

A stylized world map composed of a grid of dots in various shades of gray, with several dots highlighted in red. The map is centered behind the title and authors' names.

# Course Corrections for Cancún

## The European Union and International Climate Politics

**SEVERIN FISCHER / JO LEINEN**  
November 2010

- The Copenhagen World Climate Conference in December 2009 ended with a non-binding declaration of intent. The Copenhagen Accord did not live up to the goals the EU had laid down.
- The impasse in international climate negotiations continued in 2010, with the industrialised nations, on one side, and the developing and rapidly industrialising countries, on the other. Crucial issues remain unresolved.
- The EU failed in its role of agenda-setter and was unable to implement its climate protection proposals. At the follow-up conference in Cancún at the end of 2010 the EU will concentrate on achieving partial successes with regard to specific issues with a revised strategy and modified goals.
- While hopes of a legally binding climate protection agreement remain modest, numerous bilateral and multilateral projects initiated outside the official negotiations can function as catalysts. This could offer the EU a new role as the driving force of this development.





## Content

<b>Introduction</b> .....	<b>3</b>
<b>The Copenhagen Accord as Minimal Consensus</b> .....	<b>3</b>
<b>International Climate Negotiations in 2010</b> .....	<b>4</b>
<b>New Alliances for Climate Protection</b> .....	<b>5</b>
<b>The EU at the Cancún Conference</b> .....	<b>6</b>
<b>Where Next for Climate Policy?</b> .....	<b>7</b>
<b>Abbreviations</b> .....	<b>8</b>



## Introduction

Confidence in the international climate negotiations has taken a battering recently, so it is no great surprise to find low expectations and scant media interest in the run-up to the Cancún climate summit.<sup>1</sup> But climate change progresses regardless: temperatures today are about 0.8 °C higher than pre-industrial levels. Although causal relations cannot be proven beyond doubt, the events of 2010 – dramatic floods in Pakistan and an unprecedented heatwave causing huge forest fires in Russia – give a clear indication of the challenges confronting a world experiencing climate change.

The international community has not yet managed to agree on a coordinated approach to tackle the changes in the earth's atmosphere. The Copenhagen Climate Summit of 2009 began with high expectations, but ended with a document without legal force. Although the Copenhagen Accord succeeded for the first time in achieving a broad consensus concerning the direction of negotiations (limiting global warming to no more than 2 °C above pre-industrial levels), it did nothing to map out the path to achieving that goal.<sup>2</sup> As unsatisfactory as the outcome of Copenhagen may be, it represents for the time being the basis for negotiations among the 194 parties to the UN Framework Convention on Climate Change (UNFCCC) and will remain a central point of reference for the process in the coming years.

The European Union has always been a driving force in the international climate negotiations and will be one of the few signatories to actually meet its reduction target for 2008–12 under the Kyoto Protocol. The introduction of the EU emission trading system makes Europe the first region of the world to develop an international carbon market, and the EU's massive expansion of renewables makes it a leader in that field too. Additionally, in recent years the ideal of a climate-friendly and resource-efficient Europe has turned out to be a force capable of bringing the Union closer together. Europe thus has an interest in anchoring its own political objectives in the international framework of a binding treaty for the protection of the global climate. Ultimately, as well as the preservation of the fundamental basis of life, the climate negotiations

are also about establishing uniform conditions for competition and opening up new export opportunities for clean and efficient technologies. If the climate negotiations are not to falter and stall after the Copenhagen summit, new concepts must be developed with an eye to Cancún and beyond.

This analysis sketches out the main lines of conflict in the international climate negotiations and describes how negotiations have progressed in the run-up to the Climate Summit in Cancún. There are both positive and negative developments to be found in the conference preparations and in the EU's negotiating strategy. Finally, we consider how the future role of EU climate policy could fit into the greater scheme of European and global developments.

## The Copenhagen Accord as Minimal Consensus

Europe had very high expectations of the 15th Conference of the Parties to the Framework Convention on Climate Change (COP 15) in December 2009. The EU heads of state and government called for a comprehensive and legally binding agreement to be the goal of the negotiations.<sup>3</sup> The European Commission and the European Parliament also expressed their confidence about the outcome.<sup>4</sup> But these objectives were already at odds with the realities surrounding the conference. Most notably, US President Barack Obama and his administration were unable to get their long-awaited climate legislation through the US Senate. Also, the rapidly industrialising countries did not receive concrete figures for their emissions reductions until just before the conference began.

The European Union's negotiating strategy comprised a number of different strands, centred on an offer to cut its own emissions by 20 per cent by 2020 (compared to 1990). In the event of a legally binding agreement being reached with the other industrialised countries that figure was to have been increased to 30 per cent. An important role was also played by climate funding designed to for-

1. COP 16/CMP 6, 29 November to 10 December in Cancún (Mexico).

2. UNFCCC, Copenhagen Accord: Decision -/CP.15, advance unedited version, 19 December 2009. Available at: [http://unfccc.int/files/meetings/cop\\_15/application/pdf/cop15\\_cph\\_auv.pdf](http://unfccc.int/files/meetings/cop_15/application/pdf/cop15_cph_auv.pdf).

3. Council of the European Union, Presidency Conclusions of 29/30 October 2009, doc. 15265/1/09 REV 1.

4. European Commission, Towards a Comprehensive Climate Change Agreement in Copenhagen, COM(2009) 39; and European Parliament, European Parliament resolution of 25 November 2009 on the EU strategy for the Copenhagen Conference on Climate Change (COP 15), P7\_TA-PROV(2009)0089 of 25 November 2009.

tify the credibility of European efforts to bring about an agreement. A sum of 7.2 billion was to be provided for 2010–12 for emission reduction measures, for adapting to climate change and for forestry protection in developing countries. Only at the last minute, after the conference had already begun, was it possible to persuade the central and eastern European member states and Italy to agree to this approach.<sup>5</sup> The EU also made a number of negotiating offers in other areas, such as technology transfer and forest protection.

The discussions at Copenhagen entered the final phase without concrete results. It took the presence of more than one hundred heads of state and government to increase the pressure on the negotiators to a point where even a minimum consensus could be agreed. In the end, the Copenhagen Accord was prepared by a small group of states and presented to the plenary session after a battle between the United States and the rapidly industrialising countries led by China and India. In the plenary session, to the great surprise of most observers, a number of states objected both to the way the decisions had been reached and to the content of the already watered down compromise text. As a consequence, the Copenhagen Accord failed to receive the required unanimous approval of the conference, but was instead merely »noted« by the parties and thus has no formal status under the UNFCCC.

The Copenhagen Accord in its final form represents the outcome of a complex consensus-finding process between the different interests of industrialised, rapidly industrialising and developing countries. It defines – for the first time – the 2 °C target as the objective for international negotiations, but the route to that goal remains unclear. Industrialised, rapidly industrialising and developing countries can commit themselves to emissions reductions and convey their plans to the UNFCCC Secretariat in Bonn, but these measures remain voluntary and non-binding. The call to fund further action on adaptation, technology transfer, forest protection and mechanisms was noted without further concretisation. The only real money in the Accord is for climate funding: the industrialised countries will provide a total of \$30 billion in 2010–12, increasing to \$100 billion per annum from 2020. In the area of monitoring, reporting and verification (MRV), which is especially important for the United

States and the European Union, it was possible to agree conditions only for those projects that receive climate funding from the industrialised countries.

For the European Union the Copenhagen Accord undoubtedly represented a disappointment. Many of the clauses setting specific reduction targets for the industrialised countries as a whole – which were contained in earlier drafts – were dropped at the last minute. Moreover, the Accord is neither comprehensive nor legally binding and thus fails to live up to the formulated objectives. Nonetheless, the Copenhagen Accord formed a strong basis for further negotiations in 2010. Within a few months, more than one hundred states had associated with the Accord and submitted voluntary action plans and emissions reduction targets.

## International Climate Negotiations in 2010

The international process continued in April 2010, with a first meeting of the negotiating partners in Bonn. Since the Bali Action Plan of 2007, the work of the UNFCCC has been organised in two major strands, which are reflected in the structure of the working groups. The Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG LCA) is developing joint rules for all 194 members of the Framework Convention on Climate Change and working towards a new agreement to regulate all issues discussed so far, including a long-term vision for climate protection, reduction targets for all states and the preservation of tropical rain forests. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG KP), on the other hand, deals with the continuation of existing rules for the industrialised countries. This includes the question of a second commitment period after the first expires in 2012, as well as such important matters as the future of the Clean Development Mechanism (CDM) and accounting arrangements for land-use change in agriculture and forestry. The division of the negotiations into these two parallel strands reflects the division of parties into two main camps. On the one side, there are the industrialised countries, focussing on the preparation of a climate treaty covering all members of the UNFCCC and pushing especially for rapidly industrialising countries, such as China, to agree to binding reductions. The United States is in this camp. The opposing position of certain rapidly industrialising and developing countries

5. European Council, Conclusions of 10/11 December 2009, doc. EUCO 6/09.

involves keeping the negotiations in two strands and concentrating on new obligations for the industrialised countries alone within the framework of the Kyoto Protocol. The countries in this camp argue that the Western industrialised countries bear a historical responsibility for climate change and also have superior financial and technical means for tackling it. Even Copenhagen was unable to overcome this division into blocks, which is reflected in the Copenhagen Accord. Although the central challenges have now been outlined in a single document for the first time, the different degrees of obligation and the different rules for verification in the industrialised countries, on the one side, and in the rapidly industrialising and developing countries, on the other, symbolise the deep north–south division in the climate negotiations (exemplified by the stances of China and the United States). Although in recent years both blocks have shown signs of opening up, a lack of mutual trust continues to dog the negotiations.

Talks in 2010 in Bonn (April, June and August) and in Tianjin (October) made almost no progress towards defining the content of a future agreement. On the contrary, the parties have made almost no headway in integrating the content of the Copenhagen Accords into the formal negotiating process. The greatest obstacle to progress remains the United States. After the failure of climate legislation in the US Senate, many developing and rapidly industrialising countries doubt that the Obama administration's energy and climate policy will ever be implemented. The weakness of America's unambitious targets, together with its refusal to participate in the Kyoto process has created a high level of frustration among the developing and rapidly industrialising countries. On the other side, China and India in particular have backed away from promises made under the Copenhagen Accords and are currently envisaging primarily voluntary measures at the national level. For the United States – and also the European Union – however, legally binding targets and MRV arrangements represent a precondition for establishing mutual confidence and moving towards a global agreement.

In this situation, it is clear why there is little movement within the UNFCCC negotiating structures. The mutual blockade of the biggest emitters – the United States, on the one side, and China, on the other, who are together responsible for half of all global emissions – has brought the negotiating process to a grinding halt. The prospects for the climate summit in Cancún from 29 November to

10 December 2010 are, consequently, anything but rosy. At the last meeting of the Working Group in Tianjin, China, it was not even possible to reach agreement on which elements of a future climate agreement could be decided in Cancún. And that dashes any hopes of concrete results at the next Climate Summit, in South Africa in 2011. At this rate, the negotiating process will never find answers to the complex issues at stake.

## New Alliances for Climate Protection

In response to the unsatisfactory outcome of the Copenhagen Climate Summit individual states began working autonomously outside the UNFCCC process to pursue concrete goals and develop landmark projects. The informal meeting at the beginning of May 2010 hosted by the German government and the Mexican COP presidency represented an opportunity to discuss these bilateral and multilateral projects. This dialogue among a group of states from different parts of the world can be regarded as the beginning of a forum for discussion and action running in parallel to the formal process of the UN Framework Convention on Climate Change.

Probably the most important of these initiatives to date was launched by Norway and France, whose governments succeeded in establishing agreements with a number of states whose forests are especially important for climate protection. Indonesia, Brazil and the Democratic Republic of the Congo agreed to become partners in the preservation of the tropical rain forests, and will receive financial and technical support. Financial input from the participating Western industrialised countries was a decisive factor in establishing this REDD-Plus initiative. The German–South African technology cooperation initiative represents a step towards closer cooperation that could lead to rapid and substantial results outside the cumbersome and slow processes of the UNFCCC. The cooperation between the United States, Costa Rica and Spain on measures for adapting to climate change might also represent progress, but this partnership is as yet fairly insubstantial and it remains to be seen whether it will produce worthwhile results.

In the course of 2010, the European Commission began shaping a concept that could develop into a kind of »climate diplomacy«. One important milestone was Climate Action Commissioner Connie Hedegaard's visit to China,

where she succeeded in easing tensions between the EU and China over questions of international climate protection. While discussions about merging the European emissions market with one or more future Chinese carbon market projects are still at an early stage, at a much more concrete level it has already been possible to establish cooperation at the level of technology development and cooperation between regional bodies. With landmark projects in a number of cities Europe can serve as an important model for urbanised Chinese regions.

With this trend towards bilateral initiatives and concentration on concrete projects we are at least seeing progress towards better reciprocal understanding and the opening up of new potential for climate protection. Although this represents no substitute for binding agreements within the UNFCCC framework, these initiatives do offer an opportunity to develop vital measures for overcoming deadlock in the climate negotiations. These projects also represent leverage for the application of pressure to parties which have not yet participated in such cooperative initiatives, which could also improve the prospects of a compromise within the framework of formal negotiations.

## The EU at the Cancún Conference

In the media, the failure of the Copenhagen Climate Conference has often been presented as a failure of the EU's strategy and negotiating tactics. Although that interpretation is unfair, the conference did expose a series of shortcomings in the EU's negotiating strategy which need to be eliminated for the upcoming conferences in Cancún and South Africa (2011). Above all, it would appear crucial to formulate realistic objectives and present a united front. The entry into force of the Lisbon Treaty in December 2009 and the appointment of a new Commission also creates a new situation that should allow the EU's positions to be prepared more efficiently and represented better externally.

The EU goes into the Cancún negotiations with a series of improvements to its approach:

■ *Europe's climate protection strategy now has a face.* With the creation of the post of Climate Action Commissioner and the establishment of the Directorate-General for Climate Action, Commission President José Manuel

Barroso has underlined the importance of the issue for the EU. The Danish Climate Action Commissioner Connie Hedegaard, who took office at the beginning of 2010, represents Europe's ambitious climate protection strategy to its partners across the world. This important step improves the external impact and provides a constant partner in the EU for climate protection matters.

■ *More realistic expectations.* Like the other participants, Europe has little expectation of a comprehensive and binding agreement in Cancún. It is therefore all the more important to reach agreement on concrete measures and partial solutions to propose at Cancún. The Environment Council called on 14 October 2010 for decisions on »on adaptation, mitigation, technology, capacity-building, Reducing Emissions from Deforestation and Forest Degradation (REDD+), agriculture, Monitoring, Reporting and Verification (MRV), finance and market-based mechanisms«. <sup>6</sup> This sense of reality could make Europe a more attractive discussion partner.

■ *Openness to a second commitment period in the Kyoto framework.* In response to accusations from developing countries and NGOs that the EU tried to bury the Kyoto Protocol at Copenhagen, the EU environment ministers reiterated their willingness to agree to a second commitment period. Although this is still tied to action by other states, this agreement in principle to another commitment period fulfils a precondition for other states to re-enter dialogue with the EU.

With these important steps the EU has strengthened its negotiating position for Cancún and, in some areas, has even improved it. Nonetheless, there are still many problems that need to be addressed in the short and medium terms:

■ *Inclusion of all actors and a united front in negotiations.* As well as improving decision-making processes, the Lisbon Treaty was supposed to improve cooperation between the three central EU institutions: the Commission, the Council and the Parliament. Under the Treaty, the European Parliament must be more closely involved in the decision-making processes leading to international

6. Council of the European Union, Information note: Preparations for the 16th session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change (UNFCCC) and the 6th session of the Meeting of the Parties to the Kyoto Protocol (CMP 6) (Cancún, 29 November to 10 December 2010) – Council conclusions, 14 October 2010, doc. 14957/10.



treaties. Here, new arrangements are needed to ensure that Parliament's right to information and participation is respected during the climate conference. At the same time, having the EU represented by both the rotating Council Presidency and the Commission would seem no longer to make sense. At international climate conferences, the EU should be represented in the first place by the Commission, with a mandate from the Council and the Parliament. Currently, the rotating presidency plays a prominent role in negotiations, which leads to friction and confusion in relations with external partners. The EU must more clearly »speak with one voice«.

■ *Resolution of disagreements within the EU.* The EU will travel to Cancún without a united position; it remains divided on certain core issues. The first of these is accounting for land use, land-use change and forestry (LULUCF) under the Kyoto Protocol. Second, the »hot air« question constitutes a constant wedge in the EU's climate policy: this refers to how certificates (AAUs) left over from the first commitment period of the Kyoto Protocol, of which there are still large numbers, above all in eastern and central Europe, are dealt with. Selling these or carrying them forward to a new commitment period could lead to additional greenhouse gas emissions and endanger the success of climate protection efforts. The EU must agree on a joint position on both issues if it is to make a credible and coherent impression.

■ *Reliable and transparent climate funding.* In Copenhagen, the EU Commission and the member states made sweeping promises of climate change-related funding for the developing countries for 2010–2012. Although the Commission insists that a sum of 10 billion US dollars has been made available, a transparent list in accordance with the defined criteria has not been supplied. There is an acute danger that funds already promised within the scope of development policy will simply be relabelled and »recycled« as »new money« for climate protection. Examination of Germany's climate funding reveals that the 2010 budget contains only 70 million of genuinely fresh money, which falls far short of the promised annual sum for 2010–2012 of 420 million. The German government openly admits counting climate protection grants as state development aid in instances in which they correspond to OECD development guidelines.<sup>7</sup>

7. Germanwatch (ed.), *Die Millenniumsentwicklungsziele und der Klimawandel: Bilanz und Ausblick* (Berlin 2010); see also Deutscher Bundestag, Antwort der Bundesregierung auf die Kleine Anfrage der Ab-

■ *End the 20/30 per cent conditionality.* The offer to increase its own emissions-reduction target to 30 per cent if other major emitters consent to a joint agreement and substantial reductions of their own represented a central element of the EU's negotiating strategy for the Copenhagen conference. But it quickly became apparent that the other parties had little interest in this conditional promise. The Intergovernmental Panel on Climate Change (IPCC) believes that the industrialised countries would have to agree to significantly larger cuts in emissions (in the order of 25 to 40 per cent by 2020) if dangerous climate change with warming exceeding 2 °C is to be prevented. In that light, Europe's promise of 20 per cent is too small, as the European Parliament's Environment Committee underlined in its resolution on the climate conference in Cancún.<sup>8</sup>

## Where Next for Climate Policy?

Despite the urgent problems arising from advancing climate change, the international climate negotiations will not produce a binding agreement in 2010. The main reasons for this are outside Europe's control. Nonetheless, the European Union can play an important role in keeping the process alive and working towards global agreement in the medium term. The numerous bilateral and multilateral projects initiated by the EU member states and the Commission represent a potentially decisive factor. Although no substitute for results in the formal negotiations, they could act as a catalyst for progress in particular fields. Outside the UNFCCC process, a debate has begun on detaching Europe's own climate protection goals from results in the international arena. The environment ministers of the three largest member states – Germany, France and the United Kingdom – have called for Europe to increase its emissions-reduction target unilaterally to 30 per cent by 2020 in order to boost its international credibility and advance the development of new technologies. Sections of European business now share this argument. The new motto is »climate protection in our own economic interests«. By increasing its own reduction target – as well as providing transparent,

geordneten Thilo Hoppe, Ute Koczy, Dr. Hermann Ott, weitere Abgeordnete und der Fraktion BÜNDNIS 90/DIE GRÜNEN, Drucksache 17/1196, 23 March 2010.

8. European Parliament Environment, Public Health and Food Safety Committee, Resolution on the Climate Change Conference in Cancún (COP16), 7 October 2010.

reliable climate funding and demonstrating its openness to a second Kyoto commitment period – the EU could make it easier to pass an international agreement in the coming years. All the more so if Europe can prove that a low-carbon economic model is not a disadvantage, but rather a lever for developing new technologies and creating new jobs.

## Abbreviations

AAUs	Assigned Amount Units (emissions certificates for international trading under the Kyoto Protocol)
AWG KP	Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol
AWG LCA	Ad Hoc Working Group on Long-term Cooperative Action under the Convention
CDM	Clean Development Mechanism (Kyoto Protocol)
COP	Conference of the Parties (to the Framework Convention on Climate Change)
IPCC	Intergovernmental Panel on Climate Change
LULUCF	Land Use, Land-Use Change and Forestry
MRV	Monitoring, Reporting, Verification (of emission reductions)
REDD	Reducing Emissions from Deforestation and Degradation
UNFCCC	United Nations Framework Convention on Climate Change





### About the authors

**Severin Fischer** is a researcher at the Institut für Europäische Politik (IEP) in Berlin, working on questions of European energy and climate policy in a joint research project with ASKO EUROPA-STIFTUNG.

**Jo Leinen** is Chair of the European Parliament's environment, public health and food safety committee as well as leader of the EP-delegation in Cancún.

### Imprint

Friedrich-Ebert-Stiftung  
International Policy Analysis  
Hiroshimastraße 28 | 10785 Berlin | Germany

Responsible:  
Dr. Gero Maaß, Head, International Policy Analysis

Tel.: ++49-30-269-35-7745 | Fax: ++49-30-269-35-9248  
[www.fes.de/ipa](http://www.fes.de/ipa)

To order publications:  
[info.ipa@fes.de](mailto:info.ipa@fes.de)

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung or of the organization for which the author works.

This publication is printed on paper from sustainable forestry.

**ISBN 978-3-86872-558-2**