THE EU AND THE CURIOUS CASE OF THE COPENHAGEN ACCORD

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Abstract: The goal of the 2009 UN Climate Change Conference, commonly known as the Copenhagen Summit, has been to reach a legally binding agreement between participant states. As a successor to the Kyoto Protocol, this sort of agreement would have engaged signatory parties with reducing their greenhouse gas emissions in order to prevent the rise with 2 degrees Celsius in global temperature. This paper is an analysis of the above-mentioned event, which focuses on its main result, namely the Copenhagen Accord. It also presents the role of the European Union at the Copenhagen Summit and in promoting sustainable development globally.

Keywords: sustainable development, climate change, green economy, European Union, Copenhagen Accord

JEL Classification: F53, Q01, Q54

1. THE EUROPEAN UNION (EU)5: A GLOBAL PLAYER IN PROMOTING SUSTAINABLE DEVELOPMENT6

"While it faces considerable problems in making an effective response to its own environmental deterioration, the EU has nevertheless developed an important leadership role in global environmental politics and is an active participant in numerous international environmental regulatory regimes” (Baker, 2000, p. 304). This is partly due to the fact that the EU environmental policy has gained treaty recognition in 1986 with the adaptation of Single European Act (SEA). Also, the capacity of EU to act internationally in global environmental politics is given by the

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5 European Community (EC) is the legally correct term in reference to the EU’s participation in international environmental treaties. We prefer to use the term European Union (EU) throughout this article.

6 Sustainable development is a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations. The term was used by the Brundtland Commission which coined what has become the most often-quoted definition of sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs." Retrieved Monday, May 3rd 2010 from: http://en.wikipedia.org/wiki/Sustainable_development . See also: http://www.un-documents.net/ocf-02.htm
Maastricht Treaty. Article 130r has been amended to include “promoting measures at international level to deal with regional or world-wide environmental problems” (art. 130r (1) TEU). David Pearce states that “this extension of the sphere of influence reflected growing evidence that some environmental problems could be tackled only at global level” (Pearce, 2001, p. 216).

With regard to sustainable development, it has long been one of the overarching objectives of EU policy. Without defining the term, the Amsterdam Treaty of 1997 introduced the notion of the achievement of sustainable development as one of tasks of the EU set out in Article 2. This meant that the EU engaged itself with the idea of sustainable development. Furthermore, EU leaders launched the first EU sustainable development strategy (EU SDS) in 2001 and updated it in 2006 to tackle shortcomings and take account of new challenges. A set of sustainable development indicators (SDIs) have been developed in order to establish whether the EU efficiently addresses these challenges or not. The list of SDIs is available on the official page of Eurostat, which is also responsible with publishing a progress report on the EU SDS every two years. The World Summit on Sustainable Development in Johannesburg in 2002 marked “another milestone in the development of the EU role within the environmental sphere” (Lightfoot and Burchell, 2004, p. 337). The Review of the EU Sustainable Development Strategy (in 2009) underlines that in recent years the EU has mainstreamed sustainable development into a broad range of its policies (European Commission, 2009). It also stresses that one of the key challenges for sustainable development, defined as “economic and social development that is sustained through time” (Pearce, 2001, p. 231), in the EU is climate change.

As far as climate change is concerned, the 1992 Rio de Janeiro Earth Summit resulted in two major international environmental agreements to which the EU is signatory. One of them was the United Nations Framework Convention on Climate Change (UN FCCC) which addressed solving the issue of increased Earth surface temperature due to emission of greenhouse gases. This document has been a controversial one, especially in the EU and the United States (US). “The source of controversy has not been science but the implications for environmental policy: it is difficult to see how greenhouse gas emission reduction can be secured without raising the price of energy significantly” (Pearce, 2001, p. 231). However, the EU, with a special status at UNCED, is

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7 Formally known as Treaty on the European Union (TEU)
8 Professor David W. Pearce OBE was an Emeritus Professor at the Department of Economics in the University College London (UCL). He specialised in, and was a pioneer of, Environmental Economics, having published over fifty books and over 300 academic articles on the subject including his ‘Blueprint for a Green Economy’ series. Retrieved Monday, May 3rd 2010 from: http://en.wikipedia.org/wiki/David_Pearce_%28economist%29
9 The United Nations Conference on Environment and Development (UNCED)
10 The United Nations Framework Convention on Climate Change (UN FCCC) and the United Nations Convention on Biological Diversity
11 A convention is a multilateral treaty which is passed by the General Assembly, the legislature of the United Nations
party to the UN FCCC. Also, the EU is an active participant in the Kyoto Protocol on Climate Change, which was the document that followed the UN FCCC. In the context of the Kyoto Protocol, the EU has committed itself to jointly reducing its greenhouse gas emissions by 8% (the largest cut, greater than the 7% national reduction target of the US, which did not ratify the Protocol) from 1990 levels by 2008-2012. That was possible because the EU had worked out a common negotiation position with its Member States. Moreover, the EU is signatory to the UN Montreal Protocol on Ozone Depletion.

All the above-mentioned documents are international multilateral agreements between sovereign states. The EU is not a state. Nevertheless, being signatory to such agreements proves that the EU “has stepped up efforts to gain formal recognition as an international actor in environmental policy” (Lenschow, 2005, p. 323) and that it has taken the lead in the fight against climate change and the promotion of a low-carbon economy. Given this, the EU should be considered a global player in promoting sustainable development.

This might explain why, behaving like a “leading protagonist for a stringent international regime, frequently holding out in negotiations against the US for higher targets for emission cuts” (Baker, 2000, p. 328), the EU is currently working for a global agreement. Such a global agreement would help reduce global emissions of greenhouse gas beyond 2012, which is when the first commitment period of the Kyoto Protocol ends. Moreover, this sort of agreement will facilitate the introduction of a new financial architecture. For that matter, it should be legally binding.

2. THE 2009 UN CLIMATE CHANGE CONFERENCE AND THE COPENHAGEN ACCORD

According to the Bali Road Map, a framework for climate change mitigation beyond 2012 was to be agreed at the 2009 UN Climate Change Conference in Copenhagen. The conference included the 15th Conference of the Parties (COP 15) to the UN FCCC and the 5th Meeting of the Parties (COP/MOP 5) to the Kyoto Protocol. It was described on the official website of the UN FCCC as “an exceptional event that attracted unprecedented participation and resulted in attendance by 120 Heads of State and Government and raising climate discussions to a new level”\(^\text{12}\).

It is important to notice that these Heads of State and Government (of developing and developed countries) came with different expectations at the Copenhagen Summit. “For the EU the Copenhagen Summit was originally about the final sharing-out of the remaining carbon budget of

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\(^{12}\) See: http://unfccc.int/meetings/cop_15/items/5257.php
cumulative greenhouse gas (GHG) emissions of around 1,550 billion tonnes of CO2eq that are left until 2050. For many other countries, including industrialized ones, the Copenhagen Summit has been more about architecture than about cuts in carbon emissions as such”(Egenhofer and Georgiev, 2009).

When it comes to perspectives, those of developing countries differ from those of developed countries. “Developed countries are more concerned about global problems such as climate change, while developing countries attach greater priority to rural issues such as desertification and soil erosion and urban environmental issues such as water pollution and air quality in cities”(Newell, 2005, pp. 222-223). Also, “many developing countries have been critical of the way in which certain issues (debt, terms of trade, regulation of multinational companies) have been actively kept off the agenda of summits” (Newell, 2005, pp. 224-225). For the developing countries climate change mitigation is “a short-term ‘constraint on economic growth’, mainly but not only because it puts a constraint on the use of coal” (Egenhofer and Georgiev, 2009). For the industrialized countries (including the EU) “climate change mitigation is framed in the context of green growth and jobs and future competitiveness” (Egenhofer and Georgiev, 2009). Moreover, developing countries view developed countries as main, sometimes sole, producers of greenhouse gas and expect the latter to make cuts in GHG emissions first. In the context of adaptation to climate change, “developing countries, especially least-developed countries, are more vulnerable as their adaptive capacity tends to be lower than that of richer countries” (Egenhofer and Georgiev, 2009). Apart from technologies for adaptation to climate change, “for developing countries, one of the key concerns has been the growth in environmental standards that many fear will be used as barriers to trade and discussed forms of protectionism to protect Northern producers from competitive exports from the South” (Newell, 2005, p.225). These expectations and perspectives might help explain what happened at the Copenhagen Summit.

Shortly after the summit began, a draft document, the so-called “Danish text”, leaked. According to John Vidal, in the Guardian, this draft agreement would have forced developing countries to agree to specific emission cuts and measures that were not part of the original UN agreement, further divide the category of developing countries by introducing the category of so-called “most vulnerable” countries, weaken the UN role in handling climate finance by handing effective control of climate change finance to the World Bank and not allow poor countries to emit more than 1.44 tonnes of carbon per person by 2050, while allowing rich countries to emit 2.67 tonnes (Vidal, 2009). The “Danish text” caused developing countries to react furiously. Their protests lead to prolonged negotiations.
Ten days later, on December 18th an agreement was “reached” between the United States and the BASIC countries: China (as the world's biggest producer of carbon dioxide, the chief greenhouse gas), India, South Africa and Brazil. This was done without democratically involving other important parties to the UN FCCC (the EU) in the drafting process and in the final round of negotiations. The result was a legally non-binding document, namely the Copenhagen Accord.

This document meant that developed countries, including the US, recognized the scientific case for keeping the rise in global temperature to 2°C. Also, developed countries committed to jointly mobilizing $100 billion annually by 2020 from both public and private sources and to providing financial resources that would help developing countries (especially the least-developed ones) to mitigate and adapt their technology to climate change. Moreover, the importance of carbon markets, which are important for the EU environmental policy, has also been recognized.

Reactions to this document were diverse. “Judging from the high rhetoric heard before the Copenhagen meeting, urging parties to complete negotiations on a new international agreement on climate change to follow the Kyoto Protocol, the results (the Copenhagen Accord) must be seen as a failure”(Egenhofer and Georgiev, 2009, p.3) or a “disaster”, according to the EU Swedish Environment Minister Andreas Carlgren. Moderates described the outcome as “neither earth-shattering nor a failure” (Levi and Rubenstein, 2009) or as a foundation for global action, although “there is much further to go” (US President-elect Barack Obama).

For us, the Copenhagen Accord is a curious case and proof that the EU is no longer the leader of the fight against climate change. The EU has played a marginal role at the Copenhagen Summit and so did the US. The Copenhagen Accord, which is yet to be adopted by UN FCCC parties, is also a perfect example of a deadlock. China (a developing country) refused to agree with the US nonnegotiable proviso: “all other major nations would first be required to commit their emissions reduction to a binding agreement and submit these reductions to ‘transparent verification’ in greenhouse gas emissions data (Lee, 2009). The Chinese officials argued that such a degree of transparency would be a violation of Chinese sovereignty and national interests, when in fact “Wen (Jiabao) would not want foreign experts reporting to political masters in America and Europe that Beijing’s capacity to compel local officials and locally managed, state-controlled enterprises-some 120,000 companies and countless other subsidiaries - to implement climate-change initiatives is extremely poor” (Lee, 2009). Therefore, negotiations at the Copenhagen Summit focused on the US and China trying to reach a legally binding agreement for fighting climate change. In order to seal a deal that would have also helped passing new climate change legislation in the US, Barack Obama accepted China’s conditions. That may be why the Copenhagen Accord has also been described as “probably the weakest compromise in the world” (Deutsche Bank, 2009).
Also, the Copenhagen Accord marked a shift in global order. As stated before, the EU and the US played marginal roles during the Copenhagen Summit. This time developing countries (Non-Annex I Parties\(^{13}\)) were the ones to make their voices heard in UN climate change negotiations. The only problem was that they did not speak with one voice: while the G4 group of developing countries sided with the US in drafting the Copenhagen Accord, the G77 group of least-developed countries protested vehemently against the former. As a result, on the 19\(^{th}\) of December, COP only “took note” of the Copenhagen Accord.

3. THE US RESPONSE TO CLIMATE CHANGE

In order to better understand why a legally binding agreement was not reached in Copenhagen, we also need to explain the way in which sustainable development is perceived and how the climate change issue is dealt with within the US.

With regard to sustainable development, “like any other policy commitment, it ultimately requires the support of (the US) Congress and strong, effective legislation. However, for the Republican leaders in Congress, sustainable development is simply a problem for other countries to worry about, particularly developing countries” (Bryner, 2000, p. 277).

As far as climate change is concerned, “the US Congress joined the debate in July 1997 when the Senate unanimously passed a resolution (Senate Resolution 98\(^{14}\)) aimed at ensuring that the US and other developed countries would not sign a climate change agreement that did not impose on developing countries at least some (if not similar) commitments to reduce greenhouse gas emissions” (Bryner, 2000, pp.291-292). This “reply” to the Berlin Mandate\(^{15}\) specified that any climate change treaty should include commitments for greenhouse gas reduction for developing countries and should not result in serious harm to the US economy. “Without binding commitments from the developing countries industry representatives (in the US) charge that this will unfairly advantage developing countries industries in global markets” (Bryner, 2000, p. 293). Also, during the 90s, environmental “agreements have either advantaged or imposed fewer burdens on European producers compared to their American competitors. Hence the US has generally opposed these

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\(^{13}\) See: http://unfccc.int/parties_andObservers/items/2704.php

\(^{14}\) Available on-line at: http://thomas.loc.gov/cgi-bin/bdquery/z?d105:SE00098:

\(^{15}\) The Berlin Mandate exempted non-Annex I countries (developing countries) from additional binding obligations, in keeping with the principle of “common but differentiated responsibilities” established in the UNFCCC even though, collectively, the larger, newly industrializing countries were expected to be the world's largest emitters of greenhouse gas emissions 15 years hence. Retrieved Wednesday, May 5\(^{th}\) 2010 from: http://en.wikipedia.org/wiki/United_Nations_Framework_Convention_on_Climate.Change#1995_-_COP_1.2C_The_Berlin_Mandate
agreements, while EU has supported them” (Vogel and Kelemen, 2007). That may also explain why the EU, not the US, became a leader of the fight against climate change during the 90s.

At present, passing new climate change legislation\textsuperscript{16} that would show commitment of the US to the idea of fighting climate change is a difficult process, given the lack of involvement from the US Congress. Although the House of Representatives passed the climate change bill, climate change legislation must also get through the Senate (Reuters, 2009). Otherwise, the result might very well be another deadlock at the COP 16/COP 6 Conference in Mexico later this year.

4. THE COPENHAGEN ACCORD, A GLOBAL GREEN ECONOMY AND GLOBAL GOVERNANCE

The Copenhagen Summit may have also been a first attempt to introduce a new economic model, a global green economy\textsuperscript{17}. As proof, in February 2010 Fox News revealed to the public a leaked UNEP\textsuperscript{18} discussion paper\textsuperscript{19} on the green economy which states that “shifting towards a green economy will also help to address challenges posed by climate change”\textsuperscript{20}. On the UNEP official website of GEI\textsuperscript{21} we find that: “UNEP has also been working with a large number of UN agencies and other intergovernmental partners to harmonise green economy policy messages. For example, in June 2009, UNEP, together with more than 20 UN agencies, the IMF\textsuperscript{22} and the World Bank, issued a joint statement\textsuperscript{23}, which noted that the current financial and economic crisis requires a collective response from the global community that lays a solid foundation for shared growth and sustainable development”\textsuperscript{24}. This statement concluded: “The solidarity of the international community is being tested. The most representative test case is when governments meet to seal the deal on climate change in Copenhagen in December 2009. Let Copenhagen be the turning point for ushering in a global green economy”\textsuperscript{25}. Could the possibility of UNEP introducing a new economic

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\textsuperscript{16} The Obama-Biden comprehensive New Energy for America plan
\textsuperscript{17} See: \url{http://en.wikipedia.org/wiki/Green_economy}
\textsuperscript{18} United Nations Environmental Programme
\textsuperscript{19} Available on-line at: \url{http://www.foxnews.com/projects/pdf/022510_greeneconomy.pdf}
\textsuperscript{20} See: \url{http://www.foxnews.com/projects/pdf/022510_greeneconomy.pdf}
\textsuperscript{21} Green Economy Initiative
\textsuperscript{22} International Monetary Fund
\textsuperscript{24} See: \url{http://www.unep.org/greeneconomy/Partnerships/tabid/1380/language/en-US/Default.aspx}
model based on limited natural resource use explain why the Copenhagen Summit resulted only in “taking note” of a politically binding agreement?

What is even more curious is that a UN FCCC negotiating text\(^\text{26}\), a document which was published before the Copenhagen Summit, stated that: “The scheme for the new institutional arrangement under the Convention will be based on three basic pillars: government; facilitative mechanism; and financial mechanism, and the basic organization of which will include the following: (a) The government will be ruled by the COP with the support of a new subsidiary body on adaptation, and of an Executive Board responsible for the management of the new funds and the related facilitative processes and bodies. The current Convention secretariat will operate as such, as appropriate”\(^\text{27}\). Was it the fear of countries signatories to the UN FCCC for losing their sovereignty to an international COP-led government that prevented “sealing of the deal”?

There is also another explanation. Although developed countries have committed themselves to providing financial resources to developing countries by means of a Copenhagen Green Climate Fund, where such funding will come from is not specified in the Copenhagen Accord. The draft text only mentions that “this funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance”\(^\text{28}\). This vague statement might give the opportunity to international financial institutions to undermine the UN FCCC. Both the IMF and the World Bank have outlined and implemented climate change financing ideas. The IMF proposed a “Green Fund”\(^\text{29}\), while the World Bank portfolio of climate investment funds consists of the CTF\(^\text{30}\) and the SCF\(^\text{31}\). For the World Bank, financing will take the form of credit enhancement and risk management tools, such as loans, grants, equity stakes, guarantees and other support mobilised through donor contributions to the respective trust funds and implemented in collaboration with the regional development banks (Tan, 2008).

At this point, we ask ourselves: “what would happen if developing countries do not return the loans awarded by the World Bank?” The term neocolonialism\(^\text{32}\) comes to mind. “Africa today pays more money every year in debt service payments to the IMF and World Bank than it receives in loans from them, thereby often depriving the inhabitants of those countries from actual

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\(^{30}\) Clean Technology Fund

\(^{31}\) Strategic Climate Fund

\(^{32}\) Neocolonialism is a term used by post-colonial critics of developed countries’ involvement in the developing world. Writings within the theoretical framework of neocolonialism argue that existing or past international economic arrangements created by former colonial powers were or are used to maintain control of their former colonies and dependencies after the colonial independence movements of the post-World War II period. Retrieved Wednesday, May 5\(^{th}\) 2010 from: http://en.wikipedia.org/wiki/Neocolonialism

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necessities. This dependency allows the IMF and World Bank to impose Structural Adjustment Plans upon these nations. Adjustments that largely consist of privatization programs which result in deteriorating health, education, an inability to develop infrastructure, and in general, lower living standards. That may offer an explanation for the G77’s protests.

Let us not forget about the “curse” of the developing countries: natural resources, which are described as “gifts of nature” on the official page of the World Bank Group. It is important to notice that international financial institutions may adopt “a competing perspective that has long been present in the study and practice of world politics which views natural resources as an instrument of control and leverage over other states” (Hastedt and Knickrehm, 2003, p. 284). By “natural resources” we mean oil (the most important natural resource of the 70s, 80s and 90s), natural gas and fresh water (the most important natural resources in the last decade), even forests and clean air (probably the most important natural resources in decades to come). Bearing this in mind, the reaction of the G77 group was justified.

Last, but not least, “international financial institutions have directly promoted and financed fossil fuel-intensive projects throughout the developing world; the immediate beneficiaries of the World Bank’s projects are G7-based corporations” (Sobhani and Retallack, 2001, p.224). Also, “by building fossil fuel-based infrastructures so mindlessly throughout the world to meet the ever growing energy-intensive needs of economic globalization and the development model it promotes, the World Bank and the other multilateral development agencies are playing a leading role in fuelling climate change” (Sobhani and Retallack, 2001, p.224).

All the above explanations may shed some light on the curious case of the Copenhagen Accord.

5. CONCLUSIONS

The expectations for the 2009 UN FCCC Conference were not reached. The Copenhagen Summit has been an attempt of introducing a legal framework for a new economic model, the green economy, and a new institutional arrangement. Negotiations for a legally binding agreement for climate change mitigation have been deadlocked. Not being involved in the drafting process of the Copenhagen Accord and thus not being able make its voice heard, the EU has currently lost its leader status in the fight against climate change. The result of the Copenhagen Summit, the

33 See: http://en.wikipedia.org/wiki/Neocolonialism#Neocolonialism_allegations_against_the_IMF
Copenhagen Accord, remains a curious case because there seems to be more than one explanation for the fact that a legally binding agreement was not reached in Copenhagen.

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