



Prospects for International Climate Cooperation and the Importance of Domestic Action in the United States

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The 15th Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) will be held in less than three months, in mid-December in Copenhagen, Denmark. With the terms of the Kyoto Protocol set to expire in 2012, the international community declared the 2009 negotiations as the target date for concluding the successor agreement for the 2013 period and beyond. International expectations are high that President Obama will be able to play more of a leadership role on climate than either of his two predecessors. In the lead up to Copenhagen, there have been and will to continue to be a series of bilateral, mini-lateral, and large multilateral meetings to deal with climate change. Various officials from the Obama administration, from Secretary of State Hillary Clinton to U.S. climate envoy Todd Stern to Secretary of Energy Steven Chu, have made numerous trips to China for important bilateral meetings in the hopes of securing a breakthrough before Copenhagen.

The remote prospects for a breakthrough in Copenhagen

In May, there was a meeting of the Major Economies Forum (MEF) in Paris, where environment ministers of the seventeen leading economies gathered to talk about climate change. They met again in Mexico in June. Also in June, the second round of preparatory negotiations for Copenhagen was conducted in Bonn. And, in July, the G-8 heads of state and a few additional invitees met in Italy for their annual meeting. In Italy, the G-8 failed to reach agreement on a 2050 target but did agree in their communiqué to try to prevent temperatures from rising more than 2 degrees Celsius. UNFCCC preparatory negotiations continued informally in Bonn in mid-August and will go in October in Bangkok, Thailand. In September, Secretary General Ban-ki Moon will hold a one day meeting of heads of state on climate change at the United Nations. Finally, in November, just before Copenhagen, there are additional pre-COP negotiations planned for Barcelona.

What are the chances of breakthroughs on climate change emerging from any of these sessions leading up to and including Copenhagen? As for Copenhagen itself, I'd like to be optimistic, but I would be extremely surprised if there is a negotiated text that comes out of Copenhagen that the Obama administration would be prepared to take

home for Senate ‘advice and consent.’ At most, it appears that Copenhagen may generate a political statement of intent or a framework on the architecture of climate change policy for the post 2012 era. That will inevitably kick key issues down the road until 2010 and 2011 on a number of major issues including the specific targets and timetables by developed and developing countries, verification, and the levels and mechanisms of international financial support for mitigation (reducing emissions of greenhouse gases) and adaptation (responding to the consequences of climate change).

Two out of three Copenhagen obstacles lie in the U.S.

Why do I think an agreed text at Copenhagen is unlikely? I focus on three reasons, two of which have to do with dynamics in the United States. First, it strikes me as overly optimistic for a new U.S. administration to be ready with a fully staffed up and coherent international negotiating posture by December. By then, the Obama administration will be in power less than eleven months. Only recently, some important posts have been filled. For example, Assistant Secretary of Energy David Sandalow was confirmed only in late May, China energy expert Trevor Houser joined the administration around that same time.

Second, the United States has an unusually onerous system for treaty ratification, which except for special circumstances requires that two-thirds of the Senate vote in favor (see my paper with Alexander Ochs on the institutional barrier to U.S. treaty accession, <http://www.utexas.edu/lbj/faculty/busby/wp-content/uploads/chap2busbyochsfinal.pdf>). Whereas in parliamentary systems, this is either unnecessary or a formality, in the United States’ fractious and divided political system, this is an almost obscenely high bar to secure. Thus, it is much more difficult for the Obama administration to obtain domestic passage of international commitments than it is to make them.

President Obama has learned from the problems faced by the Clinton administration. International climate commitments have, as they did with Kyoto, the possibility of upsetting the domestic legislative process on climate policy reforms. As a result, the Obama administration is not going to get ahead of itself and make any commitments at Copenhagen that have the chance of upending the prospects of passage of pending domestic climate legislation. Without the United States making a commitment on specific targets and timetables for emissions reductions at Copenhagen, none of the other major parties except for maybe the EU will be willing to make commitments of their own.

The missing shared vision

A third reason why Copenhagen will unlikely yield a finished text that is ready for ratification is that there is not yet a shared vision of the future of climate policy between the advanced industrialized countries, let alone between the North and the South. As a result, I fear that we simply don't have enough time between now and December to conclude the variety of terms for negotiating the Kyoto's successor agreement. Just to give you a sense of how complicated this is, here you have a negotiating forum of 190 countries, already sounding impossible at the outset from a collective action perspective.

What's more, there are actually two parallel processes going on. One is an amendment to the Kyoto Protocol which would establish the legal commitments for emissions reductions by advanced industrialized countries for the post-2012 period. The second is a successor agreement under the 1992 UNFCCC to lock in Long-Term Cooperative Action on climate change. This encompasses a host of broader issues including commitments by developing countries, actions to support avoided deforestation, financial mechanisms to transfer funds to developing countries to reduce emissions and adapt to climate change. Drafts within both negotiation tracks were circulated in Bonn, and it's unclear how they ultimately will match up. I think the general assumption is that synthesizing these two processes is actually the least of negotiators' concerns.

Areas for transatlantic cooperation on climate change

While we potentially need to dampen our expectations for Copenhagen, that doesn't mean things are hopeless. Quite the contrary, we now have a political moment in the United States where serious policy on climate change is being considered for the first time. The most important area for transatlantic cooperation right now is for Europe to create a favorable environment for President Obama to be rewarded internationally if he can secure domestic passage of climate legislation. While this might mean some public statements of concern that the cuts being proposed in the pending climate legislation don't go far enough, I hope that the tenor of private remarks is that "We understand the politics of this are hard, and we look forward to working with you when your legislation is passed."

The second most important area for cooperation is identifying a common strategy for engaging China on climate change. We need to collectively have a clear sense of what we expect of them in terms of emissions targets and what we want to offer them as incentives and inducements to take on emissions intensity targets and/or sectoral targets.

Finally, the third most important area for cooperation is a common vision for facilitating the flow of adaptation funds to the developing world. The developing world has unrealistic expectations for vast sums to be transferred unconditionally. Not without reason, they distrust the Global Environment Facility at the World Bank that is managing existing adaptation funds. However, the pledges of finance thus far for adaptation are in the low hundreds of millions when analysts say it will ultimately need to be in the tens of billions. The United States has been miserly thus far and given zero dollars to a variety of multilateral instruments for adaptation. That will have to change but we need to figure out together how to make this potential obligation different from the way we traditionally do foreign assistance.

The importance of domestic action in the United States

I think the road to an international agreement has to come through domestic climate legislation in the United States. Chairman Henry Waxman of the House Energy and Commerce committee and Congressman Edward Markey shepherded their cap-and-trade bill out of their committee and through Congress. Waxman-Markey would establish a national cap on greenhouse gas emissions, a trading system like the EU's that would allow firms to buy and sell allowances, with allowances and revenues from the scheme being used to support a whole host of additional emissions-reducing activities at home and abroad as well as domestic and international adaptation.

At the same time, the bill buys off potential political opposition by setting aside allowances for affected industries, with a large proportion of the allowances set aside to gas and electric utility distributors to refund to their customers. After much arm-twisting by the House Democratic leadership, Waxman-Markey passed by a narrow margin (219-212) on June 26, 2009 with only eight Republican votes. The bill probably could have passed by a wider margin but the Democrats were able to secure just enough votes for passage and probably let some vulnerable moderate Democrats vote against the bill.

Health care versus climate change

Despite this progress, it is difficult to see the Senate passing a bill and for the two chambers to conclude a consensus conference committee report before Copenhagen. Markup of the bill in Senator Barbara Boxer's Environment and Public Works Committee was already postponed one time, from before until after the August recess. In early August, ten moderate Democratic Senators, mostly from coal and manufacturing states in the Midwest and Rust Belt, sent the president a letter suggesting any climate legislation must protect their industries from countries that do not have climate protection standards of their own. They favor the use of a border

adjustment mechanism; President Obama expressed his opposition to any hints of protectionism in the climate bill after the House vote.

Currently, the health care bill is clearly the Senate's first priority. Most observers of presidential political history think that presidents have the opportunity to pass only one major piece of legislation during their first year in office. Now, with all of the action on the economy already, President Obama suggests his is a different presidency perhaps unrivaled in its ambition and capacity for sweeping change. However, President Obama may face a choice this fall between health care and climate change. Faced with those choices, it appears that Obama has already signaled to move health care first.

National versus international commitments

Given that the hardest part for the United States has been and will continue to be getting started domestically on climate change at the federal level, it is far more important now that Waxman-Markey passes than it is to make any commitments internationally. However, both arenas influence each other. The United States needs to make progress internationally, particularly with respect to China's emissions, for a cap-and-trade bill to survive the Senate without too much additional watering down. At the same time, because international expectations for the Obama administration are so high, success domestically will give U.S. negotiators more freedom to maneuver internationally. With Waxman-Markey having passed the full House and a White House appearing poised to throw its weight behind a climate bill in the Senate, the international community may be sufficiently pleased to see this as progress coming into Copenhagen.

However, early portents from the MEF and the draft negotiating text coming out of the pre-COP meetings were not especially positive, from a U.S. perspective. In terms of the MEF, the Obama administration was hoping to be able to secure a breakthrough on technology, perhaps by offering as carrots energy funds passed as part of the domestic stimulus bill. However, participants in the Paris MEF meeting, as I understand it, largely passed on that opportunity; what they wanted to know is what the commitments were the U.S. was going to make in Copenhagen on emissions reductions.

Is Waxman-Markey ambitious?

Europe has pledged to reduce EU emissions by 20 percent below 1990 levels by 2020; possibly by as much as 30 percent if other advanced nations like the United States take on targets. Europe would like the United States to commit to at least as an ambitious target by 2020. However, even if the long-run 2050 trajectory is similar, Waxman-Markey only commits to a 17 percent cap below 2005 levels by 2020 (about 4 percent

below 1990 levels). The bill importantly could reduce U.S. and global emissions considerably more if you include other additional measures that are supported under the bill such as 5 percent of allowances being set aside to support avoided deforestation programs internationally. Still, at the MEF meeting in Paris, France, Germany, and the UK held firm on their public calls for deep commitments on cuts from the United States. My understanding is that domestic politics, looming national elections and fears of handing the opposition a political issue figured into the relatively hard line from the Germans and the British.

On the one hand, calls by the Europeans and others for deeper cuts make the targets from President Obama and Congressional Democrats look reasonable, which could enhance the prospects for passage of domestic climate legislation. However, U.S. officials are worried that the cuts that are being committed to are all that the political system can be expected to bear. In Copenhagen, there is a risk of stalemate and finger-pointing if the Europeans dig in privately over emissions targets and timetables that are wildly unrealistic in the United States. So, in the interests of transatlantic comity and cooperation, I encourage our European friends to appreciate that the overriding imperative for the United States has to be passage of domestic legislation with a reasonable carbon cap.

At least as good as Europe

Waxman-Markey is potentially a bigger step in the right direction than some of our European friends have thus far given us credit for. According to analysis from the World Resources Institute (WRI), Waxman-Markey's 2020 target from the emissions cap alone is 15 percent below 2005 levels, with an interim target of 2 percent below 2005 levels by 2012. In 2007, U.S. emissions were about 17 percent above 1990 levels. There was likely some decline in 2008 and 2009 because of the economic crisis. By WRI's analysis, Waxman-Markey in 2020 would deliver a 1 percent emissions reduction below 1990 levels. That means the United States has about a decade to reduce U.S. emissions by about 18 percent (17 percent plus 1 percent). This calculation even excludes all the additional measures in the bill, i.e. it doesn't include the additional complementary action on international forest conversation that together, by the WRI calculation, could bring U.S. emissions 17 percent below 1990 levels by 2020 (a potential net decline of 34 percent below 2007 levels).

In 2009, European emissions were 9.3 percent below 1990 levels. So to get to the 20 percent commitment by 2020 implies a reduction of 10.7 percent by 2020 in eleven years and 20.7 percent if Europe commits to a 30 percent reduction below 1990 levels. So, while it is fair to critique the United States for being late to the party on emissions reductions, we also have to compare the relative speed of projected emissions

reductions in the period 2010-2020. Should Waxman-Markey pass, the U.S. would be committed to moving at least as fast as Europe in the next eleven years.

As a number of commentators have noted, much of U.S. action may be conditional, depending on the amount of offsets, both international and domestic, that actors use to achieve their targets. There has been some discussion about what percentage of U.S. targets would be achieved through domestic action and how much would be achieved through purchase of international offsets. Nigel Purvis suggests (see <http://greeninc.blogs.nytimes.com/2009/06/12/japans-co2-goal-not-so-shabby-after-all/>) that, unlike Japan and to a lesser extent Europe, much of the U.S. target will be achieved through international offsets. (If you believe that international offsets are unlikely to be as credible as domestic action, this would undercut my suggestion that the U.S. prospective target is ambitious. That said, Europe may meet much of its 20-30 percent target by relying on reductions in Eastern Europe and broader purchases of credits from abroad as well. Other analysts like Michael Levi of the Council on Foreign Relations and John Larsen of the World Resources Institute see the U.S. making less use of international offsets.)

To conclude, yes, the United States is late to the party and Europe has been a leader on this already, but if Europe demands that the United States moves even more swiftly than is politically realistic in the next decade, we may once again get nothing, making the best the enemy of the good. There are potential problems in the draft climate legislation in the United States but we have to be careful about asking too much of our political system too soon.

The way forward

What does this all mean for Copenhagen? When might the Senate act? The highest priority for U.S. negotiators has to be creating a favorable political environment for passage of domestic climate legislation. If that somehow happens before December, then Copenhagen might provide a moment for more substantive breakthroughs on the post-2012 era, though many of the specifics will likely have to be kicked down the road. The need for more positive political space to pass the cap-and-trade bill in the Senate is the main reason why Obama administration officials have made such an effort to court China (and to a lesser extent India). Without more robust bilateral cooperation on climate change, that goes beyond the July 2009 U.S.-China memorandum of understanding on continued dialogue, the Obama administration may not have the votes in the U.S. Senate to get a bill passed.

While all this plays out in Washington, champions of robust international cooperation on climate change should be thinking about how domestic action in the United States could be seamlessly synced up with the EU emissions trading scheme and what multilateral mechanisms would facilitate more credible and scalable emissions reductions from the developing world, including from forests. And, as the effects of climate change become evident, the discussion inevitably has turned to adaptation finance. Here, much more discussion of how funds will be raised and distributed, given the political and fiscal realities in donor countries, needs to be done. Let us all hope that the Obama administration can corral enough votes in the U.S. Senate to make those conversations more meaningful.

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