

NAT/470 International climate policy post-Copenhagen

Brussels, 21 October 2010

OPINION

of the
European Economic and Social Committee
on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions -

International climate policy post-Copenhagen:
Acting now to reinvigorate global action on climate change
COM(2010) 86 final

Rapporteur: Mr Buffetaut

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On 9 March 2010 the Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: International climate policy post-Copenhagen: Acting now to reinvigorate global action on climate change COM(2010) 86 final.

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 31 August 2010.

At its 466th plenary session, held on 21 October 2010, the European Economic and Social Committee adopted the following opinion by 128 votes to seven with three abstentions.

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1. **Conclusions**

- 1.1 The initial reaction to the Copenhagen Accord was one of profound disappointment at the failure to reach a general agreement on targets and measures for combating global warming. However, on closer inspection, it does deliver some advances not only toward the goal of keeping any increase in temperature to below 2°C compared with the pre-industrial era, but also in making progress possible on both technology transfers and funding for developing countries and on more specific agreements on the use of land and forestry. Its conclusions now need to be built on in the next rounds of negotiation in Cancun and South Africa.
- 1.2 Even so, it would be difficult to see this as a success for European Union diplomacy. The diplomatic service must consider redirecting its strategy. The setting-up of the new diplomatic service following the adoption of the Treaty of Lisbon may well change the political landscape within the Commission. Be that as it may, the unilateral commitment to cut emissions by 20%, or even 30%, in 2020 failed to achieve the desired effect or to secure a binding agreement. The fact of the matter is that our partners are extremely pragmatic and are wary of anything that smacks of declarations of principle behind which lurk regulation and possible impediments. This remains the case even if the goal of limiting temperature increase to 2° as a matter of principle was accepted in the end.

1.3 The European Union was not very successful or influential in the Copenhagen negotiations, partly because its ambitions were too great for many other countries to follow at this stage, and partly because of some scepticism amongst others about the deliverability of the European targets. The EU should now focus on tangible ways of reaching the carbon reduction goals that it has set itself at the same time as (and as part of) reviving its economy. Demonstrable success in this double endeavour would bolster its credibility and influence in the international negotiations.

While sticking firm on decisions already taken, especially on the energy/climate package, the European Union should:

- commit itself, in line with the proposal from the Environment Ministers of Germany, France and the UK, to an early tightening of its CO₂ target for 2020 to achieve a 30% reduction by that date instead of the present 20% commitment if the economic and social conditions allow it without loss of competitiveness and provided that it is indeed coupled with the necessary measures and investment to achieve it. The fact that, due to the economic crisis, emissions in the EU have fallen sharply is not itself sufficient reason to aim for a higher reduction target, because emissions can rise again in an economic recovery;
- mobilise and coordinate Community and national research capabilities in new low-carbon technologies and in the sphere of energy efficiency. The aim is to arrive at a better allocation of resources in order to be more effective and so demonstrate that, behind the political declarations and the legislation, the resources necessary for tangible action are indeed being mobilised. It is also crucial to ensure a close cooperation between research and economic actors like industry and agriculture so that promising technologies can be swiftly brought to the market;
- be more modest in what it says so that our partners do not get the impression that we are seeking to force upon them a European model that we consider to be exemplary;
- focus its diplomatic efforts as we await a global agreement on more sectoral agreements in areas such as management of land and forests, technology transfers (while making sure we do not lose our comparative advantage in this sphere), a system of monitoring and evaluating commitments, financial assistance and ways of allocating it. The international climate and forest conference held in Oslo in May is a good example of a successful initiative;
- pursue active diplomacy with backing from the Member States vis-à-vis the USA,
 Russia and the BASIC group, since any worldwide agreement is a non-starter without the
 United States and the other large countries;
- act as a driving force in bilateral and multilateral negotiations in forums other than the UN in order to pave the way for a worldwide agreement. All this should be done with a keen eye for transparency in order to avoid disquieting some countries who may fear that ready-made solutions are being foisted upon them;
- pursue an ambitious European policy given the major investments in the green economy made by China, the United States and South Korea – if we are to be the engines of

tomorrow's economy and if we are adamant about retaining our competitive edge and not becoming dependent on patents, know-how and technologies owned by others. Emission-reduction goals can be useful instruments, but they are not enough to secure the technological leap needed to usher in a truly sustainable development.

1.4 To back up its diplomatic endeavours, the European Union should also mobilise organised civil society in order to make public opinion aware of the need for our society to waste fewer natural resources and use more renewable ones, and for us all as individuals to adopt a more public-spirited outlook.

2. **Introduction**

- 2.1 The outcome of the Copenhagen summit provoked a wide range of radically different reactions.
- 2.2 Some countries and participants in the debate saw the Copenhagen Accord as a promising first step, since many countries including China, India and the United States had endorsed the agreement and the aim of keeping any increase in temperature to below 2° compared with the pre-industrial era. Others however saw it as deeply disappointing, since there was no detailed agreement on the measures by which to achieve this goal, or how to share responsibilities between different countries.
- 2.3 The level of national ambition and commitment reflected in the Accord was also disappointing, as is shown by the fact that the voluntary national targets for GHG reductions which have subsequently been submitted in response to the Accord also fall short of what will be needed to keep below the 2° temperature increase, and of what the EU and others had hoped to see agreed.
- 2.4 The conference was clearly a diplomatic disappointment for the European Union and the Commission in particular. In particular the announcement of a unilateral commitment to reduce our CO₂ emissions by 20%, or even 30%, by 2020, did not have the hoped-for diplomatic effect of encouraging other developed countries to make similar commitments, and drawing forth more specific commitments from developing countries. We need, therefore, to examine why the European Union's diplomatic strategy foundered and how it can be redirected to work better.

3. A more pragmatic and modest approach

3.1 The United States may have its differences with China, but the Copenhagen Accord nevertheless seems to bear a close likeness to the agreement it reached with the BASIC countries (Brazil, South Africa, India and China).

3.2 A few conclusions can be drawn from this:

- Many emerging countries as well as the United States and some other developed countries still give higher priority to maintaining (or restoring) their short term economic growth trajectories than to countering global warming (even though run-away warming could cause much more damage to all economies in the medium term if greenhouse gas emissions are not abated). This group of countries may continue to be the dominant voice in defining the limits of ambition in the next few years, unless or until a combination of new climate-related events, or even stronger scientific evidence, or growing pressures on limited fossil fuel resources cause them to rethink more fundamentally. The EU will have to adapt its strategy to this new global balance of forces.
- The American approach is based on trust in the progress of science and technology and on pragmatism rather than regulation. The USA (and China) are clearly going to focus their main efforts in the next few years on creating the world-beating low carbon industries of the future. Europe must ensure that it makes at least as determined an effort to transform its own economy in the low carbon direction.
- Developing or emerging countries also fear that the zeal of developed countries is merely
 a blind for hobbling or slowing down their development all the more so because by no
 means all the developed countries have achieved their own proclaimed goals.

If the European Union, keen to set the tone, hardly seems to have sold its approach to the rest of the world, this is doubtless because it has relied too much on abstract calculations of the target reductions needed from everyone and its still imperfect carbon trading system, and has not yet done enough on the practical side to demonstrate the feasibility of such targets by investing sufficiently in the research, innovation and transformational technologies that will bring about a new low-carbon and more energy-efficient economy for themselves and others. Hopefully, the 2020 strategy will be a useful instrument on this front. We need to be able to demonstrate that a rapid move towards a low carbon economy in Europe is a success in practice that will give us an increasing competitive advantage unless others do the same, That will have much more inspiring influence in the world than gloomy talk about apparently impossibly demanding targets, the burdens involved in meeting them and the moral importance of burden-sharing.

3.3 Against this background, we should not pin all our hopes in the international context on reaching a final agreement on all points before the end of 2011. It would be better to have no final agreement than to have one embodying inadequate targets that would encourage complacence in face of the growing climate threat. It would be better to present such inadequate targets as a temporary or interim measure that is better than nothing, pending a more adequate agreement with tougher targets at a later date when some of the leading countries and groups have made more progress towards the low carbon economy and are able to commit confidently to more ambitious and adequate targets and to press others to do the same.

- 3.4 Meanwhile, the possibility of a continuing absence of a general agreement should not be allowed to prevent the international community from moving forward on a step by step basis with negotiations in specific areas and promoting sectoral agreements on, for instance, forests, energy efficiency, technology transfers, financial contributions and cooperation on electric vehicles. May's Oslo agreement on tropical forests, following up an international climate and forest conference, is a good example of a successful initiative. It resulted in a partnership that brings together nine donor countries Norway, the United States, France, Germany, Sweden, the United Kingdom, Denmark, Japan and Australia with the European Union and around forty countries with large expanses of forest. The aim of this new partnership is to immediately put in place a financial mechanism to help countries that are preserving their forests. Commitments of four billion dollars have been approved for the period 2010-2012. This amounts, then, to a new shot in the arm for the mechanism for reducing emissions from deforestation and degradation (REDD) by attaching greater worth to forests.
- 3.5 This approach could be summed up as: "Deeds not words" and a more modest attitude, not in the goals but in their presentation.
- 3.6 We need to implement the Copenhagen Accord as it stands as a starting point for creating a general momentum without getting bogged down in ideological positions. We need to propose specific projects and gather around us groups of countries ready to invest their efforts in them on a case-by-case basis. In this way we could try to avoid making the Kyoto agreements a sacred cow although we must be sensitive to the desire of many developing countries to retain key elements of the Kyoto approach.
- 3.7 The question of poor countries, and not just developing ones, is also crucial. We cannot let them think that combating climate change is a way of keeping them in a state of dependency. The approach to fairness on climate issues embodied in the French "justice-climat" plan must be pursued so that there is no doubt about the commitment and goodwill of the wealthy countries.
- 3.8 The Copenhagen financial settlement should be respected for this reason with fresh money promptly committed. The EU's contribution has been set at EUR 2.4 billion a year for the period 2010-2012. This funding must be provided as soon as possible. It is clear that the United States will only honour its financial commitments if there is movement from China and India, not least on the system for measuring, monitoring and verification.
- 4. We have to know where we stand at present before we can know how to move forward. What, then, is the Copenhagen Accord really about, beyond ideological or political positions?
- 4.1 For the past 20 years, the international discussions on climate change have drawn on the scientific work of the Intergovernmental Panel on Climate Change (IPCC), which has brought together leading scientists from all the relevant disciplines and from all parts of the world to

review and assess the evidence for man-made climate change and its impacts. Successive assessments by the IPCC over the years have demonstrated a steadily greater degree of scientific confidence and consensus on the reality of man-made climate change and its consequences.

- 4.2 Unfortunately there have been some procedural flaws in some of the IPCC's latest work, which were seized upon by the media and professional sceptics to try to spread doubt about the evidence and the case for early action on climate change at the time of Copenhagen. Clearly the IPCC needs to improve its procedures to ensure that its work is totally transparent and that all evidence and conclusions are thoroughly peer-reviewed as recommended by the Inter Academy Council.
- 4.3 None of the reviews of the IPCC have challenged its basic conclusions, and in spite of its procedural errors, the international scientific consensus about the reality of climate change and its causes appears to be growing steadily stronger. Governments from all parts of the world remain convinced of this basic case and committed themselves in the Copenhagen Accord to the goal of keeping global temperature rises to below 2°C. The EESC strongly supports that conclusion and that expression of political will.
- 4.4 The Copenhagen Accord also establishes a framework for registering national commitments to greenhouse gas reductions and plans for meeting these. Since Copenhagen many countries have submitted details of their present plans and commitments. This is useful as a sign of some action being taken or proposed in many parts of the world. But the commitments so far made would not put the world on a course to keep temperature rises below 2°C. Even at the high end, the current pledges by developed countries would only result in an 18% reduction by 2020 which does not even meet the low end of the IPCC estimate that a 25-40% reduction is needed by that date. In the EESC's view, the EU should therefore approach the international negotiations on the basis that the present national commitments can be regarded as no more than a starting point and should seek to clarify and strengthen the commitments wherever possible.
- 4.5 The UN process as it has operated so far is at some risk of going round in circles.. Other forums or other multilateral negotiation mechanisms such as G20 and multilateral agreements may be important in the short-term by offering more robust and realistic foundations for negotiation and so bringing new momentum to the UN negotiations. This is by no means about substituting the UN, but about using these possibilities to prepare UN agreements. It is about reaching tangible agreements that mutate into action and policies, even if they only cover one aspect of climate change issues or innovations in clean or low-carbon energy. Here the European Union could have a key role in making sure negotiations are transparent and in pursuing active diplomacy vis-à-vis developing and small countries.

- 4.6 It is imperative, in this regard, to carefully monitor the tangible implementation of the commitments made by countries under the Copenhagen Accord, the Chinese five-year plan and any possible American legislation.
- 4.7 This must prompt the European Union to rethink its attitude, not least where it gives the impression of seeking to impose on others a binding agreement of the kind it has taken upon itself. One might also pause to consider the nature of such agreements. The idea of a binding agreement presupposes that it can be enforced, yet it is evident that we do not have the means for this and our partners do not want it. It would no doubt be better to talk about an agreement that involves defined and monitorable obligations.
- 4.8 The indications are that several big countries are not yet minded to accept a binding agreement on general goals. As part of a step-by-step approach, they would no doubt find it more acceptable to speak of defined and monitorable obligations.
- 4.9 The path to follow is no doubt that of concluding more specific, technical agreements sector by sector, to which can be added science and research cooperation agreements and, of course, agreements on technology transfer and aid to less developed countries. This should be done with respect for their sovereignty but there should also be guarantees that the funds and help provided will be put to good use.

5. In this situation how can we prepare effectively for the Cancun conference?

- 5.1 First of all, Europe needs to set its own house in order and demonstrate how to make a more rapid transition to a sustainable and low carbon society an economic success. At present there is a danger that programmes to expand renewable energy and to promote energy efficiency in all sectors are slowing down, and that our innovative new industries in these sectors will lose ground to foreign competition which is being strongly encouraged in China, South Korea and other countries. Europe needs more vigorous measures to give our key low carbon industries the stimulus and investment they need to maintain their competitive position in the world. This sector should be given particular support in the implementation of the 2020 strategy and national recovery programmes.
- 5.2 The Climate Change Commissioner and the Environment Ministers of Germany, France and the UK have recommended that the EU should unilaterally commit itself to an early tightening of its CO₂ target for 2020 to achieve a 30% reduction by that date instead of the present 20% commitment, primarily in order to generate the political will and commitment to undertake the necessary measures and make the necessary investments in renewables and energy efficiency. In the EESC's view, the fact that, due to the economic crisis, emissions in the EU have fallen sharply is not itself sufficient reason to aim for a higher reduction target, because emissions can rise again in an economic recovery. However, the EESC would support that move to -30% if the economic and social conditions allow it without loss of competitiveness and provided that it is indeed coupled with the necessary measures and

investment to achieve it. The EU needs above all to be credible. CO₂ reduction targets need to be both ambitious, and followed through for real.

- 5.3 On the international front, it would seem important to do some thorough preparatory work with bodies such as the G20, whose members account for 90% of emissions, so that they can thrash out the basis for an agreement in advance. The outcome of this diplomacy can then be taken up in the United Nations. This process should therefore be transparent and involve the least developed countries as much as possible.
- 5.4 After that, a less complicated negotiation procedure should be sought in the ambit of the UN. As we know, the Copenhagen negotiations were extremely involved, taking place over six sessions, often held in parallel.
- 5.5 It is crucial to adhere to a streamlined negotiation structure, jettisoning if necessary the reference to the Kyoto protocol, which in any event only covers 30% of emissions. Naturally, this should be presented and explained diplomatically and without giving the impression that the main emitter countries are seeking to offload their obligations onto others.
- 5.6 The focus should be on the key elements: clear goals for limiting and reducing emissions; scientific, technical and financial aid for less developed countries; follow-up of agreements concluded, and the special case of forests and all of this without getting locked into complex legal labyrinths that will deter some parties and undermine the negotiations.
- 5.7 The EESC also agrees with the specific negotiating objectives set out in para. 3.2 and 3.3 of the Commission's communication to build a robust and transparent emission and performance accounting framework, to mobilise fast start finance for the immediate future, to secure long term finance for developing countries, to extend and strengthen the international carbon market and to reform the CDM mechanism which at present fails to deliver its goals satisfactorily.
- 5.8 By contrast, the communication on international climate policy has more relevant and realistic proposals. The Commission is quite right in insisting on the need to implement the Copenhagen Accord. It stresses the "sustainable" dimension of the Europe 2020 strategy which places sustainable growth as a priority at the heart of the vision for a more resource-efficient Europe that creates new green jobs and gives a real boost to energy efficiency and security.
- 5.9 It also stresses the importance of making progress in configuring the monitoring, reporting and verification system, although we know that this caused a major upset in the negotiations, not least with China. It would be expedient, therefore, to come up with a clear and transparent framework that does not impugn national sovereignty and sensitivities. The European Union could play a role by proposing methods for putting in place measurement and monitoring instruments to interested third countries.

- 5.10 The immediate financial arrangements provided for in the Copenhagen Accord must be implemented as swiftly as possible. This would be the best way of proving the good faith of the developed countries vis-à-vis the developing ones and could draw on existing initiatives if necessary.
- 5.11 As far as long-term funding is concerned, the Commission thinks it can mobilise a range of different resources:
 - those generated by the international carbon market; however, this has been rather disappointing so far partly because it is not global and partly because it is an artificial market, since CO₂ has no real value and it could degenerate into a speculative market in "rights to pollute";
 - contributions from maritime transport and aviation;
 - public funds; however, we all know how things stand with the public funds of the Member States.

This being the case, and notwithstanding the difficulties, respecting our financial commitments is also a token of confidence in the third countries, especially the poorest of them. What then remains is the very thorny problem of the criteria used to allocate these funds and the assessment of the relevance of the projects and their successful completion.

5.12 More effort also needs to be put into research and development into renewable forms of energy, and promotion of energy efficiency, if only because of dwindling reserves of liquid and gaseous fossils (oil and gas). The aim is to arrive at a better allocation of financial resources in order to be more effective and so demonstrate that, behind the political declarations and the legislation, the resources necessary for tangible action are indeed being mobilised. It is deeply worrying that future projects as essential as Galileo and ITER are wrestling with endemic funding problems.

5.13 To back up its diplomatic endeavours, the European Union should also mobilise organised civil society in order to make public opinion aware of the need for our society to waste fewer natural resources and use more renewable ones, and for us all as individuals to adopt a more public-spirited outlook.

Brussels, 21 October 2010.

The President of the European Economic and Social Committee

Staffan Nilsson