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United Nations Climate Change Conference

# Bali: An Initial Balance Sheet

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**How should we judge the outcome of the Bali Conference? The fact that the IPCC targets were not explicitly and directly included in the roadmap has lead some to call it a pointless meeting, a victory for the USA, etc.**

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This view was expressed by George Monbiot in his Guardian column on December 17 [1] ("we have been suckered by the US, once again"). This analysis is questionable.

The media focused on the quantitative recommendations of the IPCC and the EU-US arm wrestling over the reference to these recommended targets in the roadmap. This is an important issue, but the focus can be misleading. From the organizers' point of view, the conference was not a failure. The meeting decided to negotiate an agreement to replace Kyoto. The stated objective is to adopt new agreement in 2009, at the fifteenth conference of the parties in Copenhagen. It will establish a "long-term global goal" and "urgently enhance the implementation of the Convention (UNFCCC) in order to achieve its ultimate objective "(to prevent dangerous degradation of the climate). This will require "deep cuts in global emissions." The preamble emphasizes "the urgency to address climate change as indicated 4th Assessment Report of the IPCC." Etc.

## The compromise is not a win for Bush

The Bali roadmap was signed by all of the delegations. A careful reading shows that the compromise with the United States mainly involves the following points:

- ▶ There is no direct reference to the recommendations of the IPCC figures in the text, only an indirect reference in the preamble, a footnote that refers to specific passages of the 4th IPCC report where the recommended figures appear. The US victory on this point is largely symbolic "although not entirely, as I discuss in detail below.
- ▶ The roadmap maintains the concept of different treatment of developed countries (they must accept "quantified emission limitation and reduction objectives") and developing countries (they must undertake "appropriate mitigating actions in the context of sustainable development, supported by technology and enabled by financing and capacity building ").
- ▶ The formula for developed countries ("commitment **or** mitigation actions") leaves the USA, which rejects fixed reduction targets, some manoeuvrability. But its room for manoeuvre is very limited. Indeed, immediately after that sentence, in the same point, the text clearly poses the need for "reduction targets and quantified emission limitations." It says explicitly that these goals must be "measurable, reportable and comparable." This is exactly what the US has refused to accept for 10 years.

The compromise is not a win for Bush. Rather, it anticipates the rather predictable shift in the US political climate after Bush leaves. To understand this, three factors need to be considered:

1) **The increasing isolation of the Bush position in the USA.** As the conference opened, the US Senate began discussion of the proposed Warner-Lieberman bill to impose emission reductions on sectors representing 80% of the American economy [2] A McKinsey study commissioned by Shell and various companies in the electricity sector

concluded that by 2030 the USA can reduce its emissions by half compared with forecasts, at minimal cost, using existing technologies, and save money in 40% of cases (BusinessWeek, Dec. 14, 2007). Increasingly, large companies want quotas and a long-term plan (See for instance the Financial Times, Dec. 12, 2007: "Business lobby demands emissions goals").

2) **The increasing isolation of the United States on the international scene.** The unplanned 13th day of the conference was spectacular from this point of view. US obstruction and arrogance provoked widespread protests, notably by representatives from the South. When asked a few days earlier about the lack of American leadership in the fight for the climate, James Connaughton, head of the President's Council on Environmental Quality, told reporters that "the US will lead but leadership implies that others fall in line and follow." In the plenary, the representative of Papua New Guinea retorted: "If for some reason you are not willing to lead, leave it to the rest of us. Please get out of the way."

Pressure on the United States reached a peak when the EU has threatened not to participate in the coming "Major Economies Meeting" in Hawaii (these MEM meetings were proposed by Bush at the G8 in Heiligendamm, as a contribution to the struggle against global warming on basis of voluntary targets by the big emitters).

## A major turning point: the involvement of the South

3) **The increasing involvement of the South, particularly the large emerging economies** (Brazil, India, China, South Africa). This group's mood has changed. Several representatives clearly expressed willingness to participate in the common effort, but in a framework of "differentiated responsibility" (as posed in the UNFCCC). Brazil's Environment Minister: "even if developing countries do not have historic responsibility for climate change, they must act." China's representative: "The unprecedented severity, depth and breadth of the impact of climate change, mean that it cannot be solved by the efforts of developed countries alone" (Le Monde, Dec. 18, 2007).

As the Christian Science Monitor wrote: "In the past, analysts say, industrial countries cut the deals and essentially presented developing countries with the results. No longer." (Dec. 17, 2007). The "Group of 77 plus China" (which actually includes 123 developing countries) clashed hard with the USA, especially when it rejected an amendment on technology transfer and financing for adaptation.

Behind these developments is the unprecedented influence that expert scientific reports on climate change have had on political decision-makers. Governments that stand in the way (USA, Canada, Japan, Russia, New Zealand) can no longer claim that the science is uncertain, and it is very significant that they did not make that argument in Bali. These governments are in an awkward position because now they can only argue from economic or strategic concerns. In the final analysis such arguments do not outweigh the seriousness of the climate crisis, even in neoliberal circles.

## New challenges, new dangers

Hervé Kempf's evaluation [\[3\]](#) of Bali, in Le Monde (Dec. 18, 2007) appears to be much more realistic than Monbiot's. "A done deal ... The global agreement leading to Copenhagen, and the new attitude of the countries of the South, means that the ball is now in rich countries' court. They can no longer just talk about numbers: they must actually implement them."

Indeed. We are no longer in a stable situation. Bali has moved us into a transition period that may result in a new global agreement that is different from the Kyoto Protocol. This period involves new challenges and new dangers. We must take this into account and prepare for it.

What challenges, what dangers? Hervé Kempf is silent on those questions. By contrast, George Monbiot is correct to some degree when he describes the agreement as possibly "worse than Kyoto," even if he does not say how it would be worse. We can note three issues

**1) The absence of any explicit mention of the IPCC's recommended targets is clearly not without consequences.** It opens opportunities for nitpicking and sharp-dealing. For example, on the key issue of the reference date for emission reductions, the proposed Warner-Lieberman bill proposes a reduction goal of 70% "Euros" but compared to 2005, not compared to 1990.

Arnold Schwarzenegger has already played this trick: the Californian climate plan promises a 25% reduction in 2020, but only compared to what the level of emissions in 2020 would be otherwise. In fact, despite the sticker shock figure, the result will be less than what California would have had to reach in 2012 if it had ratified the Kyoto Protocol.

In the same way, at the G8 summit in Heiligendamm, Angela Merkel spoke about a 50% reduction in 2050 without mentioning the reference date. By all accounts, the European Union may not be unhappy with the fact that the IPCC recommendations are not explicitly mentioned in the Bali roadmap. We need to watch this, and other similar issues, very closely.

**2) The discussions and decisions in Bali emphasized a neo-liberal approach to climate policy.** In this respect it must be stressed that the goal is to negotiate a new global agreement "Euros" within the UNFCCC framework, of course, but a new agreement nevertheless. This means that certain relatively positive features of the Kyoto Protocol [4] are not assumed as starting points, that many questions are now reopened. This could mean including nuclear projects in the Clean Development Mechanism, eliminating penalties for non-compliance with commitments, or changing the balance between CDM and domestic efforts to reduce emissions (if not abolishing any limitation to the CDM, as proposed by Nicholas Stern in his report on the economics of Climate change). These are obviously extremely important issues.

In one case protections included in Kyoto have been already undermined by decisions made in Bali. Under Kyoto only projects involving newly planted trees qualified for emissions credits under the CDM. The Bali conference decided to extend this to the protection of existing forests against deforestation, and even against degradation. Here, although the environmental associations don't understand it, the road to hell is truly paved with green intentions.

Obviously a halt to the destruction of rainforests in the Amazon, South-East Asia and elsewhere would be welcome "Euros" but not if it produces emissions credits so cheaply that they allow developed capitalist economies to defer or avoid essential reduction efforts at home. That is the real goal: protection of forests is just a pretext.

According to Stern, a tonne of carbon generated by protecting existing forests would cost \$5, compared to \$10 currently in the European trading system. The World Bank has already created a fund just for this purpose. In that situation, we can guarantee that the rights of indigenous communities in the forests will not bear much weight. For example, nomadic cultivation and livestock grazing in clear forests may well be labelled as "deforestation" or "degradation." Experience to date reveals no shortage of examples of such rulings. (See for instance "How do CDM projects contribute to sustainable development," Tyndall Center for Climate Change Research. June 2004).

Similarly, some voices in Bali urged that the export of new technologies for carbon capture and sequestration,

involving high-pressure injection of CO<sub>2</sub> into deep geological deposits, should also qualify for CDM credits.

At the same time, calls to end the scandal of emissions credits acquired cheaply by burning HFC-23 went unheeded, as were calls for a general overhaul of the CDM system to put an end to fraud, corruption and abuse (Read about the HFC-23: "Truth about Kyoto : Huge Profits, Little Carbon Saved Â», Nick Davies, The Guardian, June 2, 2007).

## Profound threats to the poorest

**3) A third challenge and danger relates to the poorest countries.** It is they who will pay the price if the governments of developed countries and the dominant classes of the large emerging countries reach an agreement. In this regard, the discussions and decisions about the "Fund for adaptation" are very revealing. Created in Nairobi in 2006, the adaptation fund relates to the least developed countries (LDCs), to use the official euphemism. These LDCs, the main victims of climate change, do not have the financial, technological or human resources to adapt. In Nairobi, it was decided that an adaptation fund would be financed by a 2% levy on CDM projects. This alone is unjust, because it means that the money available for adaptation in the poorest countries depends on the volume of investment from developed countries in emerging countries (where the vast majority of CDM projects are), and not on the needs of the people at risk in the LDCs.

The money available under this formula is insufficient: according to UNFCCC estimates, the fund could raise \$300 million a year from now to 2030. By way of comparison, the damage caused by the cyclone that recently devastated the coasts of Bangladesh is estimated at four to five billion dollars. In fact, under Nairobi logic, an increase in the fund's resources would require expansion of the CDM, and that will undermine the principle that CDM projects must be additional to (not substitutes for) emissions reductions in developed countries, a principle that is enshrined in the Kyoto Protocol.

But that's not all. The Bali conference decided that the adaptation fund will be managed by the Global Environment Facility (GEF), in association with the World Bank. The LDCs opposed this decision because the GEF operates on the principle of "one dollar, one vote," meaning that the fund's backers "the rich countries" will control the adaptation policies of the poorest countries. Based on the LDCs' past experience with the GEF, we can expect its policies to be at least as damaging as climate change.

## Tentative conclusions

What does all this mean? Essentially two things:

1) Worldwide social mobilization for the climate is more necessary than ever. The demonstrations that took place in various countries on Dec. 8 (and in Australia a month earlier) are an example and a starting point. We must build the widest possible unity around the simple idea that the climate agreement now being negotiated must fully incorporate the IPCC's recommended targets:

- ▶ A 25%-40% reduction in the emissions of industrialized countries by 2020;
- ▶ Total global emissions must peak within the coming 10-12 years, then begin to decline absolutely;

- ▶ Total global emissions must be cut 50-85% by 2050.

2) Within this united mobilization, it is increasingly urgent to build an anti-neoliberal pole that links the climate issue to defence of social justice and the need for redistribution of wealth, from North to South, and within all societies in both North and South.

We have two years until the Conference of the Parties in Copenhagen in 2009. Those two years will be decisive for the climate and for an alternative to neoliberal climate policy.

*An earlier version of this article, in French, was published in [Europe Solidaire sans frontières](#), Dec. 20, 2007. The translation of the expanded article was done by [Climate and Capitalism](#). It has been reviewed by the author and appears here with his kind permission.*

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[1] George Monbiot, [Guardian, December 17 2007](#).

[2] See [Post-Kyoto is likely to be very liberal...](#)

[3] See at [Europe Solidaire](#).

[4] See my article "[Post-Kyoto is likely to be very liberal](#)."