based on stabilization and convergence makes obvious sense. Indian emissions in 2004 were 1.02 tonnes of carbon dioxide (CO₂) per person, while the global average was 4.18 tonnes. Even if Indian emissions grow rapidly, it will still be years before her per capita emissions exceed the global average. Because of that, a global emissions trading scheme based on convergence to equal per capita levels would be highly profitable for India. (The same basic dynamic is also true for Brazil, although to a slightly lesser extent.)

For Europe – assuming that member states and the Commission line up behind Mrs Merkel’s proposal – the approach could be attractive because it matches up with Europe’s analysis of the urgency of tackling climate change: it is based on a stabilization target. If Europe wants to deliver its proposed limit of 2 degrees of warming, this is one way – and perhaps the only way – of doing it.

For the US, admittedly, convergence to equal per capita emission rights is unlikely to represent its preferred vision for future climate policy – even in a scenario in which a Democrat administration governs from 2009.

But it should be borne in mind that the current Administration’s ideal outcome would be binding targets for no-one – a vision that failed to find much support at Bali. If the US is now falling back to a position of binding targets for developing as well as developed countries, then this raises the question of how the US *would* propose to share out emission entitlements in a way consistent with the principle of common but differentiated responsibilities, if not through convergence. By moving to a position of advocating developing as well as developed country targets, in other words, the US moves to a position in which the rest of the world can ask to see its hand of cards on the question of allocations.

Finally, there is China – where the political calculation is least clear-cut of all. China’s 2004 CO₂ emissions were some 3.65 tonnes per person – much closer than India to the world per capita average (though still a long way from the American level of 19.73 tonnes per person). According to International Energy Agency estimates, China’s per capita emissions level could exceed the global average by as soon as this year.

When this change takes place, it will represent a major watershed in international climate policy. Whereas for India, participation in a global deal based on per capita convergence makes sense for reasons of profitability alone, the same will - from next year - not hold true for China.

In this sense, whether China should support a stabilisation ceiling – and the targets for developing countries that it would inevitably entail – depends entirely on how urgent China perceives climate change to be, and how badly it wants the world to agree a solution to the problem.

If China thinks that climate-driven damages are likely to be sufficiently serious and detrimental to Chinese interests to warrant solving the problem sooner rather than later – by setting a stabilisation target, in other words – then that will necessitate the development of a Chinese view on how the resulting “global emissions budget” should be shared out.

What does this analysis boil down to? In a nutshell, four conclusions:

1. If Europe is serious about limiting warming to two degrees C, then it has no time to waste in starting discussions about a stabilization target. If it wants a stabilization target, then it needs binding targets for developing countries, in the context of a global emissions budget. And convergence to equal per capita emission rights is the only approach so far proposed by any EU member state for sharing out such a global emissions budget. The Commission and other member states should therefore either set out an alternative approach for sharing out a global emissions budget, or get behind Germany’s convergence-based proposal.
2. Europe’s most obvious ally in this enterprise would be India – assuming, again, that Europe is willing to shift up a gear and talk in terms of per capita convergence. As mentioned earlier, an approach based on convergence is likely to be highly profitable for India, making the political calculus of this alliance straightforward.
3. The US is likely to oppose a convergence-based approach. But if Europe calls for this approach, then it can at least maximize political momentum, retain the initiative, and call America’s bluff on the issue of developing country targets. If the US opposes convergence as the principle for sharing out a global emissions budget, it will need to set out what allocation mechanism it favours instead – and the main debate in climate policy will finally be underway in earnest.
4. Finally, the great unknown: China. Unlike India, Chinese support for a global framework based on a stabilization target and per capita convergence does not make sense for reasons of profitability alone. Europe therefore needs to engage intensively with China, above all to underline that *if* China thinks climate change is serious, then it depends on a stabilization target, and a global emissions budget with binding targets for all. The question of what view China comes to on how such an emissions budget should be shared out is likely to be one of the most topical and important questions involved in its ‘peaceful rise’.