European Climate Platform (ECP)

An Initiative of Mistra's Climate Policy Research Programme (Clipore) and the Centre for European Policy Studies (CEPS)

Messages from Copenhagen

Assessments of the Accord and Implications for the EU

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ECP Report No. 9

April 2010

This paper gives a brief account of the literature on the Copenhagen negotiations and an assessment based on both the literature and the discussion among participants at the ECP seminar on "Taking Stock after Copenhagen: Perceptions, achievements and implications for the short and long term", which took place in Brussels on 5 March 2010. An agenda of the ECP seminar is available at the website address http://new.ceps.eu/content/european-climate-platform. An earlier version of this paper was submitted as a background paper for the seminar.

ISBN 978-92-9079-985-6

Available for free downloading from the CEPS bookshop (http://shop.ceps.eu)

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Executive Summary

The aim of this paper is to review recent literature on the Copenhagen Accord with a focus on what it will ultimately deliver, especially within the context of the economic crisis. The paper also looks at the broader geopolitical implications and the resulting challenges for the EU, the role of the UN and the linkages of the UN negotiations with the Copenhagen Accord.

Most authors highlight some important elements in the Copenhagen Accord, although they criticise its vagueness, which leaves the specifics of implementation to be defined. Clear differences emerge in the way the Accord is viewed on both sides of the Atlantic, with a somewhat more positive assessment in the US, where it is seen as a stepping-stone to domestic legislation and acceptance by the Senate (for which the inclusion of China has been essential).

Analyses of the emission reduction targets (or pledges) submitted by countries show that these are insufficient to reach the target of limiting the global temperature rise to 2ºC, although some authors differ, based on diverse assumptions regarding the speed of development and the deployment of new technologies in later periods. It is difficult to quantify China and India's targets in absolute numbers because of the very high uncertainties surrounding their levels of economic growth. On the other hand, China and India plan to carry out their emissions reductions entirely at the domestic level, while developed countries have implied offsets in their targets.

Another message is that the implications of the economic crisis have shed a different light on some pledges. Pledges that are formulated without taking into account falls in emissions owing to the economic crisis greatly increase the risk of complacency in the magnitude of the effort needed – leading to a further delay of necessary reduction measures.

Although the Accord sets out substantial transfers (close to the EU's suggestion), some critics claim that twice the amount would be necessary; still, this claim is countered by the argument that the pledges already represent at least a doubling of all existing foreign aid. The lack of detail has left the sources of the finance unclear, as well as the measurement, reporting and verification (MRV) rules under which the transfers will be governed. Also unclear is whether the goals in this respect can be met – especially if the US does not manage to pass cap-and-trade legislation and thereby leverage the necessary private finance. The level of the pledges makes the private sector and carbon markets indispensable. Unfortunately, there is no linkage between the flexible mechanisms/carbon market and the Accord, as has been the case for the Kyoto Protocol. This linkage will need to be established by keeping the relevant elements of the Kyoto Protocol as either a separate parallel agreement or part of the new international framework.

There was also a feeling that the negotiations were overloaded, dealing with too many issues at the same time. A future alternative would be to move stepwise, as has been tried successfully in other negotiations. The aim would be to reach a set of decisions with robust language and clear, concrete content rather than a low-profile binding agreement with little operational strength.

Finally, the inclusion of MRV in the Accord was crucial but the instruments proposed lack robustness. Such robustness could be built outside the current, international negotiation process, for example through initial bottom-up initiatives that entail improving the accounting system at a company level and then consolidating it at the country level at a later stage. In addition, participation in carbon markets and finance transfers will most likely become conditional on compliance.

Messages from Copenhagen

Assessments of the Accord and Implications for the EU

Monica Alessi, Anton Georgiev & Christian Egenhofer*

There have been ample literature and debate on the controversial outcomes of COP15 in Copenhagen. Most of it revolves around the key question of what the Copenhagen Accord will ultimately deliver. Around this central theme, a number of other topics have emerged. These include the geopolitical implications, taking into account the increasing political weight of emerging economies, and as a corollary the challenges for the EU. There is also the appropriateness of the United Nations Framework Convention on Climate Change (UNFCCC) as the forum for effective climate change negotiations and the definition of its linkages with the Copenhagen Accord, as well as new aspects emerging from the economic crisis.

1. Achievements and gaps in the Copenhagen Accord

Despite the initial emotional reactions of surprise and in many cases disappointment, most authors highlight some important elements in the Copenhagen Accord (hereafter, the 'Accord'), regarded by many as a stepping-stone in the right direction, although as expressed by President Barack Obama, only a "first step". These elements are set out below.

1. The Accord represents a consensus among leaders that a collective long-term response is necessary. The acknowledgement by the US and China of this need is of paramount importance. As Doninger (2009) points out, "the real goal going into Copenhagen was to get the U.S., China, and the other fast-growing developing countries to take their first steps to curb their emissions. That goal was achieved."
2. The Accord mentions the target of limiting the global temperature rise to 2ºC. Even if the agreement itself does not provide sufficient impetus and quantified actions to reach this goal, it has codified the objective.
3. The Accord presents new features that were absent in the Kyoto Protocol, such as the inclusion of adaptation and in particular help for the least developed countries through *new and additional, predictable and adequate* financial resources for technology development, its transfer and capacity building. Some of this funding is to be released in a fast-track effort for immediate action.
4. It agrees on measurement, reporting and verification (MRV) mechanisms for both developed and developing countries. Yet the text strongly limits international rules in the process where developing countries are concerned and the proposed instruments lack robustness.
5. The Accord recognises the principle of "common but differentiated responsibilities and respective capabilities", which will allow for integrating the concerns of developing countries.

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6. The Accord introduces the need to tackle deforestation through REDD+.[1]
7. The Accord includes an evaluation of its implementation in 2015, in line with the call from climate scientists for this year and for emissions to peak by 2020 at the latest.

The Accord takes a long-term view and is drafted in a way that all of the 17 countries of the Major Economies Forum (which together account for some 90% of global emissions) agree to participate (e.g. Stavins, 2009b). The fundamental shortcoming of the Accord comes from its vagueness, which leaves the specifics of implementation to be defined – the technical details of the functioning of the proposed mechanisms and institutions are lacking. Robins et al. (2009) point out that not only has the Accord left all the details to be worked out, but also it has failed to mention that they need addressing officially.

It is telling that Robert Stavins (2009b) of the Harvard Project on International Climate Agreements, who has been an advocate of some sort of bottom-up pledges (as discussed in the next section), also considers the agreement weak. He lists a number of areas that need defining and outlines a long list of issues left open by the Accord that need to be settled: i) the metrics for evaluating commitments; ii) review mechanisms for climate policy; iii) compliance mechanisms; iv) afforestation and deforestation mechanisms; v) how to facilitate international carbon-market linkages; vi) methods for fostering technology transfer; vii) methods of negotiating and updating climate agreements; viii) methods of providing incentives for developing-country participation; ix) methods of carbon finance; and x) the creation of an international climate agreement that is consistent with international trade rules.

2. Different perspectives on the Copenhagen Accord

While most commentators agree that the Accord is a 'lesser bad', given the high likelihood in the last few days of COP15 of no agreement, they greatly vary in their assessments. Clear differences emerge in the way the Accord is viewed on both sides of the Atlantic as well as in developing countries. It is telling that some authors in the US consider the Accord a resounding success, while from the European viewpoint the Accord falls short of expectations.

Doninger (2009) offers one of the most positive US views on the Accord. He holds that in light of the US domestic and international situations, and given that the US remains unable to ratify any Kyoto-style agreement, the Accord constitutes a remarkable result. Similar positions tend to be held by many US authors who after all seem to be relieved that after a decade of inertia the US is ready to act. From a US point of view, what is essential is that the Accord gives the right signals to the Senate.[2]

The Accord strongly resembles the "pledge and review" or "portfolio" approach proposed by Stavins ahead of Copenhagen: "Under a portfolio approach, these domestic commitments could be represented in a table of national schedules attached to an agreement" (Stavins, 2009a). The Accord is also in line with the general view of the US in the past towards setting voluntary

[1] 'REDD+' refers to reduced emissions from deforestation and degradation, an initiative under discussion in the UNFCCC negotiations. The '+' represents the recent extra consideration of sustainable forest management and afforestation/reforestation in developing countries.

[2] Doninger (2009) considers that "Obama's success on developing country targets and transparency will have important implications in the Senate. It should give swing Senators the assurance that the US is not acting alone, without the emerging economies…The Copenhagen Accord is a significant breakthrough that signals a new era of effective cooperation between all major emitters, and opens the door to finally enacting US climate and energy legislation."

targets, i.e. an agreement that countries can join on their own terms, rather than a global instrument with legally binding targets as advocated by the EU.[3]

The view that given the circumstances the agreement is a positive stepping-stone and contains positive elements is also reflected in the publications of de Boer (in a guest article of January 2010), Egenhofer and Georgiev (2009 and 2010), Egenhofer (2010), Stavins (2009b), CLIMATICO (2010), IISD (2009), Bodansky (2010), the Pew Center (2009) and the WWF (2010). Without any agreement at Copenhagen, the Obama administration would have been unable even to attempt passing domestic legislation on climate change, which would have undermined the any future negotiation.

Curtin (2010) and Müller (2009), however, point out the way in which some countries (notably China) systematically drained the agreement of any targets and commitments, and sought the support of their strategic allies to ensure that the European proposals were largely rejected.

At the other end of the spectrum, the somewhat positive assessments of these authors are contrasted by a number of negative assessments, concerning both the unorthodox negotiating process and the contents of the Accord, particularly among European commentators and politicians reflecting on the EU's seemingly diminished influence in the process. Negative reactions are detailed in a number of articles in the *Financial Times* (e.g. Chaffin, 2009 and Ward, 2009) and the comment by Andreas Carlgren, the Swedish environment minister, who called the Copenhagen Accord "a disaster" and "a great failure", and said that the results of Copenhagen "didn't at all meet the expectations or ambitions of the European Union".

3. Emissions reduction pledges and the 2°C target

Ultimately, the Accord will need to be measured against its ability to limit the global rise of temperature to a maximum of 2°C, in line with scientific assessments.

An independent analysis by Ecofys, PIK and CLIMATE ANALYTICS in the Climate Action Tracker[4] uses calculations based on the pledges made by both developed and developing countries, and concludes that the world is hurtling towards a temperature rise of over 3°C (see also Höhne et al., 2009). Stevenson (2010) argues that the pledges are lower than was conditionally proposed before the start of the negotiations (e.g. Australia's is 5% below 2000 levels by 2020) and many come with strings attached (e.g. Japan's 25% pledge is conditional on a global agreement). The World Resources Institute shows the difference between the pledges in Appendix I and the estimated requirements of the Intergovernmental Panel on Climate Change as being less than half of the emission reductions needed by 2020.[5] Only two of the ten developed parties' pledge submissions – the EU is counted as one party – are judged to be in line with global aspirations to achieve the 2°C goal. Curtin (2010) concludes that the inclusion of the 2°C target in the Accord "seems somewhat irrelevant in light of these projections".

A more nuanced position is given by Jake Schmidt (2010) of the US Natural Resources Defense Council in an online article on the pledges annexed to the Accord. He finds that it is an

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[3] Doninger (2009) sees such an agreement as an added incentive for the inclusion of emerging economies and other developing countries, which would otherwise be afraid of being "sucked too quickly into deeper emission cuts than they are ready for", thus opening the way for a collaboration that would be very difficult to achieve under a stricter agreement.

[4] See the website (http://www.climateactiontracker.org/) accessed on 3 March 2010.

[5] "Interactive Chart: Analyzing Comparability of Annex I Emission Reduction Pledges" on the World Resources Institute website, last updated 1 February 2010 (retrieved from http://www.wri.org/publication/comparability-of-annexi-emission-reduction-pledges/chart), accessed on 3 March 2010.

achievement in itself that the countries responsible for 80% of global emissions have been willing to submit reduction targets. Based on estimations by Houser (2010) of the Peterson Institute of International Economics and by Sir Nicholas Stern (2009) (based on countries' pledges prior to Copenhagen), this article somewhat defends the view that the existing pledges could still be enough to achieve the 2°C target. Essentially, the stark difference in assessing pledges is based on diverse assumptions regarding the speed of the development and deployment of new technologies in later periods.

It is difficult to quantify China and India's targets in absolute numbers because of uncertainties surrounding their levels of economic growth (see also Gros and Egenhofer, 2010). If China's GDP continues to grow by approximately 9% per annum as the IMF (2009) projects, its 2005 absolute emissions will clearly more than double by 2020. On the other hand, China and India do everything domestically, while developed countries have implied offsets in their targets.

The International Institute for Applied Systems Analysis (IIASA) presents a new angle on the pledges, in a study on the impact of the economic crisis on emissions (Amann et al., 2009). The crisis has caused a reduction in emissions that has decreased the real magnitude of efforts needed to reach the 2020 targets. For the EU, the crisis translates into an 8% fall in emissions by 2020 and for Annex I countries as a whole, the crisis has cut emissions by 6%. As a result, the real value of the pledges is reduced accordingly. The EU's 20% target loses some of its value and in order to muster the same level of effort, the EU would need to aim at the 30% reduction target. The crisis has at the same time cut the costs of mitigation efforts, and for the same estimated financial effort needed before the crisis for Annex I countries to reach a 17% reduction in emissions in 2020, a 27% reduction in emissions is now possible. Not taking into account falling emissions stemming from the economic crisis when formulating pledges greatly increases the risk of complacency, leading to a further delay of the necessary reduction measures. This could cause a problem in the future, as reducing the investment today means larger accumulated greenhouse gases later. The crisis will have only delayed but not reduced the emissions intensity of the economy.

4. Finance, flexible mechanisms and the carbon market

The Accord entails substantial transfers, although the lack of detail leaves the sources of the finance unclear, as well as the MRV rules under which the transfers will be governed. These transfers reflect something close to the EU's suggestion but it falls short of NGO estimations, which call for twice the amounts.[6] Purvis and Stevenson (2010) note that the pledges already represent at least a doubling of all existing foreign aid. For them, the question rather relates to whether the goals will be met, especially if the US does not manage to pass cap-and-trade legislation and thereby leverage the necessary private finance. With such substantial pledges, the role of the private sector and the carbon markets becomes crucial.

The flexible mechanisms under the Kyoto Protocol constitute a direct linkage between the architecture and the carbon market. This linkage is still missing under the Copenhagen Accord. To (re-)establish this linkage, one could think of keeping the relevant elements of the Kyoto Protocol in either a separate parallel agreement or as part of the new international framework. Yet this approach would almost automatically make it necessary to repackage or rebrand such an agreement for the US public to accept it.

Since the Copenhagen Accord only refers to the role of the carbon market vaguely or not at all, it will lack the impetus to engage the private sector, which may already retreat because of the

[6] Bhagwati (2010) is also concerned about the possibility that some of the financing, instead of being additional, may be substituting other aid for development despite the wording in the Accord.

lack of information about the nature, timing and the level of international mitigation ambitions. On the other hand, the financial pledges imply a large share of private funds and the technology aspects will need to rely to a very significant extent on business.

There has been progress in the negotiations for the reform and improved management of the clean development mechanism (CDM), but it has remained outside the Copenhagen Accord, together with the discussions on new and scaled-up private finance mechanisms beyond the CDM. An open question is whether the linkage between mitigation targets and carbon markets can be built top-down or by connecting islands of domestic actions and markets, especially under a pledge-and-review system.

The interest in sectoral approaches, including sectoral trading and crediting, could increase because of the evident difficulty of reaching an all-encompassing global solution. Many issues remain to be resolved, notably how to overcome the concerns of developing countries that a design based on a sectoral approach would not impose targets or whether sectoral approaches will replace or complement existing offset mechanisms.

The inclusion of MRV in the Accord was crucial but the proposed instruments lack robustness. Such robustness could be built outside the current international negotiation process, for example through initial bottom-up initiatives that entail improving the accounting system at a company level and then consolidating it at the country level at a later stage.

5. The future role of the UN

A different vein of criticism focuses on the processes of the UNFCCC during the Copenhagen negotiations in terms of both procedural flaws and failures, and questions the capacity of the institution to deliver a meaningful agreement. Criticism in this regard centres on the consensus-based system and on the timing and breadth of the negotiations, as well as the lack of linkage between the Long-term Cooperative Action (LCA) and the Kyoto Protocol (KP) negotiating tracks.

In Copenhagen, an agreement was reached by 28 countries accounting for 80% of the emissions, but on a basis that was perceived as a lowest common denominator. Advocates of the consensus-based negotiations, however, stress the importance of consensus for building trust.

Concerning the timing and breadth of the negotiations, it was felt that they were overloaded, dealing with everything at the same time. An alternative to such (over-)comprehensiveness would be to move stepwise, as has been tested successfully in other agreements (including the Marrakech Accords). The international process could consider various 'digestible' areas of conflict to work on and solve instead of attempting to reach a consensus over a broad framework. The aim would be to reach a set of decisions with robust language and clear, concrete content, rather than a low-profile binding agreement with little operational strength.

The lack of linkage between the LCA and KP negotiating tracks was also highlighted as a fundamental procedural problem: presently, some topics cannot be transferred from one forum to the other, such as the flexible mechanisms, which need to include the US and other important emitters.

According to Müller (2009), one of overriding causes of discontent was not associated directly with the UN process itself, but rather with the lack of respect for the UN process by the parties. Difficulties arose as a result of the disregard of procedures, as in the case of the 'Friends of the Chair', the terms of whose mandate or group representation were questioned.

The Pew Center (2009) warns that the undermining of the UN system is eroding trust in the institutions. There is general consensus that an absence of trust was a fundamental issue in

Copenhagen (not only between developed and developing countries, but also within different groupings). Successful negotiations will need to rebuild trust. More specifically, the process will need to be transparent and inclusive of all partners that are representatives of the different interests; negotiators need to be better briefed on the national circumstances of other parties; the fast-track funding needs to be mobilised as soon as possible; and a robust MRV mechanism needs to be put in place, etc.

For Bhagwati (2010), one of the essential elements of trust in international agreements is a compliance mechanism, for example one similar to the WTO dispute-settlement process, in which adverse findings lead to penalties. Indeed, the failure of most Annex I countries to move towards compliance with Kyoto Protocol targets has no legal repercussions. Without proper instruments, Bhagwati finds it difficult to conceive an efficient UNFCCC. He also presents instruments based on tort law to devise a mechanism of financial flows. The legal nature of the process could bring clarity and solidity to the present political agreements, which are missing the formal systems to develop trust among negotiating partners.

Undermining the UN system might give some countries the incentive to dismiss UN agreements as too difficult to achieve and to decide to use other channels to advance climate policies, such as the G8, G20 or the Major Economies Forum. This would damage the fairness and inclusiveness of the system, as developing countries have little influence in such fora. Siegele (2010) and especially Sethi (2010) point out that despite its weaknesses, the UN has managed in the past to facilitate agreements such as the Rio Declaration, the Kyoto Protocol and the Bali Action Plan. Nevertheless, the question of whether these parallel processes have not contributed to eroding trust in the UN has been asked.

6. The EU as a leader or a follower?

Authors agree that the negotiations in Copenhagen have shown the mounting influence of middle- and low-income countries in international negotiations (Curtin, 2010; Robins et al., 2009; Egenhofer & Georgiev, 2009, etc.). Especially emerging economies are increasingly dictating the outcomes of international negotiations. In Copenhagen, their influence demonstrated the shift in the balance of power in global politics: emerging economies no longer follow the agreements between the US and the EU, but often lead them.

It has been argued that the 'relative' marginalisation of the EU may have come as a result of its declarations not to take on targets for a second Kyoto commitment period before the US and large developing countries make appropriate commitments of their own. Yet it was not necessarily true that the EU was ready to weaken the Kyoto Protocol while at the same time pushing developing countries to accept fixed targets. Curtin (2010) argued that in Copenhagen, the EU advocated "a single legal instrument to replace the Kyoto Protocol, suggesting that this instrument subsume the "Kyoto system with all its bits and pieces". For the EU, the issue was to decide whether to commit to additional reductions under the Kyoto Protocol almost entirely alone, if indeed it increased the chances of reaching an agreement, let alone that such an agreement might most likely have been ineffective – owing to the limited coverage – and politically difficult to implement. This intention, however, was readily interpreted as an attempt to 'kill the Kyoto Protocol'[7] in order to get the US on board. The developing world saw this as "an attempt to weaken drastically the legal status of industrialised country commitments at the

[7] It has to be noted that the fear that the Kyoto Protocol might end in 2013, and that all the mechanisms attached to it disappear, is not founded. Only the commitments of the countries are time-limited, but not the Kyoto Protocol itself nor architectures such as the CDM.

same time as seeking far more from developing countries and left the EU essentially cold-shouldered by 100-plus developing countries".[8]

By contrast, the BASIC countries (Brazil, South Africa, India and China) were able to muster a much more united front, especially after the creation of the IBSA (India, Brazil and South Africa) forum. In Copenhagen, IBSA representatives often spoke with one voice, with the common objective of preserving the main tenets of the Kyoto Protocol and moving ahead on the Bali track. This common strategy and the reinforced cooperation of India, Brazil and South Africa with the support of China meant a major shift in international affairs, which Barack Obama acknowledged by joining these countries to finalise the Copenhagen Accord. This new alliance strengthened mainly at the expense of European countries, partly in acknowledgment of the 'new world order' and of the increasing political weight of emerging economies, and partly as an outcome of the common opposition to Europe's agenda (Schall-Emden, 2009). Another reason mentioned by Schall-Emden (2009) for the sidelining of the EU is the criticism by developing countries of the insufficiently ambitious EU financial proposal, coupled with the request of emission targets for developing countries (European Commission, 2009a and 2009b and the 'Danish draft').[9] Without a sizeable compensation from developed countries, developing countries would not accept the EU's idea of introducing commitments for them.

This shift in power is not necessarily welcome by some developing countries. Sethi (2009), in an article for the *Times of India*, considers that India was rolled over by China and the US, despite being part of the BASIC group. Dubash (2009) also states that while India reached its objectives of preventing the imposition of targets for developing countries, the Accord does not run in the interests of India as a country largely vulnerable to climate change. According to Sethi (2009), India followed the lead of countries that have much higher emission levels and less vulnerability to climate change, agreeing on a lacklustre Accord that is not in India's interest. He adds that the Copenhagen Accord paves the way for the 'burial' of the Framework Convention, the Kyoto Protocol and the Bali Action Plan, and allows an agreement that could lead to a warming of over 3°C, with potentially dramatic impacts on India.

On the other hand, it is important to note that European leaders did play an important part in the negotiations. Although there was widespread focus on the quasi-impromptu final meeting that took place among the heads of BASIC countries and the US, most of the text had in fact already been negotiated before, except on the issue of transparency, which was a priority for the US. Still, the EU has always understood that once climate change was clearly anchored as a serious international issue of negotiation it would move beyond the EU's control. What happened in Copenhagen is that China and the US finally engaged seriously, which was an aim of the EU. None of the provisions of the Copenhagen Accord are contrary to the EU's position. The EU's main grievance is the Accord's limited ambition.

7. Which way forward for the EU?

The EU's objective ahead of the Copenhagen negotiations was to create a comprehensive and operational agreement to set the stage for a more detailed one.[10] What actually happened was

[8] Derived from Grubb (2009) in the *Financial Times*.

[9] See the next footnote.

[10] Curtin (2010) lists the ambitions of the EU's 'Danish draft' prepared by an inner circle of countries, which also included the US. This draft was leaked to the press early in the negotiations. It includes a framework for long-term cooperative action, with

- a peak in emissions by 2020;
- global emissions reduced by 50% by 2050 based on a 1990 baseline;

unexpected for many observers. As mentioned above, it also brought the increasing role of emerging economies to global attention, while the EU – until then at the forefront of the global movement to tackle climate change and the main player in Kyoto and Bali – was to an extent sidelined.

Criticism has been directed at the lack of a unified representation during the negotiations in Copenhagen, which weakened the EU's negotiating capacity. Art. 218 of the new Lisbon Treaty, however, opens the possibility for an EU figurehead in the person of the high representative (or an equivalent such as a new climate commissioner) to obtain a mandate to negotiate for the EU in the same manner as the trade commissioner represents the EU in WTO negotiations (see Kaczyński, 2010).

Fujiwara (2010) suggests that the EU could consider four main approaches to enhance its role after Copenhagen: normative leadership; strategic leadership; facilitation to pull together the diverse constituency; and an architectural approach in designing rules, procedures and new mechanisms.

Together with a clear 2020 strategy including a bold shift towards a low carbon economy, these moves could allow the EU to show renewed leadership in the negotiations. Even though the EU was instrumental in keeping the momentum over the years and firmly pinning climate change on the global political agenda, Egenhofer and Georgiev (2010) point out that owing to their much larger emission levels, "it is the US, China and other emerging economies that really matter in any lasting climate solution. There is nothing the EU can do about this."

One option for the EU (see for example, Curtin, 2010; Egenhofer, 2010; Sethi, 2010), would be to show leadership by pledging unilateral large cuts in emissions (30% by 2020). One of the components of the message would be the EU's readiness to signal to its companies that it is going to push the technological frontiers and thus outcompete other major economies. As discussed in section 3, a more ambitious EU target would be required to continue and accelerate the EU's decarbonisation in light of the effects of the economic crisis. Indeed, Spencer et al. (2010) argue that the EU's 20% target is no longer a leading target compared with other pledges, hence undermining the claim to leadership by example. A more ambitious target might give a positive signal to the world and, even more importantly, to the EU internally. What is at stake is not only global political leadership, but also the need to send a strong signal to the markets, showing that the EU is aiming at low-carbon technological leadership (Núñez Ferrer, 2009).

- a minimum 80% emissions reduction by 2050 for developed countries;
- a date for peaks in developing-country emissions;
- an adaptation framework;
- a commitment to "fast start" and long-term financing;
- "additional" finance overseen by a climate fund, with a "balanced" board;
- forest cover stabilised in developing countries;
- reductions in emissions from shipping and aviation;
- global, comprehensive carbon markets to replace project-based approaches;
- investment in climate-related R&D quadrupled by 2020 in developed countries and a range of measures, including the establishment of a UNFCCC technology body, to ensure a cooperative approach to technology transfer;
- "robust" MRV of mitigation efforts for all countries; and
- mitigation plans reviewed by all parties to the agreement.

Yet there are concerns about the EU's capacity, in political terms, to push for more ambitious reductions, as this would most likely restart a debate on 'carbon leakage'. For instance, Gros (2009a and 2009b) and Gros and Egenhofer (2010) are concerned about the net increase in global emissions from making EU producers less competitive against imports from carbon-intensive economies, such as China. Introducing border taxes or import tariffs to address this are among the options that are not excluded.

As to the future, Egenhofer (2010) argues that the EU has to improve domestic coordination using the provisions in the Treaty of Lisbon. He then calls for the EU and the US to align their strategies in sync with the present shifts in geopolitical power. There are many common areas of interest that are crucial, such as the "development of carbon markets, linking, off-sets, forestry, measurement, reporting and verification…and competitiveness issues". This cooperative approach is also favoured by Curtin (2010), although he seems to put more emphasis on stronger collaboration with the BASIC countries. Sethi (2010) is less keen for the EU to engage with the US and the BASIC countries, and calls for the EU to keep a model stance and lead by example, by committing unilaterally to stronger cuts and convincing developing countries to build a common front. Convery (2009) and Egenhofer (2010) focus on the transatlantic relationship and recommend cooperation with the US by introducing a cap-and-trade system in the US and linking it with the EU's. Nishimura (2010) discusses the need for a *global* cap-and-trade mechanism, based on the imposition of global carbon prices.

Other authors highlight the benefits of different strategic alliances. Curtin (2010) states that the EU has more in common with Brazil, South Africa and India than those countries themselves have in common with China, making collaboration plausible. Egenhofer and Georgiev (2010) underscore the commonalities and the opportunity for cooperation with India, especially as the Copenhagen Accord may curb India's economic growth ambitions by limiting the portion of the global carbon budget available to it. Thus, the EU could be instrumental in rebalancing the relationship among the BASIC country bloc.

With the support of such a partnership, introducing a carbon tariff could also be considered (Gros and Egenhofer, 2010). Revenues could be used to finance the needs of developing countries and hence sideline challenges by China, which would be the most affected.

8. What future for the Copenhagen Accord?

Although there was initial uncertainty, some believe that the Copenhagen Accord will not evolve into a new negotiating process, given among other factors the opposition of the BASIC countries to this idea. On the other hand, as an instrument providing political guidance the Copenhagen Accord could become more important over time, if for instance this political guidance were incorporated in the negotiating process and the Copenhagen Accord were considered an integral package. Taking this package apart in order to integrate its elements individually in the dual-track UN negotiations might bring about its collapse, as the countries that have associated with it might not follow unless it stands intact as it is. At the same time, there is no doubt about the need to bring substance, clarity and detail to the Copenhagen Accord and to work on its linkage with the UN process, in order to make it acceptable and operational.

Alternatively, according to Morgan (2009), the Accord could become a parallel forum with a much broader membership than the G20 and the Major Economies Forum, incorporating most developed and developing countries. This could form a basis for climate cooperation, which could move ahead if negotiations under the UNFCCC remain stalled because of the requirement of consensus voting, which may render an agreement impossible.

All the previous discussions have not reflected the concept of 'legal bindingness' or compliance. The latter will most likely require a set of decisions with unambiguous language and clear,

concrete contents in Cancun rather than a low-profile binding agreement with little operational strength. Other ideas to strengthen compliance have been the use of market mechanisms and finance, which would require compliance. This would necessitate integrating the carbon market into the process, if not through the UNFCCC then at least through the OECD.

9. Conclusions

This paper has reviewed recent literature on the Copenhagen Accord with a focus on what it will ultimately deliver in terms of speed and depth (especially after the economic crisis), the broader geopolitical implications and the resulting challenges for the EU, the role of the UN and the linkages of the UN negotiations with the Copenhagen Accord.

Most authors highlight some important elements in the Copenhagen Accord, which is regarded by many as a stepping-stone in the right direction, although only a "first step". The fundamental shortcoming of the Accord comes from its vagueness, which leaves the specifics of implementation still to be defined. Clear differences emerge in the way the Accord is viewed on both sides of the Atlantic, with a somewhat more positive assessment in the US. In the US, Copenhagen was seen as a stepping-stone to domestic legislation, for which the inclusion of China has been essential; in this regard, the Accord gives the right signals to the Senate.

There is a more generalised view that the emission reduction targets (or pledges) submitted by countries are insufficient to reach the 2ºC global warming targets, although some authors differ. These variations in assessing pledges are based on diverse assumptions regarding the speed of development and the deployment of new technologies in later periods. This might mean, for example, that the EU and US work on the basis of two different 2°C trajectories.

It is difficult to quantify China and India's targets in absolute numbers because of the very high uncertainties surrounding their levels of economic growth. On the other hand, China and India do everything domestically, while developed countries have implied offsets in their targets.

Another message is that the implications of the economic crisis shed a different light on some pledges. Pledges that are formulated without taking into account falls in emissions owing to the economic crisis greatly increase the risk of complacency in the magnitude of the effort needed – leading to a further delay of necessary reduction measures.

Although the Accord sets out substantial transfers that are close to the EU's suggestion, critics – notably among NGOs – claim that twice the amount would be necessary. This claim is countered by the argument that the pledges already represent at least a doubling of all existing foreign aid. The lack of detail leaves the sources of the finance unclear, as well as the MRV rules under which the transfers will be governed. It also leaves unclear whether the goal can be met – especially if the US does not manage to pass cap-and-trade legislation and thereby leverage the necessary private finance.

The level of the pledges makes the private sector and carbon markets indispensable. Unfortunately, there is no linkage between the flexible mechanisms/carbon market and the Accord as has been the case for the Kyoto Protocol. This linkage will need to be established by keeping the relevant elements of the Kyoto Protocol as either a separate parallel agreement or part of the new international framework.

Furthermore, there was a feeling that the negotiations were overloaded, dealing with everything at the same time. A future alternative would be to move stepwise, as has been tried successfully in other negotiations. For example, the international process could consider various 'digestible' areas to work on and solve instead of attempting to reach a consensus over a broad framework. The aim would be to reach a set of decisions with robust language and clear, concrete content, rather than a low-profile binding agreement with little operational strength.

There was also a suggestion that parallel processes outside the UN have contributed to eroding trust in the UN.

Finally, the inclusion of MRV in the Accord was crucial but the proposed instruments lack robustness. Such robustness could be built outside the current international negotiation process, for example through initial bottom-up initiatives that entail improving the accounting system at a company level and then consolidating it at the country level at a later stage. In addition, participation in carbon markets and finance transfers will most likely become conditional on compliance.

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ECP Steering Group

About the European Climate Platform (ECP)

The ECP is a joint initiative of the Climate Policy Research Programme (Clipore) of the Swedish Foundation for Strategic Environmental Research (Mistra) in Stockholm and the Centre for European Policy Studies (CEPS) in Brussels. Established in 2005, the ECP aims to facilitate interaction within the policy research community, mainly but not exclusively in Europe. Its working methods consist of bringing together a select number of policy-makers, negotiators and experts to vigorously debate key topics in the area of international climate change policy and to widely disseminate its conclusions. The ECP actively seeks dialogue with policy-makers and other stakeholders while being dedicated to academic excellence, unqualified independence and policy relevance. The ECP is governed by a steering group, drawn from government and academia. For further information, see: http://www.ceps.eu/Article.php?article_id=484.

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