

The New Transatlantic Politics of Climate Change

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ABSTRACT

After eight years of the Presidency of George W. Bush, many observers on both sides of the Atlantic have become hopeful for increased cooperation in transatlantic climate change relations. Given the election of a professed pro-environment President in the United States (US), is hope warranted that a new and more cooperative transatlantic politics of climate change will emerge? If so, to what extent can such bilateral cooperation provide coordinated leadership in multilateral negotiations? The paper explores the ways in which the European Union (EU) and US disagreed over policy approaches to climate change during the Kyoto Process of the 1990s. Central disagreements revolved around the US's promotion of emissions trading and the EU's demand for binding emission reduction targets. Since the entry into force of the Kyoto Protocol in 2005, the EU has become a leader in the policy area while the US has disengaged from the international negotiations. For a new transatlantic politics of climate change to emerge, the EU and/or US will likely have to adjust their positions on binding emission reduction targets. While such adjustments are unlikely to occur within the EU there are signs of potential change in the US under the new Obama Presidency. Despite this potential, however, the Administration may be held hostage by a sceptical US Congress and its previous international commitments. Similarly, both the EU and US face a complicating international factor in the current global financial crisis. Without a significant transatlantic compromise and renewed commitment in the face of international complications, any new transatlantic politics are likely to produce only minor policy adjustments that could jeopardise the post-Kyoto agenda. The future of transatlantic and international climate change negotiations, therefore, remains crucially dependent upon this link between bilateral and multilateral politics.

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I. Introduction

The time may be ripe for a new transatlantic politics of climate change. Such an assertion suggests a significant change in the domestic, bilateral and multilateral factors that determine policymaking in the European Union (EU) and United States of America (US). While a bold proposition, a number of factors do seem to indicate potential for such change to usher in a new era and type of transatlantic policymaking in climate change. The urgency of this need for change is reflected in public opinion polls on both sides of the Atlantic that show eighty-two percent of Europeans and sixty-seven percent of Americans feeling likely to be personally affected by global warming (Transatlantic Trends 2008, 10).¹

After eight years of the US Presidency of George W. Bush, prospects appear to have increased for cooperation in transatlantic climate change relations. The US has a new President, Barak Obama, who campaigned on the importance of engaging with other countries and restoring the US's standing in international politics. Obama followed up his election victory with a New Energy for America plan that promises to make the US an international leader on climate change and calls for a national cap-and-trade programme to reduce greenhouse gas emissions eighty percent by 2050. In December 2008, as another early signal of his Administration's commitment to fighting climate change, Obama named John Holdren, an energy and climate specialist, as the new White House science adviser.

For its part, the EU remains a steadfast advocate of international solutions to the challenges of climate change. Often considered an international leader or front-runner in this policy area, the EU has continued to undertake significant internal measures to address climate change, in particular, pursuing the development of its own Emissions Trading Scheme. On the international stage, the EU continues to push

¹ Transatlantic Trends 2008 is an annual public opinion survey that was conducted in June 2008 by TNS Opinion. Data for the survey was collected in the United States and twelve European countries: Germany, France, Great Britain, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Turkey, Bulgaria, and Romania (www.transatlantictrends.org).

for binding targets to cut greenhouse gases and as recently as January 2009, unveiled new proposals to guide the negotiations over a post-Kyoto agreement.

Given the EU's sustained commitment and the election of a professed pro-environment Democrat as the new US President, is hope warranted that a new and more cooperative transatlantic politics of climate change will emerge? If so, to what extent can such bilateral cooperation provide coordinated leadership in multilateral negotiations?

All this optimism and activity takes place against a backdrop of transatlantic disagreements over climate change policy. Previous transatlantic differences in this policy area were most readily witnessed in relation to the Kyoto Process, where the EU and US publicly disagreed over policy approaches to climate change. Central disagreements revolved around the US's promotion of emissions trading and the EU's demand for binding emission reduction targets. Despite a compromise over the utility of emissions trading, the transatlantic disagreement over binding emission reduction targets remains. Rather than supporting the binding targets of the Kyoto Protocol, the US steadfastly argued for flexibility, investment in green technologies and the inclusion of developing countries. While pursuing these objectives, the US also encouraged the formation of the Asia-Pacific Partnership on Clean Development and Climate (APP) as a group of like-minded countries sharing its priorities.

A number of obstacles stand in the way of the emergence of a new transatlantic politics of climate change. These obstacles revolve around the domestic contexts of the EU and US and are complicated by the current international financial crisis as well as the role of the APP in international negotiations. This paper argues that for a new transatlantic politics of climate change to emerge, the EU and/or US will have to adjust their policy positions on the fundamental importance of binding targets. While such adjustments are unlikely to occur within the EU—given its own internal politics and the binding targets set within its Emissions Trading Scheme—there are signs of potential change in the US under the new Obama Presidency. Despite this potential, however, the newly-appointed Administration may be constrained by a sceptical US Congress and its previous commitments to the APP. Unless the US Administration can overcome these obstacles, any new transatlantic politics is likely to produce only superficial and minor policy adjustments. Likewise, without a significant transatlantic compromise and renewed commitment in the face of international complications, the EU and US-led APP will remain at loggerheads,

thus jeopardising the post-Kyoto agenda. The future of transatlantic and international climate change negotiations through 2012, therefore, remains crucially dependent upon this link between bilateral and multilateral policymaking.

This paper proceeds in the following manner. The next section describes the ways in which the EU and US disagreed over policy approaches to climate change during the 1990s. Central transatlantic disagreements revolved around the US's promotion of emissions trading and the EU's demand for binding emission reduction targets. The section highlights the changing roles of the EU and US within the negotiations that led to the Kyoto Protocol. The next section identifies important obstacles to the emergence of a new politics of transatlantic climate change. These obstacles are embedded in the domestic EU and US contexts and are complicated by international factors, including the global financial crisis and the APP. The final section summarises the findings.

II. Transatlantic Disagreement on Climate Change Policy

Scholarly attention from various perspectives is increasingly turning to the politics of international environmental policy and climate change (O'Neill 2009). Much of this literature has concentrated on the role of the EU in international climate change negotiations² and the Union's relations with the US.³ Within this body of work considerable energy has been spent explaining the US withdrawal from the Kyoto Process and the EU's subsequent emergence as an international 'leader' in the policy area. Building on this literature, the following section details the changing roles of the EU and US in the international negotiations that led to the Kyoto Protocol and their policy disagreements on how to address the challenge of climate change.

Initial Position and the Run-up to Kyoto

The so-called Kyoto Process began with the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, Brazil. This 'Earth Summit' launched the UN Framework Convention on Climate Change (UNFCCC).

Negotiations in the UNFCCC were driven by a follow-up working group—known as

² For example, see Costa (2008), Oberthür and Roche Kelly (2008), Harris (2007), Vogler and Hannes (2007), Schreurs and Tiberghien (2007), Cass (2005), Vogler (2005), Wettstad (2005), Zito (2005), Vogler (1999), Sbragia (1998).

³ For example, see Schreurs et al. (2009), Paterson (2009), Damro et al. (2008), Vogler and Bretherton (2006), Bodansky (2003), Hovi et al. (2003), Christiansen and Wettstad (2003), Sbragia with Damro (1999).

the Conference of the Parties (COP)—that served as the highest decision-making body. While the COP includes all the parties to the framework convention, the EU and US were pivotal participants in the international negotiations. Their roles, however, fluctuated during the 1990s, with the EU helping to set up a “strongly institutionalized regime” at the same time that the US seemingly threatened “the endurance of the regime on occasions” (Costa 2008, 533).

At the COP’s first meeting, COP-1, in Berlin in 1995, the so-called Berlin Mandate was agreed: Annex-I (industrialized) states would negotiate real cuts in their greenhouse gas emissions by the end of 1997, when the COP-3 was scheduled to be convened in Kyoto, Japan. The EU and US began these negotiations with starkly different positions on the best approach to cutting emissions. These opposing positions are largely reflected in their traditional approaches to international environmental policy. The US approach can be conceptualized as one of free market environmentalism, in which faith is placed in market-based solutions. Alternatively, the EU approach, which was wary of market-based solutions, was more grounded in regulatory solutions to the problems of climate change.

The US government announced its position on some of the most contentious negotiating issues via its 1995 *Climate Action Report*. This report signaled US determination to pursue voluntary market-based solutions to climate change, such as the creation of an emissions trading scheme. The focus of the US negotiating position—before, during and after Kyoto—on market-based mechanisms was largely supported by the business community.⁴ Such support may not be particularly surprising given that market-based mechanisms typically reflect and encourage strong incentives for business. A market-based mechanism, which enhances the pursuit of profit, is more attractive to the business community because it “creates a tradable asset: the permit or allowance... [whereas a tax] extracts revenue from the firm without adding any compensating value” (Grubb et al. 1999, 90). In other words, voluntary and flexible mechanisms could replace command and control regulation and environmental taxation with greater corporate control over the pursuit of profit. The US’s support for an emissions trading scheme was also based on its historical experience and commitment to such market-based measures. For example, Vogler and Bretherton note that the US was an international environmental leader from the 1960s,

⁴ For example, the International Chamber of Commerce’s statement on Kyoto reflects this faith in market-based environmentalism (1997).

during which time it “initiated the world’s first [emissions trading scheme] for sulphur dioxide, and continues to extend this method of environmental protection in areas other than carbon trading” (2006, 8).

In the run up to Kyoto, the European Union strongly supported stringent and quantified emissions reductions as a way to address climate change. The EU position reflects the gradual and complex development of its internal regulatory instruments. Rather than placing faith in market-based solutions, the basis of the EU approach to climate change is found in regulatory solutions. By imposing uniform and detailed directives within the EU, both the member states and the Commission overcame environmental dumping, the transaction costs associated with settling environmental issues (e.g., gathering information, bargaining) and the credibility problems attached to policing at the national level. Moreover, EU environmental policy was developed under the assumption that a heavy reliance on free-market solutions could misallocate natural resources and produce inadequate incentives to prevent environmental degradation (Golub 1998, 8). Within the context of avoiding market failures, EU environmental goals had been inspired by the need for prevention rather than cure, solving problems at the source and the polluters-pay principle. EU climate change policy was also based on an understanding that scientific uncertainties should not be interpreted as constraints on intervention and that industrialized countries had accumulated specific responsibility to reduce carbon emissions and should, therefore, bear the cost of stringent regulations.

The Commission, however, soon found it difficult to steer the interrelatedness of economic and climate change policies by traditional regulatory devices alone (Huber 1997, 144). The Directorate General (DG) II for Economic Analysis carried out the conceptualization of new instruments.⁵ Although most of its efforts were focused on tradable emission permits, after the EU’s Environmental Council decision to develop a Community tax to deal with carbon emissions, DG II began working on the proposal for a carbon tax.⁶ Given the need for unanimity on such fiscal measures, this proposal eventually failed due to opposition from member states concerned with

⁵ For example, see COM (88) 656, “The Greenhouse effect and the Commission”; or SEC (91) 1744 final, “Commission strategy to limit Carbon Dioxide emissions and to improve energy efficiency.”

⁶ COM (92) 226, “Proposal for a Council Directive introducing and tax on CO₂ emissions and Energy.”

the distributive inequalities that such a tax might produce (Damro et al. 2008, Wettestad 2005, Christiansen and Wettestad 2003).⁷

At the international level, the EU frequently expressed its lack of confidence in market-based mechanisms, especially the US's proposal for emissions trading. The Union was facing a clear disadvantage because it was unfamiliar with emissions trading and the means by which to pursue their implementation. In addition, the EU's heavy dependence on regulatory instruments imposed sunk costs on its climate change policies and helped to solidify Commission opposition to emissions trading. Moreover, the EU argued that the acceptance of emissions trading without binding quantified emissions limitations and reduction objectives would encourage the practical non-commitment of some developed countries. For example, the US could achieve its obligations through buying permits from other countries.

Despite these concerns and its initial preference for a regulatory approach, the EU ultimately moderated its position and accepted the proposal for emissions trading. Indeed, the EU's Fifth Environmental Action Programme had already recognized the limitations of a purely regulatory approach to tackle climate change and acknowledged the need for a broader range of instruments for emissions reductions to be effective. A number of factors may have helped to change the EU's position, including policy learning (Damro and Luaces Mendez 2003), shifting frames of debate (Cass 2005), Commission activity and institutional constraints (Wettestad 2005) and international regimes (Oberthür and Tänzler 2007). While it is unclear which factor was the most important for explaining the change, it seems clear that both domestic and international factors influenced the EU's acceptance of emissions trading.

The Kyoto Summit and US Reluctance

Before the COP-3 in Kyoto, the EU laid out its position on emissions reductions, calling for an ambitious reduction target of 15 percent below 1990 levels by the year 2010.⁸ In response, the US announced its less ambitious plan to reach 1990 levels by 2010 and obtain a further five percent reduction by 2015. After eleven

⁷ It is worth noting that after the failure of the carbon tax, the Commission still decided to encourage member states to establish national taxes on a product-by-product basis. See COM (96) 217, COM (97) 30.

⁸ European Commission, Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of Regions, 'Climate Change: the EU approach for Kyoto', Brussels, 1 October 1997, COM (97) 481 final.

days of negotiating at Kyoto, the parties compromised and adopted a set of legally binding greenhouse gas emissions targets: Annex-I countries would reduce emissions of six greenhouse gases from 1990 levels by at least five percent during the period 2008-2012 (Damro 2006, 186).⁹ Developing countries were temporarily excluded from the reductions largely based on the argument that they had not been responsible, as yet, for significant greenhouse gas emissions.

While the Kyoto Protocol was opened for signature on 16 March 1998, it only provided basic features and outlines of the agreed mechanisms and compliance system. The precise rules for how they would operate required further international negotiation under the UNFCCC. At the same time, internal political negotiations over the possible ratification of Kyoto began in the EU and US.

In the US, the ultimate fate of the Kyoto Protocol was foreshadowed by the 1997 Byrd-Hagel Resolution, which passed in the US Senate prior to the summit by an impressive margin of 95-0. While Byrd-Hagel was a non-binding resolution, it served as an important indication of the Senate's intent not to ratify any agreement at Kyoto that lacked commitments by developing countries to reduce greenhouse gases. Despite signing the Kyoto Protocol, the Clinton Administration did not submit it to the Senate because, without the participation of developing countries, the agreement stood little chance of achieving the two-thirds vote necessary for ratification. US Undersecretary of State Stuart Eizenstat admitted as much before the US Senate Foreign Relations Committee, when he simply stated "The Kyoto agreement does not meet our requirements for developing country participation" (1998, 5). In light of this obstacle, Eizenstat argued that the incorporation of developing countries into the protocol should be a goal for post-Kyoto negotiations.

By the end of the Clinton Administration, the fate of the Kyoto Protocol still remained in limbo in the US due to the Senate's open opposition to ratification. The US Environmental Protection Agency (EPA) summarized the status of the agreement at the end of the Clinton Administration: "Because of a Congressional prohibition, the U.S. Government has not undertaken any domestic regulatory actions to implement the Protocol, nor has it begun to prepare for its implementation. Meanwhile, the United States continues to participate in international negotiations on the details of the

⁹ The EU committed to the highest reduction target of eight percent. The US agreed to a seven percent reduction.

Kyoto mechanisms” (USEPA 2001). This limited engagement in negotiating the details of the Kyoto mechanisms would not last long.

EU Ratification and US Disengagement

The EU’s post-summit activities differ significantly from those of the US and clearly reflect the Commission’s newfound support for emissions trading. Just after the protocol was signed, the EU began generating numerous initiatives related to the implementation of its internal burden-sharing agreement and outlining the creation of an EU emissions trading scheme.¹⁰ This activity was based on the Commission’s understanding that “...the best preparation for the Community and its member states might be to develop their own emission trading experience”.¹¹

At COP-6 in The Hague in 2000, negotiations broke down largely over transatlantic disagreements over emission reduction targets.¹² In March 2001, the new George W. Bush Administration announced that it would not submit the protocol for ratification or develop strategies for meeting US obligations under Kyoto (Paterson 2009, 140). This new announcement of clear disengagement by the US further roiled transatlantic relations on climate change. The Bush Administration withdrew its support over concerns about the accuracy of scientific evidence supporting climate change, the strains that emissions reductions would put on the US economy and the fact that developing countries were not obligated to meet reductions targets. Rather than supporting the binding targets of the Kyoto Protocol, the Bush Administration argued for flexibility and investment in green technologies as the best approach to addressing climate change.

In July 2001, the COP-6 was reconvened in Bonn. During this meeting, negotiations between the US and EU collapsed over the appropriateness of land use, land use change and forestry activities as means to acquire credits in carbon emissions. Despite the transatlantic disagreement, the convention parties eventually adopted the Bonn Agreements and agreed to pursue the ratification of the protocol by 2002. Confirming its estrangement from the process, the US effectively pulled out of

¹⁰ For example, see COM (99) 230 final, COM (98) 353, COM (99) 676, COM (00) 87, COM (00) 88, COM (00) 576.

¹¹ EU Commission (1999), ‘Preparing for implementation of the Kyoto Protocol’. Commission communication to the Council and the Parliament. COM (99) 230 final, in www.europa.eu.int/comm/env.htm.

¹² For more on the negotiation failure at COP-6, see Grubb and Farhana (2001).

the Kyoto negotiations at this point and failed to contribute to continuing negotiations preparing for COP-7.¹³

At COP-7, held in Marrakech from 29 October to 9 November 2001, the parties adopted the Marrakech Accords, a comprehensive set of detailed rules for implementing the protocol. The COP-7 meeting marked a public turning point in the EU-US role reversal over their approaches to emissions trading and the climate change negotiations. While the US rejected the Kyoto Process, the EU reinforced its commitment to the negotiations by persuading enough countries to agree to terms and timetables for implementing emissions trading. In order to persuade other Annex-I countries to participate in the final stages, the EU conceded a number of requirements demanded by Australia, Canada, Japan and Russia, including issues upon which the Union had previously refused US demands (Hovi et al. 2003, 19).

The scene was now set for the EU to assume a leading role as the protocol entered the ratification phase. According to the Kyoto Protocol's ratification requirements, at least 55 parties to the Convention were needed to ratify the agreement for it to come into force. In addition, those 55 parties had to include enough Annex-I countries to account for at least 55 percent of total global greenhouse emissions from that same group of states in 1990. The EU decided it would set an example for other parties by heading for its own swift internal ratification (Hovi et al. 2003, 18). By setting an early example, the EU acted as a frontrunner, hoping to persuade enough followers to ratify for the agreement to come into force. In April 2002, the Council of Ministers approved the protocol on behalf of the Community.¹⁴ The member states were to coordinate their actions and deposit their instruments of ratification at the same time as the Union by 1 June 2002. The EU met its deadline and ratified the Kyoto Protocol on 31 May 2002.

Without ratification by the US—at the time, the world's largest emitter of greenhouse gases—the final fate of the protocol remained uncertain. To meet the thresholds required for the agreement to come into force, it soon became clear that Russia would play a pivotal role. By 2004, 124 countries had ratified the agreement, but they only represented 44 percent of global greenhouse gas emissions. If Russia,

¹³ Environment Watch (2001), "Operational Rulebook For Kyoto Protocol Agreed at Marrakech", *Environment Watch: Europe* 10, 22 (23 November): 1-2.

¹⁴ Council, 'Council Decision of 25 April 2002 concerning the approval, on the behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the joint fulfillment of commitments thereunder', 2002/358/EC, *Official Journal of the European Communities*, L 130/1-20.

representing 17.4 percent of greenhouse emissions, were to ratify the protocol, the thresholds would be met, and the agreement would come into force.

Following bilateral negotiations with the EU, Russia ratified the protocol on 18 November 2004, which put the number of parties (141) and the total emissions output they represented (61.6 percent) beyond the required thresholds (Damro 2006). On 16 February 2005, the Kyoto Protocol entered into force with the EU as a prominent advocate and the US as a notable absentee.

Since 2005, the UNFCCC has continued negotiations over a new international climate change regime to replace the Kyoto Protocol after its expiration in 2012. This preparatory work has commenced through subsequent COPs, including the COP-13 in Bali in 2007. The Bali negotiations launched an action plan that calls for a decision on long-term cooperation to be taken at COP-15, which is scheduled to be held in Copenhagen in December 2009. Throughout these subsequent negotiations, the US has remained disengaged and the transatlantic politics of climate change have lingered in a state of disrepair.¹⁵

III. Obstacles to Transatlantic Agreement

Given the various transatlantic differences that have arisen in the UNFCCC negotiations, this section considers the potential for future EU-US agreement in climate change relations. In particular, the following analysis centres on the obstacles that may prevent the emergence of a new transatlantic politics of climate change. These obstacles revolve around the domestic contexts in the EU and US and are complicated by the current international financial crisis as well as the role of the APP in international climate change negotiations.

US Domestic Context

A significant obstacle to change in climate policy within the domestic US context is the institutional features of its federal system.¹⁶ As noted above, opposition from the US Senate seriously weakened the ability of the US Administration to

¹⁵ It should be noted that transatlantic climate change politics have not been completely non-existent since 2001. Despite their disagreements, the EU and US have regularly engaged each other through the US-EU High Level Representatives on Climate Change (created in 2002 as a mechanism for dialogue) and G-8 Summits (Schunz 2009, 4).

¹⁶ Additional factors may influence the US position, such as shifts in ideas/ideology/discourse (Cass 2005) and domestic interest groups (Falkner 2005). Paterson (2009) also argues that the timing of US elections will be problematic for the future of post-Kyoto talks.

engage in the Kyoto Process. US engagement was weakened in equal if not greater measure by the arrival in 2001, of a Bush Administration that opposed the protocol. With the Bush Administration's departure, it seems reasonable to explore the potential role that can be played by the US Congress in relation to Obama's declared desire to re-engage with international climate change negotiations.

Even if the Obama Administration pushes for significant change in this policy area, it may be countered by opposition in the Congress, where legislation must obtain majority support in both the House of Representatives and Senate. This opposition can stall domestic policy as well as important foreign environmental policy initiatives designed to re-engage with international negotiations. As Falkner argues,

Congress's powerful position in US foreign environmental policy is based on its constitutional role in the policymaking process in three particularly sensitive areas: its authority to ratify international treaties; its budgetary and fiscal powers that affect proposals for environmental taxation, international environmental aid, and other environmental spending programs; and its general legislative role in establishing and reviewing environmental regulations. All three of these areas are critical to foreign environmental policy. They affect the ability of the United States to accede to agreements it has negotiated and signed; they determine the extent to which US environmental leadership is backed up by promises of international environmental aid; and they influence the ability of the United States to provide a model for policy innovation through effective domestic regulation (Falkner 2005, 594).

The US political system is also open to influence from various interest groups with competing interests regarding climate change policy. According to Grubb et al., "the Congressional system in particular is heavily influenced by the interests of coal-producing states and oil and electricity companies. Congress thus exercises a virtual stranglehold on what can be implemented" (1999, 32). While opposition to climate initiatives may be overcome in the new House of Representatives, significant policy shifts can easily be obstructed by minority interests in the Senate. In practice, forty senators can comprise a blocking minority through a procedural instrument known as a filibuster. Overcoming such a filibuster requires a three-fifths vote. At the time of this writing, it is unclear whether Senate Democrats will have a filibuster-proof majority throughout Obama's first term (due to a contested Minnesota seat). Even if they do, it is unclear that all Senate Democrats will support any given climate change legislation that might attract a filibuster.

If the Obama Administration is able to overcome congressional opposition to its climate change initiatives, to what extent can it expect Senate ratification of an international agreement resulting from future COPs? As noted above, treaty ratification requires two-thirds support in the Senate. Obtaining such a high level of support may be difficult for the Obama Administration due to the institutional features that shape US climate change negotiating delegations. As Sbragia with Damro argue, “In the United States those sections of the country which would be most affected by international agreements are not included in the original drafting of the executive’s negotiating position. There is no burden-sharing agreement negotiated within Congress prior to the negotiations and such agreements are very difficult to construct after the negotiations” (1999, 64). This feature contrasts directly with the EU’s system of representation in international negotiations, where the Council of Ministers—composed of representatives of each member state—draws up the Union’s negotiating position. By incorporating the interests of the individual member states *before* the negotiations, the EU increases the likelihood ratification of the resulting treaty.

The US system is decidedly less inclusive. The individual states of the US and their Senators have comparatively less access for inputting their interests into the Administration’s negotiating position.¹⁷ As a result, ratification can be a very difficult process because the international agreements brought home for senatorial approval have typically been negotiated by a federal executive dominated by national—as opposed to congressional/subnational—interests. While these national and congressional/subnational interests do not necessarily have to conflict, the significant changes promoted by the EU and embodied in the Kyoto Protocol suggest numerous competing interests will arise among the US states. This may especially be the case as individual states and regions within the US increasingly invested in their own unique climate change policies and initiatives during the Bush years (Chatrchyan and Doughman 2008). As international negotiations continue over the post-Kyoto agenda, the greater the difficulty faced by the Obama Administration in obtaining ratification, the less likely the possibility of renewing US leadership becomes. Without the credibility to ensure other negotiators that it will ratify international agreements reached, the US will find itself increasingly in the shadow of a committed and credible EU leader intent on shaping the climate change agenda.

¹⁷ Likewise, the US negotiating delegation is usually led the State Department (Bodansky 2003).

EU Domestic Context

The EU is indeed a credible and committed leader in international climate change negotiations. Since the early 1990s, it has increasingly established itself as a prominent actor, or leader, in the policy area (Damro et al. 2008, Oberthür and Roche Kelly 2008, Vogler and Hannes 2007, Vogler 2005). Coupled with international changes, the emergence of this credible leadership is largely due to advances in the EU's domestic climate policies. One of the most important domestic policy developments helping to reinforce the EU's leadership role is its Emissions Trading Scheme (ETS). While the ETS is not a direct obstacle to a new politics of transatlantic climate change relations, it and its attendant sunk costs do indicate that the EU is unlikely to change its position regarding emissions trading and the binding reduction targets agreed in the Kyoto Protocol.

The EU's internal ETS began operating in a pilot Phase on 1 January 2005. Following a market crash in April and May 2006, the EU remains committed to this flagship policy for combating climate change. The Commission continues to develop the scheme while insisting that member state governments reduce their national allocations and seeking an EU-wide emissions cap from 2013 onwards (Bailey 2007).

Despite the EU's commitment, it is worth noting that the ETS crash and ongoing internal negotiations over national allocations reveal potential implementation problems that could undermine the EU's credibility and its prospects for international leadership. Similarly, the strategy of linking the EU ETS to other national, regional and international emissions trading schemes (Oberthür 2006) will have to overcome a number of obstacles related to the technological compatibility, economic/financial viability and political feasibility of linking schemes (Damro and MacKenzie 2008).

At the same time that the EU pushes internationally for emission reduction targets, it must be conscious of the need to meet its own internal targets. Meeting these targets will require improved performance from all its member states. The EU's various climate policies and regulations are also likely to face pressure from labour and other societal groups, including a strong business lobby. New climate initiatives are expected to affect, to varying degrees, different energy-intensive industries, which may decide to raise their prices and/or cut jobs in the face of foreign competition that benefits from less stringent domestic regulations. Such developments could

undermine the efforts and political ability of EU member states to meet their own national targets.

Despite these numerous pressures on the EU and its climate change policies, the energy and resources the Union has already invested in the creation of its ETS suggest that it remains serious about shaping the future of emissions trading and linking its own domestic scheme internationally. Likewise, the EU is clearly committed to the binding targets of its ETS (and those agreed in the Kyoto Protocol) and looks ready to continue its international advocacy of emission reduction targets as the best approach to addressing the challenge of climate change.

International Complications

In addition to obstacles found in the domestic US and EU contexts, international factors complicate the possibility of a new transatlantic politics emerging in this policy area. While a multitude of potential obstacles and veto points arise in international climate change politics, two significant developments are worthy of brief mention here—the current global financial crisis and the Asia-Pacific Partnership on Clean Development and Climate (APP).

At the time of this writing, the full extent and duration of the global financial crisis is unclear. The impact of this situation on transatlantic climate change relations can therefore only be speculative at best. That said, it does appear that the current economic downturn will complicate efforts to cap emission reductions in the EU, US and elsewhere. Addressing climate change will require significant public and private investment at a time of weak economic performance. Given these conditions, it will be difficult to get countries to commit to binding emissions reductions, which are often seen as depressing carbon-based economic activity and leading to job cuts. These obstacles are already witnessed inside the EU, where it is increasingly difficult to get the twenty-seven member states to agree internally to emission cuts within the Union's regulatory framework (Mahony 2009). Questions are also increasing about specific funding commitments by developed countries to help developing countries produce clean energy and adapt to climate change. Without brighter economic growth prospects, such spending commitments are less likely to materialize despite ongoing international negotiations.

At the same time, the APP remains an active alternative to the binding reductions promoted by the EU.¹⁸ The APP was launched in January 2006 as a non-treaty agreement and currently includes the US, Australia, Canada, China, India, Japan, and the Republic of Korea. Its members account for about half of the world's population, economic output, greenhouse gas emissions and energy consumption. They also produce about 65 per cent of the world's coal, 48 per cent of the world's steel, 37 per cent of the world's aluminum, and 61 per cent of the world's cement (APP 2008). The APP's priorities focus on technology-based solutions and a determination that members should be allowed to set their own goals for reducing emissions individually, with no mandatory enforcement mechanisms. While the EU accepts technological solutions as additional measures to combat climate change, its insistence on binding enforcement mechanisms suggests that compromise with the APP will be difficult.

Given the importance of the APP's members as pivotal negotiators and significant emitters of greenhouse gases, an adjustment in their position on binding commitments will be a crucial test for the EU's leadership. The creation of the APP reflects the emergence of a dense pattern of global climate governance that may limit the ability of the EU to shape and negotiate the post-Kyoto agenda (Paterson 2009).¹⁹ While the US is an important member of the APP, a shift in its position alone may not be enough to pull along the other APP members, especially China, the world's current largest carbon emitter. Although such a shift by the US would signal a major development in transatlantic climate change politics, it would only be a half-measure in the more important game of multilateral climate change politics.

IV. Conclusions

After eight years of the Presidency of George W. Bush, many observers on both sides of the Atlantic have become hopeful for increased cooperation in transatlantic approaches to global climate change. But is the optimism and hope for a new and more cooperative transatlantic politics of climate change warranted?

¹⁸ <http://www.asiapacificpartnership.org/>.

¹⁹ Schunz (2009) categorises the negotiating groups with different interests as 1) the EU; 2) the Umbrella Group comprising the US, Australia, Canada, Iceland, Japan, New Zealand, Norway, Russia and Ukraine; and 3) the G-77/China, which includes 130 emerging and developing economies, led by China and India.

To begin answering this question, this paper has discussed the transatlantic disagreements over climate change policy within the UNFCCC negotiations. Central disagreements included the US's promotion of emissions trading and the EU's demand for binding emission reduction targets. During the 1990s, the EU moderated its position and compromised over the inclusion of emissions trading in the Kyoto Protocol. However, the transatlantic disagreement over binding emission reduction targets remains. For a new transatlantic politics of climate change to emerge, the EU and/or US will have to adjust their policy positions on binding targets.

The prospects of such an adjustment are reduced by a number of obstacles that revolve around the EU and US domestic contexts and are complicated by international factors. In the US, the Obama Administration may be constrained by the institutional obstacles inherent in its federal separation of powers system. A sceptical US Congress may reduce the likelihood of significant policy shifts in the US. Even if the Obama Administration can push climate change legislation through Congress, the Senate (which is not engaged in the actual negotiations) may undermine the US's bid for international credibility by opposing ratification of any agreements reached in the UNFCCC negotiations.

On the other side of the Atlantic, the EU's climate change policies face numerous pressures from its member states and domestic interest groups. Nevertheless, it is unlikely to adjust its position due to the sunk costs associated with and binding targets embedded in its own Emissions Trading Scheme. The EU will also be reluctant to change its position because it has committed itself to the UNFCCC negotiations and invested considerably in its role as an international leader in climate change policy. As the negotiations move forward, the EU is more likely than the US to engage internationally with a credible position and more likely to continue its efforts to shape the future of emissions trading by linking its own ETS with other trading schemes.

The domestic obstacles to a new transatlantic politics of climate change are further complicated by international factors. While it is difficult to speculate on the precise impact of the current global financial crisis and economic downturn, it seems clear that the initiation of new climate change policies will be more difficult and spending commitments to developing countries will be less likely. Likewise, without a significant compromise over emission reduction targets and renewed transatlantic commitment, the EU and US-led APP will remain at loggerheads, thus jeopardising

the post-Kyoto agenda. Even if the new Obama Administration is able to shift the US position, this may not be enough to pull along the other APP members.

As this paper has argued, the future of transatlantic and international climate change negotiations remains crucially dependent upon the link between bilateral and multilateral politics and policymaking. The next telling sign of transatlantic climate relations will be found in the US's approach to the forthcoming COP to be held in Copenhagen in December 2009. The extent to which the US re-engages with the UNFCCC negotiations will help to determine the 'newness' of the transatlantic politics of climate change and should help to clarify whether hope is warranted in the run-up to the Kyoto Protocol's expiration in 2012.

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