

COMMENTARY

The Day after Copenhagen: How to Sustain Momentum for Climate Action

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As the international negotiations on climate change in Copenhagen draw nearer, negotiators and political leaders are struggling to combat the growing public perception that the talks are destined for failure. The recent announcement by Prime Minister Lars Løkke Rasmussen of Denmark and the heads of state convened for the APEC summit signaled that countries will now seek a political agreement in lieu of a finalized treaty. The press has heralded this announcement as a scaling back of ambition, a stalling tactic, or an outright failure. In reality, reaching a political agreement of the kind laid out by the Danish prime minister will still be extremely difficult and, if successful, a significant step forward. Moreover, the Danish proposal takes the additional and critically important step to ensure that momentum on concrete climate action does not dissipate after Copenhagen. Sustaining momentum for global action to address climate change is the biggest challenge facing the international climate community in a post-Copenhagen environment and beyond. For the last several years, securing a global agreement on coordinated action during the December 2009 negotiations was the main goal for much of the international climate community (rightly or wrongly). As the world moves beyond the political negotiations in Copenhagen, the tough work to deliver on ambitious policies and targets begins in earnest. Sustaining support for these policies and programs and further convincing developing economies of the strategic advantage to be gained is perhaps the most critical element in reaching an effective agreement on reducing greenhouse gas emissions and avoiding the most catastrophic effects of climate change.

Copenhagen as a Stepping Stone

International climate negotiators and political leaders will not complete negotiations on an international climate agreement to replace the Kyoto Protocol when they meet in Copenhagen this December. Most in the international community have recognized this for months but have been reluctant to say anything for fear they would be blamed for the failure or accused of giving up prematurely, thereby ensuring a preordained outcome. This realization has sparked a great deal of uncertainty about the prospects for future and ambitious action to deal with the global climate challenge. For the last several years a “now or never” mindset has been the driving force behind building momentum up to the Copenhagen meeting. Countries around the world instituted domestic policies to show their commitment to reducing emissions and combating climate change in order to put their best feet forward in the negotiations. By failing to adjust expectations earlier to reflect a more realistic agreement, the international negotiators have risked causing a great deal of disappointment and skepticism. The wider court of public opinion and onlookers seem to have concluded that “nothing will come out of Copenhagen.” Several scholars have proposed “plan B” approaches to the international negotiations or have started to question the ultimate value of a global agreement. International negotiators continue to work toward an interim or framework agreement that will show the seriousness of the global commitment to deal with climate change and prolong the negotiating process until a more concrete and detailed agreement can be reached, but even they realize this is an unsatisfying outcome when compared with previous expectations.

The ironic thing about all this negativity is that the negotiations are now closer to a realistic and productive outcome than they have ever been. For much of the process leading up to Copenhagen, countries clung to guiding principles of “common but differentiated standards,” “burden sharing,” and the rigid notion of targets

and timetables without making progress on how to find common ground within these cavernous terms. A post-Kyoto treaty that looked just like Kyoto in form and function would, of course, be a very tidy way to proceed, but it would also be ineffectual in terms of meeting our climate goals, not to mention politically impossible to conclude. Still, many parties to the negotiations seemed to think this was a possibility even a few short weeks ago. Now it has become clear that any treaty or agreement to emerge from Copenhagen will have to be different from the Kyoto Protocol in significant ways. It is no longer the 1990s, and the world has changed dramatically in the 20 years since Kyoto was proposed.

The Danish government, hoping to salvage the success of the Copenhagen meeting and progress toward an eventual agreement, has recognized the need to offer an alternative outcome to the Copenhagen discussion that at once maintains progress on real climate actions and moves aggressively toward the completion of a final agreement. The so-called Danish Plan sets out some new expectations for the negotiations this December. Danish Prime Minister Lars Løkke Rasmussen first outlined the plan at the UN General Assembly meeting's special session on climate change in September. In his speech, he recognized "what matters at the end of the day is the ability of the Copenhagen Agreement to capture and reinforce global commitment to real action." Toward that end he proposed a plan designed to "capture progress already achieved in the negotiations" and "provide for immediate action already from next year."¹ Under this plan the agreement will accomplish the following:

- Encompass all areas of the negotiations (shared vision, mitigation, adaptation, finance, technology, and capacity building)
- Provide for immediate action in all areas (mitigation, adaptation, and finance) along with up-front finance to support early adaptation, mitigation, capacity building, and technology cooperation
- Set a path to limit global warming to a maximum of 2 degrees Celsius
- Maintain already agreed upon legal instruments and principles (i.e. not preempt Kyoto Protocol mechanisms and include core principles like "common but differentiated standards")
- Agreement will be politically binding
- Agreement will be supported by country annexes outlining actions by each country—these actions will be subject to a transparent system of monitoring, reporting, and verification
- Agreement will also include progress and decisions made in areas like an adaptation framework, technology mechanisms, and others
- Set a date certain by which a full agreement will be negotiated

The Danish prime minister went on to say the agreement would be five to eight pages in length and should include "commitments of developed countries to reductions and of developing countries to actions." In the meeting between U.S. president Barack Obama and Chinese president Hu Jintao a few days later, the two countries agreed to work toward finding agreement based on this framework.² China has traditionally held fast to the position that developing countries not be required to submit actions of any kind in the context of the negotiations. The statements of Presidents Obama and Hu, if they come to fruition, would represent a significant step forward for the negotiations.

Accomplishing the goals set forth in the Danish Plan will still be very difficult, but all countries have something to lose by walking away. Coordinated action, no matter how it is coordinated, has its advantages. Developed

¹ Speech by H.E. Mr. Lars Løkke Rasmussen, prime minister of Denmark, at the Closing Plenary Session of UN Summit on Climate Change, New York, September 22, 2009, http://www.stm.dk/_p_12939.html.

² Joint Press Statement by President Obama and President Hu of China, Great Hall, Beijing, China, November 17, 2009, <http://www.whitehouse.gov/the-press-office/joint-press-statement-president-obama-and-president-hu-china>.

countries get the reassurance that they will not be the only ones reducing emissions and dealing with competitiveness concerns. Developing countries have a chance to access funding, technology, and capacity building through some sort of formal process rather than on an ad hoc basis. The entire world gets an ongoing process with review mechanisms and a verification process that will, in time, help to build confidence and share best practices for mitigation and adaptation policies and programs. All of these things can come about from bilateral or multilateral activity not coordinated at the international level but in a much less consistent and reliable way.

Perhaps the most positive thing to come from a more realistic view of Copenhagen is that people can stop pretending that reaching agreement is the toughest part of this journey. All along climate activists have said that it will take real political will to reach the type of agreement needed in Copenhagen (which is true), but the reality is that the most difficult part of this challenge is not signing a treaty, but making the transition to a low-carbon future. Governments will need political will to sustain policies in the face of any kind of obstacle or opposition long after an agreement is signed.

Success in Copenhagen

The outcome of Copenhagen is still uncertain. Political leaders have indicated their desire to have an interim political agreement to serve as a stepping stone to a more concrete and final agreement. Climate negotiators are working very hard to find the most ambitious form of agreement possible—but time is running out. In the last round of preparatory negotiations, the African bloc of countries walked out in protest of what they viewed as a lack of developed world ambition and are now threatening to walk out of the Copenhagen discussions if they do not get immediate financial assistance.

Tensions are high and several key sticking points remain:

- *Developed country emission reductions:* Nearly all developed countries have put forward long-term and mid-term targets for emissions reductions. The United States remains the most conspicuous holdout, reluctant to commit to a number without the assurance that the U.S. Congress will pass cap-and-trade legislation. The leadership of the UN Framework Convention on Climate Change (UNFCCC) is pushing very hard for the United States to submit a target despite the lack of a final outcome from the U.S. domestic legislative process. Many of the targets submitted for the negotiations are not solidified in domestic law (Japan, Russia, etc.) so the international community is very impatient with the U.S. insistence that the domestic policy must be passed first. Within the U.S. political context, however, prematurely submitting a reduction target risks a backlash from the U.S. Congress where eventual support for the target is far from assured. Whether the United States will submit a target is perhaps the most hotly debated aspect of the negotiations. Right now, the U.S. targets being discussed in Congress are a 17 to 20 percent reduction in greenhouse gas emissions from 2005 levels by 2020 and an 83 percent reduction from the same level by 2050. Developing countries and some developed countries have declared those mid-term target ranges to be not ambitious enough because they do not conform to the 25 to 40 percent reduction from 1990 levels by 2020 suggested by the work of the Intergovernmental Panel on Climate Change. On a more political level, most other countries support 1990 as a baseline year because it advantages their position in the negotiations and eases their reduction targets. The United States has argued quite effectively that the 1990 base year is not the only measure for comparability and that when measured along with other criteria (a 2005 baseline, spending on research and development, per capita reductions, etc.) the U.S. actions are quite robust. More to the point, the current U.S. targets are the ones that have a fighting chance of becoming U.S. law—anything more ambitious would surely fail. The U.S. negotiators have signaled that they will consider putting an emission reduction target on the table, but it is hard to see how doing so helps move this debate forward in a productive way, unless U.S. negotiators receive some assurance that the U.S. Congress will not take this commitment as an

affront to their process and developing countries might be willing to accept the U.S. targets at their current level of ambition.

- *Developing country actions:* Within the context of the UN Framework Convention on Climate Change and its Kyoto Protocol, developing countries are under no obligation to reduce emissions. Developing country emissions have grown a great deal since the UNFCCC and Kyoto Protocol were written and came into force, and the science now indicates that the world is unable to effectively manage the most serious impacts of climate change without emissions reductions from both developed and the largest developing countries. Several major emerging developing countries have recognized this scientific reality and have even pledged (or have already enacted legislation) to take emissions reduction actions domestically, but so far have rejected the notion that they must commit these actions as part of a binding international agreement. Developed countries insist that these commitments are necessary for reaching political agreement and for ensuring robust action on climate change. Developed countries insist further that all developing country actions (not just the largest emitters) should be monitored and verified as a prerequisite for receiving any financial assistance. Developing countries continue to object to this level of commitment and scrutiny on the grounds that the developed countries are responsible for the historic emissions that have caused the climate crisis and that financial assistance to mitigate and adapt to climate change should come with no strings attached. This issue will continue to be a major point of contention for some countries, but incremental progress with major emitters, China in particular, seems more and more likely each day.
- *Level of financing:* Estimates of how much money is required to finance developing country mitigation and adaptation activity vary widely. The European Commission recently estimated the number at €100 billion per year by 2020 and proposed that the amount of international public-sector support could range from €2 billion to €50 billion per year by 2020.³ At the outset of the negotiations, developing countries insisted that developed countries cover 100 percent of the financing requirement through public finance, additional to current aid and other assistance, and that the money be distributed through a UN mechanism run by developing countries. The developed country block has worked through forums like the Major Economies Forum on Energy and Climate and the G-20 process to discuss both the level of financing and the mechanism for distributing financing. There seems to be progress on accepting that public-sector finance can never match the overall level of financing required and that the vast majority of the financing will come from private-sector investment and activity. Developing countries are reluctant to negotiate on the mechanism discussions until they see the actual financing commitments from developed countries. The financing issues will not be solved in time for Copenhagen and will continue to be a point of contention for the next phase of negotiation. In its place, the Danish Plan proposes that developed countries put together a near-term source of financing for early action. Given the current economic climate it is hard to see how near-term financing commitments will be easier to secure than longer-term commitments.

Even this interim agreement will be judged on its level of ambition and will send a signal about the international community's seriousness to tackle climate change. Climate negotiators must be prepared to keep the process moving in a positive direction, with all parties on board in order to avoid the risk of widespread disappointment.

For those looking to find a way to turn Copenhagen into a "success" in the court of public opinion, that ship has sailed. It took negotiators and political leadership far too long to redefine the benchmark for success in Copenhagen so they were unable to effectively manage expectations for the wider public. Incremental success is possible, however, and for those who understand the importance and difficulty of resolving the issues at hand, these signs of incremental progress could be very uplifting. In fact, if the Danish Plan is reached, the

³ European Council, "Brussels European Council 29/30 October 2009: Presidency Conclusions," 15265/09 CONCL 3, Brussels, October 30, 2009.

negotiations will be closer to an eventual success than they ever have been. At this point the best option is to prolong the negotiation and ensure that countries hold fast to their policies and pledges while moving expeditiously to a final agreement.

Sustaining Momentum

Large portions of the world are on the brink of launching a clean energy revolution. Since the economic downturn, over \$430 billion has been committed to spur energy research, development, demonstration, and deployment in renewable, low-carbon, and energy efficient technologies.⁴ By any number of measures, this is an unprecedented amount of government investment in the energy sector in such a short period of time. Many of these same countries, as well as others, have enacted a series of policies to strengthen these transition-oriented measures. In the United States, the new administration and Congress, is poised to debate and possibly pass far-reaching new regulations and policies to further transform the energy sector. The administration's FY2010 budget proposal contains for the first time ever a federal cap-and-trade program designed to limit greenhouse gas emissions, generate \$150 billion in revenue for clean technology investments, and redistribute money back to citizens adversely affected by higher energy costs. The House of Representatives recently passed and the Senate is now debating a bill that puts a cap-and-trade program in place, as well as institutes a renewable energy standard and other provisions, to promote greater efficiency and low-carbon fuels and technologies. The European Union has the world's only functioning carbon market in addition to aggressive renewable and energy efficiency standards. Japan is debating whether to institute a cap-and-trade or carbon tax program in addition to its domestic renewable and efficiency efforts. Even major emerging economies like China and India have instituted aggressive renewable energy deployment policies, industrial and building efficiency targets, and economy-wide emissions intensity targets.

Examples of National Actions				
(not comprehensive or complete—merely illustrative and does not include pledges)				
United States	China	India	European Union	Japan
Aggressive CAFE standards	Energy intensity target	Solar deployment and production goals	Emissions trading system	Industry-led voluntary emissions reduction
Regulating carbon as a pollutant	Efficiency program for emission intensive industry	Mandating specific energy consumption decreases in large energy-consuming industries	Renewable portfolio standard	Possibly a domestic cap-and-trade program
Renewable fuel standard	Plant retirement	Energy conservation building code	Renewable fuels standard	Energy tax
Northeast regional cap-and-trade program	Fuel economy standard	Aforestation	Stimulus spending on renewable energy and efficiency	Stimulus spending on renewable energy and efficiency
30+ states with renewable portfolio standards	Renewable energy incentives			
Stimulus spending on clean energy and efficiency	Energy intensive export tax			
	Stimulus spending on renewable energy and efficiency			

⁴ HSBC Global Research, "A Climate for Recovery: The Colour of Stimulus Goes Green," London, UK, February 2009, http://www.globaldashboard.org/wp-content/uploads/2009/HSBC_Green_New_Deal.pdf.

The Danish proposal rightly focuses on promoting early action, but countries will each have to recommit themselves to maintaining those policies in the face of a tough economic climate and despite potential disappointment over the slower pace of negotiations. Countries and negotiators can seek to sustain this momentum in several small but important ways:

- *Continue to encourage investment:* After the stimulus money is all gone, massive amounts of investment will still be needed to meet society's energy needs and transition to a low-carbon economy. Companies require stable, predictable, and attractive investment frameworks in order to invest the oftentimes large sums of money required to get energy projects off the ground. Low-carbon energy alternatives often require special support (regulatory, financial, or otherwise) to scale up to any significant degree. Even energy efficiency improvements require the right market signals and incentives to encourage investment in the infrastructure and technologies that can deliver significant savings. A recent study by Deutsche Bank surveyed the investment framework for clean energy alternatives in the world's major economies (represented as participants in the Major Economies Forum process). Its report noted that several countries were able to create very positive investment environments for clean energy (even without a cap-and-trade or carbon tax program) through the right combination of policies and incentives. Other countries were less attractive due to a lack of clear and consistent policy direction.⁵ Strengthening these investment frameworks will be critical to the early success of climate policies and will go a long way to easing future change.
- *Increase cooperation and investment in research and development:* Deployment of existing energy technologies and strategies can go a long way to meeting our climate goals. At some point new and improved technologies will be necessary for reducing the costs of meeting emissions reduction goals and making low-carbon energy technology accessible to a broader array of people. Several countries have committed to maintaining investment in technology research, development, demonstration, and deployment, but these activities must continue and be strengthened. One example of how to bring high-level commitment and support to technology development is the technology pathways that are being created under the auspices of the Major Economies Forum. These pathways are due to be released sometime in the near future. Political leaders should do all that they can to encourage the world's major emitters to commit and follow through with these pathways and find new ways to catalyze investment in technology.
- *Move forward on "decided" elements of an agreement and capture committed pledges:* The Danish Plan rightly concludes that anything agreed on in Copenhagen should be carried out without delay. It is important that no country or institution view the commitments to come out of Copenhagen as the end of a process. In fact, these commitments are merely the beginning of the real work to be done. The world must begin the "learning by doing" portion of this journey, and that includes codifying in domestic law all the commitments put forward by different countries. It is hard to say which elements of the agreement will be complete enough to proceed in January, but doing so will not only help sustain momentum for real climate actions but also foster confidence in the seriousness and strength of the global commitment.
- *Offset market reform/improvement:* One area of particular importance to a number of negotiating parties is the offset market (including the Clean Development Mechanism and the discussion of forest offsets). A recent EU review of progress to achieve its Kyoto Protocol commitments made it very clear that

⁵ DB Climate Change Advisors, "Global Climate Change Policy Tracker: An Investor's Assessment," Frankfurt am Main, October 2009, http://www.dbcca.com/dbcca/EN/investment-research/investment_research_1780.jsp.

offset markets have been critical to EU compliance.⁶ Offsets are slated to play a similarly important role in any eventual U.S. cap-and-trade program (both bills up for discussion allow for nearly 2 billion tons of combined domestic and international offsets). For developing countries, offset markets are the largest potential source of climate financing going forward. Much of the discussion around offsets in the international negotiations has focused on how to expand on current offset markets (to include new kinds of offsets) but the future of the offset market depends most heavily on investor confidence. If offsets are not real (additional, verifiable, etc.) the confidence in offset markets will fail and the international community will lose a potentially valuable tool for emissions reduction, cost control, and developing country financial assistance. The offset reform and market assurance discussion is ongoing but should be the focus of renewed attention and importance as countries consider ways to expand the market through increased participation and a broader inclusion of new and more complicated types of offsets.

Over the longer term, the only way to sustain continued action on climate change is to ensure that economic opportunities associated with the transition start to outweigh the perceived burdens.⁷ Behind the current flurry of activity lies the belief that low-carbon energy sources will not only allay climate concerns, but they will also bring about the future basis of economic growth and global competitiveness to early actors. The preponderance of economic analysis supports the notion that these policies and incentives will create new jobs and economic opportunity but disputes the notion that they will yield a net increase in jobs or economic growth in the near to medium term. The International Energy Agency (IEA) recently estimated that achieving a global emissions reduction goal of 50 percent by 2050 will require cumulative financing for new infrastructure, production, and delivery of energy resources on the order of \$299 trillion between 2005 and 2050.⁸ Absent this climate goal, the IEA estimates global energy investment at \$254 trillion by 2050. The presence of a climate goal and aggressive policies designed to reach that goal not only changes the magnitude of investment but also how and where those dollars are invested. For example, the climate-constrained scenarios shift investment from conventional gasoline and diesel vehicles to a variety of hybrid applications, electric vehicles, and some hydrogen vehicles. In the electric power sector, investment shifts from distribution and conventional coal or gas-fired power plants to wind, nuclear, transmission, solar (concentrated solar power and photovoltaic), carbon capture and sequestration, geothermal, and tidal-based power applications.⁹

It is easy to see how this strategically shifts economic opportunity from one set of industries and fuels to another. It does not, however, indicate which companies or countries will reap the economic benefit or harm caused by the shift. It is clear, however, that policies to reduce emissions will be much more successful and more likely to be sustained and adopted by other countries, if economic advantages exist. Over the longer run, the world must reach a point where the shift to a low-carbon energy economy is no longer perceived as a net economic, political, and social burden, but the source of new growth and opportunity and the most desirable way to do business by all accounts. As the world moves beyond the political negotiations at Copenhagen, the

⁶ Commission of the European Communities, "Report from the Commission to the European Parliament and the Council: Progress towards Achieving the Kyoto Objectives, Brussels, November 12, 2009, http://ec.europa.eu/environment/climat/pdf/gge/com_2009_630.pdf.

⁷ The Stern review on the economics of climate change and several other studies have convincingly shown that the cost of adapting to unabated climate change later on would outweigh the cost of aggressive mitigation policies in the near to mid-term. This has not, however, stopped the political discussion of whether society can bear the near-term cost today. A potentially more effective political counterargument is that even the mitigation policies, absent taking into consideration the long-term cost of adaptation, has potential economic opportunity associated with it. See Nicholas Stern, *The Economics of Climate Change: The Stern Review* (Cambridge: Cambridge University Press, 2007).

⁸ This scenario reflects a trajectory that could result in a 450 parts per million atmospheric concentration of carbon dioxide. According to the UN Intergovernmental Panel on Climate Change this stabilization level roughly corresponds to a 50 percent chance of limiting global temperature rise to 2 degrees Celsius. The 2 degree Celsius temperature limit is often used to denote the upper limits of "safe" warming, but recent analysis calls this understanding into question.

⁹ International Energy Agency (IEA), *Energy Technology Perspectives 2008: Scenarios and Strategies to 2050* (Paris: IEA/OECD, 2008).

tough work to deliver on ambitious policies and targets begins in earnest. Sustaining movement for these policies and programs and further convincing developing economies of the strategic advantage to be gained is perhaps the most critical element to the long-term success of this global goal.

Getting an agreement will be hard, but it is now more possible than ever and certainly worth doing. Even after a final agreement is reached, countries will need to maintain these commitments and begin, or continue in some cases, the often painful process of learning by doing. The Copenhagen negotiations do not, therefore, represent the pinnacle of political will and global commitment, but rather the beginning of a more realistic and hopefully effective process.

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