

Bonn and Genoa: A Tale of Two Cities and Two Movements

By Tom Athanasiou and Paul Baer

(FPIF offers this analysis of the Kyoto Protocol as part of its series of discussion papers addressing contentious issues in global affairs. We welcome your comments, which should be sent to tom@irc-online.org.)

In summer 2001, when the rising tide of “antiglobalization” protest finally rose to claim the life of a Genoa protester in July, the world’s media knew the drill. They focused on the G8, and in particular on the poses and pronouncements of Big Power summitry besieged by Internet-organized discontent.

Only the astute among them—and they were still too few—stretched the frame to take in the larger tale, the one unfolding simultaneously in Genoa and at the climate convention in Bonn. And yet there it was, as clear as daylight. In Bonn too there were protests, and they concerned more than the mock statesmanship of the early 21st Century. In Bonn, the protesters confronted a summit in which a real showdown was taking place, in which the ministers of 178 nations were locked in all-night meetings that would determine the fate of the Kyoto Protocol and of the climate negotiations as we have known them.

The two events were obviously tied together, most manifestly by the phone calls and communiqués that were shuttling between key ministers in Bonn and their chiefs in Genoa. This, of course, was widely noted. But there was more as well, much more. Genoa and Bonn, taken together, portray the Janus face of globalization. On the one side, there is the continuing domination of international governance by the core capitalist countries, their corporations, and their central banks, and with it the maintenance of a firm and sometimes brutal wall against protest and creeping delegitimation. On the other, there is a slow emergence of new kind of multilateral governance, one that features increasing participation from both the developing countries and the international NGOs, one in which protest culture and policy culture merge, one that suggests a way forward.

Kyoto Lite

Even before the ink on the “Bonn Compromise” was dry, the spin began. From the beginning there was this problem: the deal as we have it is even worse than the one the U.S. tried to get at The Hague. More fundamentally, the key point is that the Kyoto Protocol, with its original rules and emission-reduction targets, was barely a start on the problem, and “Kyoto Lite” (as it was dubbed by a Greenpeace Germany press release) is even weaker. Who, then, were these environmentalists, standing now to sup-

port a package thick with the “loopholes” that they’d been fighting against for years? Sellouts? Fools? Victims of a negotiational Stockholm syndrome that had left them too “locked into” the deal to reject it, even after its evisceration?

That’s easy for “the radicals” to say, but they are quite wrong. The Bonn rules, even with all their loopholes and flexibility mechanisms and concessions—to the Japanese, the Australians, the Russians, and, indeed, the Americans—should be seen not as the marks of failure, but rather of the strategic retreat that made the deal possible. The problems are large, but the fact is that the Bush administration failed to destroy the climate negotiations. Instead, the negotiations were saved by an important new North/South coalition. In its coming confrontation with “the equity issue,” this coalition will soon move the negotiations in some extremely interesting directions.

As for the loopholes, the struggle to close them is unavoidable and will likely go on for decades. As the impacts worsen, the coalition firms, and the technology advances, we’ll have ever better chances to close them. Moreover, some of the “flexibility mechanisms” are nothing so much as concessions to historical reality. Emissions trading is the defining example. At the risk of being derided as hopelessly reformist, it must be pointed out that, without trading, Kyoto would have died long ago.

The U.S. and its allies will still move to prevent ratification. But if the protocol is nevertheless won, then its signatories will have crossed an important threshold to embrace a regime that sets globally binding obligations to limit greenhouse-gas emissions. Be clear about this—the Kyoto Protocol is not only a climate treaty, it is an economic treaty as well, and, indeed, it is the very first economic treaty that can plausibly be counted as a major step toward “sustainable development.” It is extremely weak, but in this very capitalist world, carbon—or rather the right to emit carbon—will finally have a price. This price, moreover, will have been imposed by an open, multilateral process based in the United Nations. With unilateralism

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rising and the "globalization debate" desperately in need of ways forward, the significance of such a development should not be underestimated.

The Bonn Compromise is clearly significant. If it holds, it will likely be counted as epochal. Not only should we support it, we should also honestly and knowingly embrace it as the victory it was—even as we fight to close its loopholes and otherwise strengthen it. Indeed, the task now is to do just this. We need to look to the future, and to the doors that Bonn has opened. At the same time, we should keep a cold eye on the right, where Bush's supporters are claiming that the agreement is a trivial one, and hoping that by so doing they can reduce its chances for ratification—or at least cut the political damage that their man will suffer for rejecting it.

Indeed, even if Kyoto fails it will be a success, for only by passing down this path can we open the political space for alternatives, or decisively establish the North/South coalition that can win an equity-based deal. The environmental groups who supported Kyoto in spite of its obvious inadequacy have, with the inadvertent help of a ham-handed Bush administration, won a huge tactical victory. If their strategy bears fruit, even Kyoto Lite will radically accelerate the decarbonization of the global economy. If it does not, then we'll know it soon enough, and everyone will know that it's time for Plan B.

Furthermore, the Bonn agreement symbolizes the lapsing of U.S. hegemony in an area—global environmental regulation—that is moving rapidly from the sideshows of international politics into the center rings. After Bonn, it's clear that there are three main acts in the circus of geopolitics. The first, of course, is military "security" and the second is economic globalization. The third, now quite clearly, is the environment. Bonn was a victory for progressive multilateral governance, and by saving Kyoto it saved our best hope for making equitable and sustainable development into something more than a rhetorical swindle.

The Winning of the Deal

The story of what actually happened in Bonn is important, because it was in the long days and nights at the heart of the conference that the climate protection coalition finally began to gel. With the U.S.

having essentially taken itself out of the game, a coalition between the EU and the developing countries (the G77 and China group) emerged to drive the process. It did this by first forming an alliance around the so-called "financial package" and then by forcing the holdouts to concede by making a series of strategic concessions backed by a plausible "take it or leave it" threat. In effect, the EU/G77 coalition offered the holdout countries—Japan, Canada, Australia, and Russia—such large concessions that they couldn't legitimately back out. It was an aggressive and even desperate gamble—but it worked.

What was the actual deal? Legally, it was a decision of the Conference of the Parties to the Framework Convention on Climate Change (signed by George I at Rio) agreeing to a set of political principles to be implemented in the detailed rules of the Kyoto Protocol. It addressed four key issues: financial transfers between North and South (the "financial package"), rules for enforcing compliance with the protocol, rules governing the flexibility mechanisms (emissions trading, joint implementation, and the Clean Development Mechanism), and the extent to which "carbon sinks" (carbon sequestration through forestry and agriculture) would be allowed. The details are boring to all but the hard-core climate junkies among us, but a few key points should be mentioned.

Lack of "Supplementarity" Caps

The first major problem with the protocol, as we now have it, is that the rich countries are not legally required to meet their emission reduction targets within their own borders. In Bonn, the EU gave up on the position it held at COP6 in The Hague. There the EU had insisted on "supplementarity" caps that would have limited—to perhaps 50 percent—the amount of a country's emission reduction that could come via the protocol's flexibility mechanisms. The most important of these "flex mechs" are emissions trading, by which the U.S., say, could buy atmospheric space from, say, Russia, and the Clean Development Mechanism (CDM), by which the U.S. could get credit for (hopefully virtuous) projects in the

South. Without such caps, a rich country could, at least in theory, use the flex mechs to buy its way out of having to make any domestic reductions whatsoever, and it wouldn't be in violation.

Sinks Loopholes

Once again, largely because of lobbying from the U.S., Canada, Australia, Japan, and the Russian Federation, the Bonn rules contain huge, scientifically dubious "sinks loopholes" that allow high-emitting countries to claim credits for forestry and vegetative growth. In past years, the climate NGOs swore they'd never accept sinks, which they saw, quite correctly, as a device for the stealth renegotiation of the Kyoto targets. Now, they're swallowing hard, and managing (just) to keep the sinks language down. It isn't easy; according to a Greenpeace analysis of the new sinks language, it could render the protocol's nominal mandate of a 5.2% overall reduction in rich-world emissions (from their 1990 baseline) into a 0.3% increase.

Pathetic Financial Package for the G77

Perhaps most tellingly, the G77 got shafted; though, as Jan Pronk, the Dutch president of the conference, said (evidently as consolation), "It could have been worse." At the final happy-time plenary, there was a whole litany of promises for special funds for tech transfer, adaptation, and capacity-building in the developing countries, but the only actual cash fund by which the North will assist the South during the first budget period (2008 to 2012) is both embarrassingly small (\$600 million per year) and strictly voluntary. Annually, it comes to less than the cost of Boston's Big Dig.

Why the Deal Nevertheless Deserves Support

It would be fair, at this point, to ask why we don't agree with the *Washington Times*, which, just after Bonn, came to the Bush administration's defense by complaining that:

"The attack is being made by devotees of a relatively toothless treaty. Evisceration was the price Japan exacted for coming back on board with the Europeans. Under the Bonn agreement, there are no "legally binding" penalties for a given country's failure to meet its emissions reduction targets on greenhouse gasses—at Japan's insistence. Moreover, those targets have been lowered dramatically, thanks to the inclusion of emission credits for carbon sinks—areas, like cropland forests (or presumably, putting tees) that absorb carbon dioxide. In addition, countries failing to meet their emissions targets will now be able to buy emissions credits from other countries who have reduced their emissions below targeted levels. Due to its carbon sink credits, Japan's required reductions have been cut by an estimated two-thirds. Between carbon credits and emissions trading, the Bonn agreement essentially cuts the Kyoto reductions targets in half."

The answer, simply put, is that we don't see the Bonn rules as yielding a "relatively toothless" treaty. The loopholes, to be sure, are dangerously large, but they are embedded in a treaty designed to be revised and strengthened, a treaty that, if brought into force, will put a price on carbon. Moreover, it is a treaty won by the emergence of a North/South climate protection coalition. This coalition will soon be broaching the all-important question of equity, and asserting the need for the near-term globalization of the climate regime on a new basis. With the Bonn Compromise, the opening is over, and the climate game is moving on. The next stage will not be a mere continuation of the last.

The problems, in other words, are the problems of victory. The protocol now exists, and the ground has shifted. Moreover, the battle for Kyoto's ratification will continue to yield both dividends and opportunities. Already, the U.S. has suffered a sharp erosion of its geopolitical hegemony, and we haven't even gotten to its inevitable climbdown—the one that comes after U.S. corporations discover that it's going to be a lot cheaper for them to control their emissions if the U.S. becomes a party to the protocol. Kyoto, in other words, is a turning point; if it gets ratified, there are going to be some interesting new vistas coming into view.

The groups supporting the ratification of the protocol share two critical strategic assumptions. First, they believe that establishing any global limit on carbon emissions will accelerate the green technological revolution. Second, they believe that creating a better treaty will be easier with the political institutions of the Kyoto Protocol in place, and may in fact be impossible without them. Already, in the recent move of many U.S. utility companies to supporting CO2 limits in new legislation regulating power plants, we have evidence that the first assumption is correct. Evidence for the second will be longer in coming.

Strategic Challenges

Many long-term climate activists, while not exactly opposing the treaty, are planning to focus not on its ratification but on closing its loopholes. Their qualms, moreover, go beyond a personal distaste for the demands of realism. They fear that Bonn will offer only the illusion of action, while actually allowing the rich world to continue on a more-or-less "business-as-usual" emissions path.

There are at least two good reasons for this concern.

First, the sinks provisions of the treaty—the inclusion of afforestation and reforestation in the Clean Development Mechanism, and very high allowances for domestic forest sinks (and the lack of limits on agricultural sinks)—have raised the possibility of some truly sleazy deals. Imagine, for example, a rich country getting emission credit by paying a poor one to forcibly evict indigenous communities, raze a rainforest, and plant a monocultural pine plantation as a carbon sink.

Second, in the absence of supplementary caps, and in particular, with the U.S. withdrawal from the treaty, there's so much Russian and Ukrainian "hot air" set to go on the market that Kyoto's rich-world signatories may simply buy their way out of the need to make any significant domestic emissions cuts.

Both of these are real and present dangers, but neither is a foregone conclusion. What is more, Kyoto's supporters are quite aware of their existence. In fact, many climate activists are already planning campaigns designed to protect the communities endangered by the loopholes—"sinks watch" in one formulation—and to ensure

that emissions reductions does actually lead to the technology innovation and diffusion that we'll need to reach the "soft landing corridor."

Looking into the future, it's clear that there will be no end of battles. But it's also clear that the game has changed. Kyoto's friends never tire of repeating that the protocol is only one step in a long ladder of climate deals, and after Bonn, these will be getting more interesting. The next year, to be sure, will be dominated by the ratification battle, but everyone knows that, next up after ratification, and starting no later than 2005, we'll have the main event—the one against which this past year's wrangle will appear as an opening act, namely the struggle to define the terms of the "second commitment period." It won't be easy, because a new set of emissions targets will have to be defined, a global or near-global set that includes at least the key developing countries. This is the second step, the one that was always going to come after Kyoto, and with the agreement at Bonn, it's already getting increasing attention. In this context, the profile of the "equity alternative" has already risen, particularly outside the United States.

The holding together of the protocol at Bonn has set a new direction; and if the spirit of the EU/G77 compromise can be built on in the years ahead, there's every reason to think that this direction can be maintained. For one thing, we have the winds of science at our backs—it's really quite simple to demonstrate that, over the next century or so, emissions in the rich world must fall to a small fraction of what they are today—if, that is, we wish to maintain a climate recognizably like that within which we became human. The alternative is a system of global apartheid in which the developing regions are somehow kept forever in a state of low-energy privation—and such a system, apart from being morally unacceptable, is simply not plausible.

Back to Genoa

The challenge is long-term, so judge Kyoto by whether it opens the door to long-term solutions. Judge it by the opportunities it creates for the continuation and deepening of the global coalition for equitable and sustainable development, and by its connections to the larger movement to break the back of the "Washington consen-

sus." Judge it, as the months roll on and Rio+10 (Kyoto's unofficial ratification deadline) comes onto the calendar, by progress toward ratification. And judge it, especially, by its contribution to the construction of a post-cold war world in which equitable and sustainable development is understood for what is actually is—an historical necessity that can only emerge in a post-neoliberal world.

Things are starting to get interesting. G.W. Bush, the *bête noire* of the Kyoto coalition, was also the man who rose in Genoa to say, "Those who claim to represent the voices of the poor aren't doing so." He meant, of course, to echo the claim that only continued globalization offers the poor a chance for a better life, for this, after all, is its only real basis for legitimation. Note, then, that a recent study by the Center for Economic and Policy Research ("The Emperor Has No Growth: Declining Economic Growth Rates in the Era of Globalization," available at www.cepr.net), questions even this venerable mainstay of elite wisdom. Neoliberal globalization, as it turns out, may be correlated far more closely with rising inequality than it is with economic dynamism:

"Throughout the growing debate, it has generally been assumed that globalization has helped spur economic growth throughout most of the world. Even critics of globalization, and of the IMF and World Bank, have generally accepted this assumption. They have argued that these institutions have focused too much on promoting growth and not enough on other goals such as alleviating poverty and protecting the environment. The official data for the last two decades (1980-2000) tell a different story..."

If further research bears out the CEPR results, the results will be interesting indeed. As we have been arguing, the climate regime is not evolving in a vacuum. The world, indeed, may be teetering on the edge of a serious economic downturn, and is certainly facing a crisis of institutional legitimacy. If, in this context, it turns out that the current development model is compromising even "growth"—the magic elixir to which, in the face of poverty and suffering, the elites have always appealed—a legitimacy crisis is essentially guaranteed.

The links between "economy" and "equity" are, in other words, on their way to the

center of the geopolitical debate. Indeed, equity issues seem to be coming from every side. Even the Senate Foreign Relations committee is doing its part, for it just instructed the administration to go Marrakech—the site of next Conference of Parties this October/November—with specific proposals for either revising the Kyoto treaty or negotiating a new binding agreement to replace it. The committee mandated that the administration insist that any future global warming agreement be drafted to include developing countries, a curiously obtuse instruction that, if followed, would probably rebound to the benefit of the negotiations—developing country commitments can't even be discussed without blowing the climate equity question wide open.

Beyond that, it's time for the connections between equity and development, and between the development institutions and the climate crisis, and between the antiglobalization movement and the climate movement—between Genoa and Bonn—to become a whole lot clearer. And this may be just what's in the cards for the next few years. The challenge is for climate change and antiglobalization activists to see their mutual movements in a broader perspective. Both are focused on the same core problem—sustainable human well-being on an increasingly overburdened planet—and both are being led, each by their own logic, to the problems of historical and institutional justice. From Seattle to Genoa, the protesters have stood for labor rights and environmental protection, or more broadly for empowering those at the bottom to rewrite the rules of globalization. From Kyoto to Bonn, the climate campaigners have worked to constrain the engines of development, to force their adaptation to the Earth's finite ecological spaces, and, increasingly, to make the commitment to equity and democracy that this finitude requires.

From Genoa to Bonn, both movements have won substantial victories, and both have paid dearly for them. Now, both are being forced by the consequences of those victories to stretch for a new future, to revisit old assumptions and prepare new coalitions. Two cutting edge movements are better than one; these two, in particular, have a lot to learn from each other. In fact, if you rub two cutting edges against each other, don't they both get sharper?