

## Climate update

The United Nations climate talks: who is involved and where is the process at?

### Cop this!

the UN Climate Change Conference (COP 6) in The Hague last November collapsed without results. It was supposed to wrap up negotiations on climate proposals put forward in Kyoto three years earlier. This wasn't necessarily a disaster for the climate - the proposal which was rejected at the last minute would not only have allowed industrialised countries to escape their promised greenhouse gas reductions, but also would have allowed them to significantly increase their emissions. Northern governments and the corporate climate lobby had been demanding the right to meet their reduction commitments through various inventive but flawed market-based mechanisms, including global emissions trading, the accounting of 'carbon sinks' (carbon absorption via forests, wood products, soil and industrial and genetically modified agriculture) and nuclear energy.

The climate proposal - the "Kyoto Protocol" - was only inches away from being turned into the most business-friendly environmental treaty in history. Unfortunately, this situation does not seem to have changed in the run-up to the next UN climate change negotiations, due to take place in Germany this July.

### Business lobby groups attending the talks

The International Chamber of Commerce (ICC) and the World Business Council for Sustainable Development (WBCSD) were the most visible industry lobby groups at COP 6, with over 100 and over 200 lobbyists respectively. Oil and gas giant Shell was the business represented in biggest numbers, shipping in over 40 lobbyists. In a revealing statement, the Vice-President of the ICC warned against, "a 'quick-fix, look-good' deal that causes a dramatic and costly shift in the way industrialised countries use energy." Such a shift is, of course, exactly what is needed if catastrophic climate change is to be averted.

The ICC has put great effort into positioning itself (and business in general) as environmentally responsible. This more sophisticated approach has come about because of political acceptance of the broad scientific consensus that climate change is a serious risk. This "corporate environmentalism", latched onto by the WBCSD as a useful promotion strategy for its members, has seen companies argue that by using the market it is possible to both



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achieve environmental goals and increase profit. It avoids any challenge to an obsession with economic growth.

The Global Climate Coalition (GCC) talks less about environmental concerns, but, like the ICC, focused on lobbying for unrestricted emissions trading.

### Emissions brokers at the talks

Reflecting the degree to which the market-based mechanisms dominate the UN climate talks today, the COP 6 conference centre was teeming with lobbyists from emissions brokerage firms, many from global consultancy giants like PriceWaterhouseCoopers and investment banks that have discovered "the carbon economy" as a new potential goldmine. The emissions brokers are united in a number of lobby groups, the biggest of which is the Emissions Marketing Association (EMA). Add to that specialised magazines like The Carbon Trader and The Carbon Market Analyst, and COP 6 looked more like a trade fair than an intergovernmental conference looking at ways to solve one of the world's most pressing environmental and social problems.

While new market opportunities in carbon credits are obviously attractive to business, they are generally bad news for the environment. If the corporate dreams of abundant cheap carbon credits for sale on the emerging global carbon markets came true, it would only reflect that industry had been allowed to escape reducing its CO2 emissions at source. This could be done, for example, by buying credits from industrial tree plantations elsewhere,

generally in places located in the global South. Business lobby groups consistently ignore the fact that the science of these "carbon sinks" is flawed and would result in a dramatic increase in global greenhouse gas emissions. And, according to the World Rainforest Movement, large-scale tree plantations often "deplete water resources, worsen inequity in land ownership, increase poverty, lead to evictions of local peoples".

Unfortunately, other more respected actors, including some environmental groups, have also laid out their wares in this marketplace, trying to sell forests and plantations as "carbon sinks". Obtaining a few dollars from prominent polluters for forest and plantation projects was the aim of some - never mind whether such schemes were effective or not in slowing climate change

### **Government positions in the talks**

Until the very last night of the negotiations, COP 6 was remarkably uneventful. The positions of the dominant governments had been clear from the start and mainly differed in the extent to which they advocated the sell-out of the Kyoto Protocol. On the one hand there was the umbrella group, consisting of the United States, Japan, Australia, Canada, Russia and Norway, promoting the unlimited use of the Kyoto market mechanisms. On the other was the European Union arguing for some restrictions. The EU argued for financial sanctions for countries that fail to meet their obligations, while the umbrella group opposed this. Southern governments, united in the G-77, took more progressive positions. Towards the end of COP 6, the EU moved more and more towards the positions of the US and the umbrella group. This reflects deep divisions within the EU and the wider trend of growing enthusiasm for 'market-based' environmental policies.

In the last 24 hours, the COP 6 chairperson, eager to steer the conference to a result, submitted a compromise proposal that leaned heavily towards the US position. The proposal would have meant a climate treaty that permitted industrialised countries to increase their emissions, in contradiction to agreements made in Kyoto in 1997. The deal was rejected at the last minute by the more progressive of the EU environment ministers (including Germany, Nordic countries and France).

### **Where next?**

An informal Ministers' meeting involving the US, Canada and a number of European countries took place in early December - a number of EU governments now seemed ready to endorse the proposal they rejected in the last hours of COP 6. The "second thoughts in the EU camp," the Wall Street Journal wrote, "were prompted by major pressure from European businesses." The meeting ended without result, but the incident must be the first time ever that business has pressured governments to finalise an environmental treaty.

Indeed industry, bolstered by the reception it has been given by many governments, expects the follow-up conference in Germany this July to deliver the kind of Kyoto Protocol it desires. The pressure remains high for the Kyoto rules to include industrial tree plantations and other controversial projects, in order to supply the emission markets with cheap carbon credits.

At the same time, there is little doubt that the growth of international emissions trading will continue despite the breakdown of COP 6. More and more governments in industrialised countries include emissions trading in their domestic climate change policies, in the expectation that international markets for greenhouse gas emissions will develop with or without the Kyoto Protocol.

### **The Bush Factor**

President George W. Bush, himself a climate change sceptic, has called the Kyoto Protocol "ineffective" and "unfair". Both Bush and his Vice President Dick Cheney have a background as Chief Execs of oil companies and their political campaigns received millions of dollars of backing from the US oil industry. Cheney was until recently a member of the Board of Directors of the American Petroleum Institute (API), one of the most hard-line lobby groups among the opponents of the Kyoto Protocol.

The degree to which Bush decides to obstruct future UN climate negotiations remains to be seen. Some observers expect that US corporations who see commercial opportunities in global emissions trading will encourage Bush to stay involved and continue shaping the Kyoto Protocol to benefit US business interests. Others, however, expect a more general US disengagement on climate change issues, which will please many major corporations who believe they will now be "let off the hook".

### **Climate change agreements without the US?**

French, Danish, German and other European environment ministers have proposed that the European Union countries ratify the Kyoto Protocol without the US. However, the truth is that the pressure to undermine the Kyoto Protocol, with its flawed market-based mechanisms, is far from limited to North America. The current round of climate negotiations are focused on carbon sinks and not on carbon emissions reductions, or on equal rights to the atmosphere, or on the adoption of clean, renewable and low-impact energy. Can the COP 6.5 UN climate talks this July possibly see this direction reverse?

This is based on work done by the Corporate Europe Observatory - see newsletter issue 8 at [www.xs4all.nl/~ceo/](http://www.xs4all.nl/~ceo/) for original article. Also see the briefing "Greenhouse Market Mania".

For more on carbon sinks check out the World Rainforest Movement - [www.wrm.org.uy](http://www.wrm.org.uy)