



**China – U.S. relations and domestic
politics on the road to Copenhagen
1: Making virtue of necessity**

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After a “Climate Week”, that began with the UN Climate Change Summit in New York and closed with the G20 meeting in Pittsburgh, negotiators from nearly 200 countries have now converged in Bangkok for their second-last major round of negotiations before this year’s December meeting in Copenhagen (COP15). At this juncture, expectations for reaching a grand climate deal at Copenhagen are dwindling and a cloud of pessimism seems to be settling in. Copenhagen has been viewed as a “historic moment” and the “ultimate test of global cooperation” (Gordon Brown) but given the “glacial speed” of negotiation (Ban Ki-moon), many are understandably worried about the prospects of failure. EU leaders and political commentators are already expressing disappointment, frustration and concern with the lack of progress on the path to Copenhagen.

There is certainly no lack of attention to climate change issues, nor is there meaningful disagreement about the priority or significance of a Copenhagen agreement. Still, the differences on substantive issues remain formidable. Unless resolved quickly, these differences could limit the extent of agreement possible in Copenhagen and, in the worst case, result in a watered-down political declaration with little momentum for continued progress. This makes insight into the opportunities and constraints in the interplay of the national, bilateral and international context especially important: for making virtue of necessity and not losing sight of what is in fact possible.

If the COP15 is in the best of worlds an important stepping stone to saving the planet and by no means the grand finale, we should guard against defining success solely in terms of a grand new global climate agreement. The Kyoto process – from agreement of legal text in 1997 to bringing the treaty in force in 2005 – spanned eight years, not including the lengthy pre-Kyoto negotiation period. Even with increasing urgency, many of the details and steps required to implement a more ambitious and comprehensive climate change agreement – establishing monitoring, verification and reporting mechanisms, global emissions trading systems, halting deforestation – will also require ongoing negotiations on details and action.

While all 192 countries are important, the U.S., the EU, and China are undoubtedly the key players. In the climate negotiation game, they each play different roles.

- The EU carries the torch of keeping the world within the two degree bracket. With the “20/30%” ambition, EU has been pushing hard to get everyone on board but has yet too few allies. And a strong leadership role is not without risks - any deviation by the EU from its high level of ambition risks being seen as a failure of EU leadership and damaging to its identity.
- The U.S. lags far behind the EU, having returned only recently under a new administration to the international climate arena. It hopes to regain its reputation for international leadership, but is constrained by the domestic legislative processes as well as the diverse public responses. The U.S. is working hard to anchor its domestic base of support, which will establish the parameters for what they can or cannot agree to internationally. For the U.S., the influence of the COP15 process is to set an important time frame, but substantively, it is internal U.S. legislative dynamics and bilateral negotiations with China that will define what the Obama Administration brings to the table. An interesting question is whether Obama can lead from behind, and to what extent he can move ahead and exercise political leadership without the clear support of the Senate.
- China seeks to establish its reputation as a responsible international player. For China, this means setting an ambitious domestic climate action program, while avoiding taking on a leadership or deal-breaking role in the Copenhagen process. One bottom line for China is to assure that the historical responsibility of greenhouse gas emissions is taken into account in burden-sharing frameworks, and that the U.S. accepts its portion of the historical responsibility.

The roles of these key players have been dynamic and constantly reshaped by the demands of their respective domestic politics and through their interactions on the global stage. Notably, there have been concerns about EU’s leadership, in part due to the increased spotlight on the U.S. and China that followed on the wave of climate diplomacy when the Obama administration took office. The capacity of the EU to broker differences between the two parties, or between the broader North-South divide has also been questioned.

After the “Climate Week”, China has been praised for showing leadership, while there are worrisome signs that U.S.’s political commitment to climate action may be insufficient. Informally, Obama has recently voiced scepticism about the feasibility of reaching a deal in Copenhagen – a complete about-face in sentiment to goals articulated by his Administration during its first half-year in the White House. The U.S. is once again emerging as a potential impediment to a forceful climate agreement, and the Obama administration is under strong pressure from EU leaders to show greater political leadership.

This brief recognises the obvious difficulties in the negotiations, but focuses on possible pathways for reaching a climate deal in Copenhagen that can maintain the momentum necessary for a long-term international cooperative action to evolve. We provide an interpretation of the overall state of play as well as the respective changing roles of the U.S. and China, and the role of the EU in relation to these two countries. We argue that, on the one hand, most of the focus is on the U.S., with a handful of swing vote Senators currently blocking a more ambitious position from Obama. On the other hand, China plays a crucial role in softening resistance in the U.S. Senate. Stronger demonstration of climate action by China (such as being more clear about its ambitious domestic 2020 targets), would assist with softening resistance in the U.S. Senate. Still, China is shy on taking on anything resembling a leadership role. The EU’s strength is that it has already played its cards and can be trusted as a leader without a hidden agenda. The value of the EU as a mediator and discussion partner for both China and the U.S. should therefore not be underestimated.

Conclusions

- **Press the U.S. while supporting the Obama Administration.** The leadership role Obama is being urged to fill internationally is a role which domestic opposition hopes to deny him. Yet, where the Obama Administration has had the authority to take action, it has done so convincingly. The EU and rest of the world would gain the most by acknowledging U.S. domestic constraints and the political process, while continuing to press for U.S. leadership at COP15. If Obama can convince the Senate that other global actors such as China are doing their part – such as through bilateral breakthroughs during the November U.S.-China talks – it could loosen the gridlock in U.S. domestic politics.
- **Do not seek to thrust China into a leadership role, but encourage Beijing’s leadership to present to the world ambitious national climate and energy security policies.** China is not interested in being seen as a leader in any international setting. Quite on the contrary, China is focused on its own development and does not want the problems and pressures of being in the limelight. China could be interested in a deal that satisfies its wish to be seen as representing the concerns of the developing world, and where it accepts some kind of “enhanced actions” within the goal of reducing emissions significantly below current commitments – provided there is sufficient international financing and technology support. But its ultimate moves will be carefully aligned to be in step with the U.S.

CHINA IS WATCHING: INTERNATIONAL POLITICS IS THE KEY

The highlight of the U.N. Climate Summit in New York (Sept 22) has to be the speech by Hu Jintao and China's pledge to cut its "carbon intensity". The move prompted praise from many of the negotiators involved in the Copenhagen talks, who have long argued that action from China is essential if a global deal is to be reached. Some are highly impressed (e.g., Al Gore) and others optimistic (e.g. Nicholas Stern) about China's leadership on climate change, regarding Hu's speech as "a big deal" for the negotiating process (Ed Miliband).

In his speech, Hu made a series of promises: to increase ambitions on energy conservation and efficiency and to cut carbon dioxide intensity between 2010 and 2020 with a "notable margin". China would also embark on vigorous development of nuclear and renewable energy so the share of non-fossil fuel consumption increased to 15 per cent by 2020. By 2020 China would increase forest coverage by 40 million hectares and increase forest stock volume by 1.3 billion cubic metres compared with 2005 levels. Further, China would invest strongly in innovation and technology development.

First official reference to Chinese domestic mid-term targets

China's commitment to set a carbon intensity target underlines its willingness to act on climate change. The clear signal from China's President is that China is contemplating some form of national emission targets for 2020. However, on the surface, Hu's speech may be misinterpreted as a retreat in commitments: Hu only mentioned a modest 15 per cent share, combined renewable and nuclear, even though China's National Development and Reform Commission (NDRC) had announced earlier this summer a revised target for renewable energy to 20 per cent by 2020.

With all the prior high expectations of this speech, the more interesting question might be why the President decided to "hold back" on announcing the 20 per cent target for renewables. Is it playing safe? Is it collaborating with the U.S. on the timing of its announcements, or both? If both, what is the balance between the two? One possible explanation is that with a less confident U.S. and perceptions that Obama is backing off in commitments on climate action, China is also stepping back to avoid the risks of being thrust into a leadership role.

Climate change advancing on the domestic agenda

There is a growing realisation in China that climate change will cause significant damage. The leadership's main concern is the "balancing act" between the impacts on economic and social stability and the interplay with other development and environmental challenges.¹ There are also indications that China has by now sorted out its domestic politics on the issue of climate change, with a clear sense of priority among the top Chinese leadership. The National People's Congress Standing Committee, China's top legislative body, approved on August 27 a resolution on "actively tackling climate change" including specific measures on greenhouse gas emission controls, improvement of adaptability to climate changes, support of scientific research and the development of a low-carbon economy. The resolution also required climate change coping capacity to be considered an element of long-term sustainable growth. There is also active domestic debate about, and proposals for, implementing a carbon tax, partly motivated by the Waxman-Markey provisions for U.S. border tax adjustments.

Awareness is growing amongst both business and, to an increasing extent, political leaders, that there are considerable low-carbon opportunities for China. These opportunities would enable China to come to grips with energy security, water and air pollution and over-exploitation of natural resources and even more, provide China with opportunities to ascend the production value chain and move

1 Karl Hallding, Guoyi Han and Marie Olsson (2009) "A Balancing Act: China's Role in Climate Change", Report for the Swedish PM's office

towards an innovation and technology driven growth. According to a recently completed study by the Clean Air Taskforce, China could build a green-tech market worth US\$1 trillion a year.

Successful and ambitious domestic climate policy gives confidence in the negotiations...

China has started to integrate its climate policy rather quickly into its sustainable development strategy. The Chinese leadership has shown political commitment by setting ambitious national targets related to climate mitigation and adaptation. With the expectation of meeting its ambitious 20% energy intensity target set for the current five-year programme, China's own confidence in addressing climate change is increasing. Positive indicators of China's political commitment can be seen in preparations for its 12th five-year programme (2011-2015), referred to as China's "green development plan", with compulsory targets on carbon intensity. Additionally, the latest publication of several major reports by key think-tanks in China further indicates that China now has a clearer picture about different targets and related costs in the coming decades. Chinese ministers and official representatives have announced that China will soon release domestic mid-term targets which will "be positively received by the global community".

... but current ambitions are still not ambitious enough for the 2°C target

As Todd Stern rightly pointed out, the extent of the Chinese intentions for Copenhagen will, "depend on what the number is". Our review of various business-as-usual and reference scenarios of China's emissions shows that with its current level of political ambition (i.e. decoupling the emissions from economic growth by a factor of 2), China's CO₂ emissions would be around 12GtCO₂ by 2030. However, given the finite global carbon budget, emission sources in China would need to reach decoupling by a factor of 4. Thus, even if China commits to the "factor of 2" carbon intensity reduction – the highest "notable margin" that we could expect – the world will still face insurmountable challenges in meeting the 2°C target as China would be only halfway to where it should be.

China's drivers and negotiation strategy

There is every reason for China to go low-carbon, but while it is supportive of an international agreement, it is not yet clear what its commitment will be, or what level of verification it will accept for itself in such an agreement. Nor is it yet clear what China really needs from the agreement to reduce emissions further. While China is sending out informal signals regarding its priorities it is unclear whether China wants to play hardball (i.e. to ensure maximum space for development without constraints on its emissions) or it is interested in bargaining for a more strategic deal, where it could gain access to technology and finance and benefit from carbon trade.

Moreover, this lack of understanding of China's bottom line is further obscured by the different negotiating styles and interest of China's ministries. For instance, China's foreign ministry (MFA) seeks to protect China's integrity on the world stage and not expose China to undue risks. It has therefore been more obstructive in negotiations, blocking a more expansive declaration on climate financing in the G20 statement. The NDRC, which is the governmental body in charge of China's climate negotiations, is made up of technocrats who have been willing to entertain more open ended discussions exploring the implications of different climate change scenarios and options for China. Similarly, China's commerce ministry (MOFCOM) is generally positive about the investment opportunities of a low-carbon pathway, while discussions with its finance ministry are more limited. There are also other influential groups in China with more progressive views on what China should do, e.g. economists and financial experts who see great opportunities for China as a winner in a global cap-and-trade regime.

While China wants to play constructively, we see no intention from China to be seen as the leader on climate change. China wishes to be understood as a "responsible player" internationally. But China has every reason to play a wait-and-see game. As a non Annex 1 country, China is in line with the

UNFCCC and is acting within the confines of the Bali roadmap (although there is still quite some way to go before China could be seen as taking on “enhanced actions”). China places a very high priority on legally binding ambitious reduction targets from industrialised countries, particularly the U.S. It will therefore not make any move unilaterally, but only as part of a global agreement where other parties show they are serious.

China’s relation to the G77 plays a crucial role

China has strong reasons to keep aligned with the developing world. Almost half of China’s trade is with developing countries and China’s foreign policy has a long tradition as a leading voice for the developing world. Formally, China’s current position is strongly aligned with G77 and it is likely that China sees itself as bargaining as much for developing countries as a whole as it is bargaining for itself. This is particularly true in the field of finance where China informally is quite clear that money is not its goal, but is needed for the most vulnerable. The proposal, currently outside the Copenhagen agreement, to use a relatively small amount of public funding for LDCs to help set LDCs on a low-carbon trajectory and adapt to climate change impacts should be presented as an opportunity for China to act as a broker on this deal and weaken Chinese obstruction.

China knows that there are strong sentiments among industrialised countries and LDCs that China (and other rapidly growing transitional economies) should be able to pay for their own clean-up while transfers of technology and finance should aim firstly for LDCs. Increased calls by LDCs such as the African Union and Bangladesh for less focus on rapidly developing economies could potentially lead to the G77 not maintaining a unified negotiation block in the lead-up to Copenhagen. This could be both a positive and a negative, leading both to more constructive dialogue with LDCs to negotiate a more nuanced agreement, but with multiple coalitions to satisfy it could also increase the risk of no agreement at Copenhagen. China, however, is concerned about being singled out as a rapidly developing country that should take on more responsibilities, and is keen to maintain itself in the negotiation block with the G77. EU’s proposal to converge the two UNFCCC negotiation tracks will likely continue to meet strong Chinese resistance and the proposal may be counterproductive in the lead-up to Copenhagen.

Ready to make compromises – but within the confines of the UNFCCC

At this juncture, it seems that China has the advantage of positioning itself in a number of ways while still being seen as constructive. It can continue to negotiate strictly from a developing country position under the banner of “common but differentiated responsibilities” and maintain its right to develop without taking significant measures to bring down its greenhouse gas emissions. Alternatively, China can take a more strategic and forward-looking path, and recognise the need to make commitments, in return for the opportunities that productive international cooperation offers for China. What is crucial, however, is China’s consistent message to keep to the UNFCCC, the Bali Roadmap and the principles agreed to under the Kyoto Protocol.

There are many indications that China will take the more strategic option and make stronger commitments. With its relatively low but yet rapidly growing historical cumulative emissions, China knows it has a limited strategic window to negotiate the best deal through which it can gain considerable external assistance for its low-carbon development. International assistance could trigger something at larger scale and greater speed.

- China knows that to leverage international support, it will have to make a convincing commitment, as indicated by President Hu’s UN climate summit speech. But China wants to see concrete and more generous offers on technology and finance which has been communicated as sine qua non conditions.
- The informal “G5” countries (China, India, Brazil, Mexico and South Africa) appear to share views on the primacy of public, rather than private, money as the major source of global climate funding. For China at least, this probably is likely to reflect its cultural legacy as a planned econ-

omy and recipient of public international aid, as well as a lack of knowledge of and experience with tapping into private capital. China will need to be convinced of the potential of the private market, including carbon market and emissions trading, to meet the current shortfall between the current commitments of governments of developed nations and its own needs before it will take on more ambitious climate action.

THE U.S. IS WORKING: DOMESTIC POLITICS IS THE CONSTRAINT

While there has been a “sea change”² in American climate leadership, one has to adapt expectations to the realities of unusually challenging economic and political circumstances. Reversing the course of U.S. climate policy is not an overnight task – the time required for appointments and staffing, the nature of the U.S. legislative process, a packed domestic agenda, partisan polarisation, and a mobilised and vocal opposition on the domestic front – all constrain the hoped-for rapid turn-around in direction and ambition of U.S. climate policy. Yet, many positive developments in U.S. climate change policy are playing out simultaneously across several levels via parallel channels, with differing timelines. The constellation of elements within the U.S. political system has reached a “tipping point” at which a fundamental shift from the established order is highly possible or even likely, but by no means assured. The most serious obstacles to reducing U.S. greenhouse gas emissions relate to the U.S. energy infrastructure and related interests, increased partisan polarisation, and competing domestic priorities.

The U.S. is under significant international pressure to move forward on climate change. After the more progressive approach shown by China and India during the “Climate Week”, UK climate change advisor Nicholas Stern, was optimistic about prospects for a global deal, but believed that the U.S. needed to overcome domestic political difficulties to move forward in international negotiations. He noted that “the U.S. is now the only obstacle to a successful agreement at Copenhagen on tackling climate change”. Once again, it seems that all is dependent on the U.S. But how tied are the hands of the Obama Administration? What are the key obstacles and trends to monitor in the U.S. in the coming few months to Copenhagen?

- A favourable convergence of trends in U.S. domestic politics (e.g. quick passage of health care reform which builds Obama’s domestic political capital, increased and broadened civil, business and industry activism behind a greener agenda, improved economic recovery) could create conditions for a more activist U.S. on the global stage.
- As the U.S. and China have become dance partners in international climate negotiations, a U.S.-China agreement is one of the important keys to success. The interdependency of the U.S. and China means in part that support for a domestic cap-and-trade system will be influenced by the domestic response to China’s actions and commitments.

Waxman-Markey

The American Clean Energy and Security Act (the Waxman-Markey bill), passed by the House of Representatives in late June, sets an interim target for 2020 that is not considered ambitious enough by many other countries. The bill would bring the U.S. by 2020 down to its 1990 levels and is on many counts a major step forward. But it remains unclear when, or even if, the Senate will pass a comparable Act to reduce emissions.

2 Mikael Roman and Marcus Carson (2009) “Sea Change: Climate Policy under the New Obama Administration”, Report for the Swedish PM’s office

The U.S. wants a meaningful definition of success in Copenhagen, since it is believed to be extremely hard for the Administration to get much further than Waxman-Markey's compromise mid-term target of returning roughly to 1990 levels by 2020 (17-18% reduction vis-à-vis 2005 emissions). The U.S. is trying to balance the lack of political support for deep 2020 targets with the need for a Copenhagen treaty that includes ambitious mid-term targets as a key benchmark. It thus is introducing the idea of emissions pathways and targets that include but also go beyond 2020 so as to show a deeper target in 2025 or 2030. However there are efforts to strengthen the international provisions of the Senate Bill on financing and technology, as well as some low probability but important efforts to insert a 20/30 EU type provision in the bill, i.e. that the U.S. would go further if there is a global deal with the following conditions.

Senate climate bill now in play – the Senate Environment and Public Works Committee

Chaired by Barbara Boxer, the Environment and Public Works Committee began discussions at the end of September. A discussion draft of the Kerry-Boxer Bill was released early October, and a bill on the Senate floor is likely in early November (John Kerry is Chair of the Foreign Relations Committee and long involved in the climate change issue). Kerry's leadership is important because among other things, it strengthens the Democrats' ability to define climate change legislation in terms of its energy and national security benefits. The original language of the Kerry-Boxer Bill returns to the target of 20% under 2005 emissions levels by 2020, partly using the argument that reductions resulting from high fuel prices and the economic recession make those goals much easier to attain.

Failure on health care reform would likely weaken Obama and Democratic leadership and worsen chances for success on climate.

There are important linkages between success with health care reform and the capacity for Obama and the Democratic leadership to guide climate legislation through the Senate. But while success on the health care reform can be seen as a prerequisite for a successful climate bill, that very success would likely have mixed and somewhat unpredictable effects. For example, it could make climate bill a tougher vote for some Democrats from conservative districts/states, which might be accused of lacking independence and voting in lock step with the "liberal" Administration. Conversely, the Republican opposition to health reform could make it easier for some Senate Republicans to support climate bill because they could argue to constituents that they opposed Obama on his health reform. The Obama Administration and Democratic leadership do seem to have become more willing to do health care reform without Republican support if necessary. This is likely to move the process along with greater speed, and the possibility of an October Senate floor vote on health care has been discussed.

Windows of opportunity

Senate committee discussions of the climate bill will take most, if not all, of October. At least five committees, including the Senate Finance Committee and the Agriculture Committee will also want to discuss and amend the language of the bill. While this slows the process and will probably weaken the legislation's targets, it also provides opportunities to build Democratic consensus in preparation for a Senate floor vote. The Senate leadership envisions having climate legislation out of the Committees and up for Senate floor debate in November. An early November time frame, combined with consensus building discussion at the Committee level, would position Democrats to set in place the next piece of the puzzle – a change of U.S.-China relations around climate and energy and technology.

There is no realistic scenario being discussed that predicts final passage of Senate climate legislation, reconciliation of details of House and Senate legislation, and the final product on the President's desk for signing in time for Copenhagen. However, the expectation is that passage through both House and Senate would provide U.S. negotiators with the concrete positions to work with. Although there are many ways such progress by Copenhagen could be blocked, there are potential scenarios for suc-

cess that are being energetically pursued. The precise language, including targets and financial assistance for developing countries, is impossible to predict at this point other than to indicate that the early Senate draft restored target levels and has also envisioned a strengthened Environmental Protection Agency (EPA).

Obama's trump card

As we have discussed elsewhere, means to limit carbon emissions are moving via other channels in the American policy system. Among the most important is the anticipated regulation of CO₂ by the EPA as ordered by the U.S. Supreme Court in a 2007 ruling. While this was previously seen largely as an incentive for Congress to act, there is growing support for moving EPA regulation in parallel with the Congressional process. The EPA is currently laying the groundwork to begin regulating the roughly 13,000 facilities that are responsible for an estimated 85% of U.S. emissions by 2010. EPA regulation, including emissions targets, falls within settled law and does not require Congressional approval.

U.S.-CHINA PARTNERSHIP – SUICIDE PACT OR CLIMATE PROGRESS?

China is vital to the White House's domestic and international ambitions on climate change. The Administration is actively engaging China as demonstrated by Secretary Clinton's early trip to China and the series of high level, intensive engagements since. The Obama Administration needs persuade political leaders and the public that China is moving and point to the latest developments in China to show that the U.S. could lose out on market share in low-carbon technologies if it does not act soon.

The Obama Administration wants to see a more ambitious position from China – but has clearly stated that it does not expect a national binding cap yet. Its proposal is that China agrees in Copenhagen to “commit to commit”, i.e. to commit taking on a national target one commitment period after developed countries. In addition, the Obama Administration is trying to limit the damage of certain Congressional proposals e.g. Border Tax Adjustments. The Senate climate bill is expected to meet harder resistance than the American Clean Energy and Security Act met in the House of Representatives. 60 votes are required and Democratic senators from coal dependent states remain hesitant. In order to support passage in the Senate, a leading representative for the Administration has expressed that to the extent that the EU could help leverage a changing position from China it would be of great help.

President Obama is slated to make his first Presidential visit to China the 2nd week of November. Several sources point to a strong possibility that new U.S.-China cooperation will be announced on climate and energy technology. Since domestic concerns about competition with China have been part of the argument for limiting action on climate change until China makes commitments, the unveiling of a new U.S.-China understanding could undermine opposition to U.S. climate legislation and shift the discussion on climate legislation. If such an announcement is made in mid-November, the political effect is likely to be time-limited, so we could anticipate a Senate floor vote on climate legislation to take place within one to two weeks of such an announcement.

A key question therefore is what would be the minimal level of commitment or declaration from China to enable a strong Senate bill and eventual ratification by the Senate of a Copenhagen Agreement.

- For China, the international process will be a crucial factor for how far it can go. In sharp contrast with China, domestic factors will be the determinants for what the U.S. can commit. In both cases, the levels feed back on one another in an iterative process.
- If China could be persuaded to show openness to some kind of reduction goal (e.g. national carbon intensity target, below BAU target, peak year) with international verification of its specific

actions, it could help tip the balance in the U.S. Congress, especially in the Senate, which in turn could mark the starting point for a positive spiral of trust building.

- Similarly, U.S. willingness to offer its own legally binding targets along with technology and finance would increase China's willingness to embrace significant actions and goals that bend down its emissions curve, potentially linked to a goal to reduce emissions below BAU and/or a peak year.

In the event that the current stalemate is not unlocked, there is still a risk that U.S.-China relations return, at least temporarily, to the "suicide pact" that prevailed before Obama Administration entered office – a relationship where each of the world's two major greenhouse gas polluters does little while shifting blame to the other for not doing more than a bare minimum.

MAKING VIRTUE OF NECESSITY

We borrow from Jairam Ramesh, India's Environment Minister, to conclude on the importance of seeing Copenhagen as a step in a process. "I do not think that you should depend upon Copenhagen as an end point. It is not a destination – Copenhagen is part of a process... I think the perfect should not be the enemy of the good at Copenhagen. There are enough areas of convergence and consensus which can be translated into an agreement. And the more difficult issue of the U.S. and the countries of Europe taking on targets for the year 2020 can be revisited a little later. So we should be realistic and pragmatic as far as Copenhagen is concerned."

Although the U.S. and China are still not ready to signal their bottom-line positions or upper-end of their potential commitments, both parties remain politically committed to climate action. If carried out skilfully, facilitating the movement of U.S. and Chinese commitments in step with each other and with other important actors could lead to increased climate action by all parties and improve the prospects for a relatively firm deal in Copenhagen. Even a less ambitious than originally hoped-for Copenhagen agreement, if energised by common political will for accelerating progress and a forward-looking strategy, could become a longer-term climate success. The perfect should not be the enemy of the good at Copenhagen. Making virtue of necessity entails taking the cards one is dealt and producing a better result than might have been possible. In order to do so, clearly defining the better result that can be reached is becoming the prime task for Copenhagen.

IN OUR NEXT POLICY BRIEF...

The next policy brief on China-U.S. climate relations will be released the week before the preparatory COP meetings in Barcelona. It will build on the outcomes from Bangkok and other developments over the coming three-week period. We will also look further into the following issues:

- Internal U.S. political developments on climate change and the unfolding of U.S.-China collaboration are both fraught with contingencies. Which contingencies are proving to be most important and what factors will drive the outcomes?
- Discussions regarding leadership have been frequent in recent months, but what leadership entails is often implicit or left poorly defined. How might such "leadership" be defined in the context of the final round of negotiations leading up to Copenhagen?

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