think piece

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What are the chances for success in Copenhagen?

Colin Challen, MP

Summary

- After a long year of detailed negotiations preparing for the United Nations climate change conference in Copenhagen, recent, encouraging developments in India, Japan, and the U.S. may lead one to think all the stars are aligned for a breakthrough agreement.
- However, an honest assessment of where we stand – including overly optimistic UK targets, the likelihood of Obama convincing the U.S. to vote yes, and the age-old 'prisoner's dilemma' of certain states prizing their own national advantage over the collective good – suggests that the deal we need is by no means assured.
- Three risks threaten the success of any agreement in Copenhagen: 'leakage' (or avoidance) in a more widely adopted cap and trade system; bad maths in the proposed system of measuring carbon intensity per unit of GDP; and, adding unverifiable forest conservation credits to the general cap and trade system.
- While good ideas about a climate change solution abound, what is lacking is the coherence we need to construct a sensible and equitable allocation of the burden of responsibility to all players.
- The solution may lie, in part, with the Global Commons Institute's Contraction & Convergence framework, a coherent methodology which could provide the added emphasis on process to help us meet the targets we so desperately need to agree.

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CII Introduction: with only weeks to go until the United Nations climate change conference in Copenhagen, the world is looking for its leaders to strike a deal that will be far-reaching enough to curb catastrophic climate change from occurring. For the insurance industry this agreement is about more than preparing for a higher frequency of extreme weather events; it is about managing the potentially large impact on their business. In this fourth thinkpiece in our climate change series, Colin Challen MP, chair of the All Party Parliamentary Climate Change Group, takes a hard look at where we stand now, the main risks to watch out for in any prospective agreement, and solutions to pave the way forward.

After a slow year of detailed negotiations preparing for the Copenhagen climate change deal, some recent developments have seemed quite encouraging that such a deal may be within grasp.

India appears ready to accept some sort of carbon dioxide emissions target – in the past it has with a well attuned sense of irony simply said it would not emit more carbon per capita than developed countries. Japan's newly elected government has said a 25% cut is on the cards by 2020 – if a satisfactory deal is struck in Copenhagen – quite an advance on the 8% it had been previously committed to. In the United States there is still movement on the Hill towards climate change legislation following the passage of the Waxman-Markey Bill through the House.

To cap it all, I have just bought five energy saving light bulbs for 10p each in my local supermarket. So it seems that the stars are in the ascendant for a major breakthrough, and by the 18th December relieved politicians will be flying home from the Danish capital to celebrate Christmas content that we are at last on top of the situation.

Where we stand

But don't pull your crackers just yet. The negotiations have only just begun in earnest and we can expect more punches pulled than crackers when the need is for a brutally honest assessment of where we stand, not what we think we can get away with.

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Let's begin at home. The UK claims to be a world leader in climate change policy – the first country to set legally binding carbon emissions reduction targets and blessed with more aspirations than an Oxbridge fresher. I have no doubt that the UK is actually a world leader in developing climate change policies (though carrying them out has proven challenging) and our climate science base is second to none.

And yet, and yet. The statutory Climate Change Committee (CCC) is bound to consider what it considers a reasonable target for UK carbon reductions, and it has to take into account what is economically feasible, as well as what the science suggests is necessary. Thus we have targets which the government accepts, but which are considered in some expert circles as inadequate. The UK targets are based on optimistic IPCC expectations of what could be delivered using models which are known to be dated. I have every sympathy with the CCC's predicament – it has to develop its advice to government with one hand tied behind its back. As things stand, the full acceptance and implementation of that advice would leave us with a less than 50/50 chance of success.

Because the CCC's advice is very much in tune with current UK and EU thinking, the likelihood of us containing a temperature increase to within 2°C is bordering on the wildly optimistic. The government's Chief Scientist, Sir John Beddington acknowledged as much to the House of Commons Environmental Audit Committee, when he said that although our mitigation effort should still aspire to the 2°C figure, our climate change adaptation effort might better focus on what may be a 4°C increase.

Obama: yes he can?

How hopeful can we be that President Obama can pull a rabbit out of the hat? Whilst it is undeniable that the US administration has dropped the Bush era's Neanderthal opposition to climate change policy, and the Waxman- Markey Bill has passed (with the slenderest of margins) through the House, the backers of progress face their stiffest opposition in the Senate. The Republicans are in a historic temper tantrum, wallowing in a protracted fit of destructiveness as they search for a new purpose. The Waxman-Markey bill's already low headline targets could be further reduced.

As things stand, the bill proposes something like a 6% emissions cut by 2020 – and bearing in mind that the Kyoto target was to reduce global emissions by 6% by 2012, we can see that what the US now has in its sights is not very ambitious. The bill does contain many measures which could make a significant difference and given the context should be welcomed, but for action from such a latecomer to the game it falls far short of what is required. And as with Kyoto, will the US Congress vote for a climate change treaty? It takes a two thirds majority, and looks very unlikely.

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A solution rising above national politics

One could look at the efforts of other countries and find similar obstacles – obstacles that is, to finding a solution to the problem which solves it faster than we are creating it. This is the nub of the issue – are we serious about a solution which is sufficient, or merely cobbling together a series of responses tied up with a proverbial 'fingers crossed?'

I was very struck once whilst visiting the maritime museum in Liverpool reading the caption under a photograph of an American shipyard building Liberty cargo ships which read 'We knew we were winning the war against the U-boats when we could build more cargo ships then they could sink.' The same is true of tackling climate change – we need an overwhelming solution, not one which is merely the sum of its parts.

The product of the negotiations that we could end up with in Copenhagen may resemble something modelled on a Heath Robinson contraption held together by string. It will be eye-catching and have some pleasing moving parts but will do little more substantial than permit sheepish sounding politicians to pronounce the result to their people as a triumph of international diplomacy (always with the rider added *sotto voce* that 'we have agreed to keep on talking').

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It has been argued (e.g. see Michael A. Levi, "Copenhagen's Inconvenient Truth" in the September/October 2009 edition of Foreign Affairs) that the only approach to these talks is precisely to get countries to do what they think they can do, and to forget the target-setting approach which as we saw with Kyoto has failed miserably in any case. There is nothing wrong with getting countries to do what they can do, except that in most cases they will argue that others should do more, pleading special circumstances. It is curious to see how the great liberator of globalization can so quickly turn into a mealy mouthed forum for distrust. The harmony found in the great global forums such as the G8 or Davos quickly descends into a dissonant rabble once words have to be translated into deeds.

Risk 1: cap and trade leakage

What are the danger signs to look out for in the deal? There are three areas which I think spell trouble. The first is the how the argument for an extended cap and trade regime in carbon emissions goes. The EU is particularly keen to see its dominant approach adopted more widely. But the current problem with cap and trade systems, and for that matter offsetting generally is leakage.

Leakage occurs when hard and fast-sounding targets are subverted or avoided by a variety of means, the most glaring of which is when carbon credits are purchased from countries which themselves do not have carbon caps in place. The UN's Clean Development Mechanism (CDM – one of the so-called 'flexible mechanisms') is generally recognized to fall foul – big style - of the leakage problem, and there is much talk of reforming the CDM. That would be welcome but ultimately pointless if credits can still be bought from economies without carbon limits.

"Swift overall reductions are the order of the day, not opportunities for cheap get-outs"

There is little point buying carbon credits to carry on business as usual in the developed world if we do not actually reduce our net emissions, which is what the science tells us we should do. It is not enough merely to say that somebody else didn't release the carbon they may have done had we not intervened. Swift overall reductions are the order of the day, not opportunities for cheap get-outs. Cap and trade has a contribution to make, but only within a global cap which involves all countries.

Risk 2: carbon intensity per unit of GDP

Following on from that it only seems natural to be concerned about the idea some people are talking of, namely the proposition that reducing carbon intensity per unit of GDP is the answer. It's an attractive proposition to countries like China who wish to maintain their fast-paced economic growth but also see the threats climate change poses in the longer term. The reducing carbon intensity approach is fatally wounded by the arithmetic. George W. Bush unsurprisingly fell for it.

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Clearly if an economy grows faster than the reduction in carbon intensity per unit of GDP, net carbon emissions will grow, albeit at a somewhat slower rate. Over a long period of course carbon intensity per unit of GDP could theoretically drop to zero, and one might say that that indicates a solution. But how long will that take? We have to worry about the cumulative amount of greenhouse gas emissions in the atmosphere at any given time, not that we might hit a certain target emissions level in several decades time. It is the damage we are doing now which is important and which has to be urgently addressed. Any talk of climate intensity per unit of GDP is a de facto ruse to get away with doing next to nothing.

Risk 3: forest conservation credits

A third aspect of the Copenhagen deal which should cause enormous concern would be the integration of a market in forest conservation credits in a general cap and trade system. There are too many difficulties in forestry carbon accounting methodologies for this to be a reliable source of tradable credits. We desperately need to stop deforestation but the market will be looking for a quick fix, which by its very nature forestry cannot provide. Issues of ownership, governance, monitoring and leakage, indigenous peoples' rights and the long term reliability of forestry as carbon sinks must all be taken into account.

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On the simplest analysis it is quite clear that there is no equivalence say between one tonne of carbon emitted by an aircraft and one tonne of carbon sequestered by forests. It is disingenuous to suggest otherwise, and whilst deforestation as a major source of carbon emissions must be dealt with effectively in a Copenhagen deal it must be kept discreet from any extension of a global cap and trade system. This may also serve notice on those who would like to see a flood of new, cheap carbon credits on the market to help sectors like aviation which will be joining the market soon. The carbon market is a market whose greatest determinant should be scarcity.

Amidst the flurry, a call for coherence

A thousand and one proposals are floating around prior to Copenhagen. The climate change solution industry is reaching a climax and there are some really good ideas doing the rounds. What seems to be lacking is coherence. A torrent of good ideas does not automatically lead to – for want of a better phrase – a sane and rational solution. There has to be something in place which makes sense of the welter of creativity, something which sensibly and equitably allocates the burden of responsibility to all players. If there is a failure to do that, then carbon leakage in any system will be the order of the day as some players inevitably take the low road in the prisoner's dilemma.

Contraction & Convergence: the best method forward?

To date – and I am open to suggestions for something better, although none have emerged – the most coherent methodology which should be at the heart of any climate change framework has to be that proposed by the Global Commons Institute 18 years ago, known as Contraction and Convergence (C&C). This proposes that global greenhouse gas emissions be reduced on a scientifically informed track, and that this contraction is designed to lead to a convergence of emissions, globally, on a per capita basis by a certain point – the 'convergence event.'

C&C would appear to have a certain inevitability about it, since if carbon emissions were reduced to close to zero, we'd all be pretty much at the same level anyway. But getting there is the hard part, and any framework which proposes that some people should get a free ride would deservedly get short shrift from those who have to pay the price. C&C is as much about process as about targets and sadly this is the point at which politicians lose their powers of ratiocination, preferring the old tried and tested tactic of grabbing as much as they can. But Copenhagen will be different, won't it? WON'T IT??

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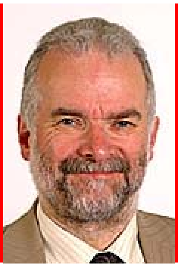

Colin Challen, MP is Chair of the All Party Parliamentary Climate Change Group (APPCCG) and the author of 'Too Little Too Late: The Politics of Climate Change' published this year. A longstanding climate change campaigner, he has been a member of the environmental and audit committee since 2001. He has announced that he will be standing down at the next election to focus on climate change full-time.