



## ATLANTIC MEMO #29

***Transatlantic Leadership by Example: Toward Inclusive Climate Change Policy***

The United States and the EU countries need to lead by example on climate change in order to re-establish moral authority. Environmental sustainability should be made part of the criteria for diplomatic relations. An online and democratic global patent pool will enhance technology transfers.

**INTRODUCTION**

One year ago, the world's expectations were crushed by the results of the UN Climate summit in Copenhagen (COP 15). As a result, not only has the attention for this year's COP 16 in Cancun dropped significantly, but the negotiators themselves did not expect any groundbreaking achievements. These developments point even more to the necessity for addressing systemic and policy matters that can overcome the deadlock and create the chance for concrete progress.

One barrier to success within the United Nations Framework Convention on Climate Change (UNFCCC), the primary forum to coordinate global action on climate change, is the traditional North-South divide. While a lack of transparency and good governance structures in developing countries raises concern in developed countries, conversely, developing countries criticize the strategies of the West. Issues raised include the ongoing unsustainable use of natural resources as well as the inability of Western governments to fulfill financial promises or their conduct of linking them to political support.

In order to overcome the most crucial political obstacles, this memo contains policy recommendations, which deal with the above-mentioned problems and address the relevant stakeholders in various sectors and at different levels within the European Union and the United States.

Re-establishing a responsible and strategic leadership-role, based on a common EU-US strategy and mutual understanding for each other's concerns and constraints, is key. Embracing the principle of "common but differentiated responsibilities" has to be a cornerstone that will enable both partners to lead by example in establishing moral authority. Consequently, both should not only focus on global, but also on domestic actions.

Accordingly, sustainability concerns have to be mainstreamed in all policy areas and renewable technologies, like solar, wind, and wave technology have to be applied within the EU and US. Moreover, focusing on smart grids and electricity storage solutions is key. To this end, economic incentives that support research and application of said technologies have to be implemented on various state levels.

In addition, to enhance not just climate change mitigation but also adaptation, as well as sustainable development, technology transfer is key. Including developing countries' experiences is crucial. This fosters universally beneficial and empowering knowledge-flows in all directions and on all levels. Those ends appear best served by a novel wiki-based global patent pool with innovative collaborative incentives and democratic governance.

Also, Western governments should introduce more stringent environmental compliance standards on transnational corporations and ensure equitable participation of developing, emerging and developed countries in the governance structure of the agreed upon Copenhagen Green Fund.

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## **POLICY RECOMMENDATIONS**

### **1. The European Union and the United States Need to Lead by Example**

#### **1.1. President Obama Should Focus on Achievable Initiatives in the US**

Given current Congressional opposition to any progressive national and international climate legislation, the Obama administration should focus on achievable goals such as the promotion of renewable energy, necessary infrastructure for smart grids and improved storage technology. Even Republicans could endorse this, if the economic benefits and increased energy security aspects are highlighted strongly enough.

Moreover, the administration should take a clear stance with regard to supporting the Energy Protection Agency (EPA) and defending the agency's powers in Congress. Another key component should be the reduction or elimination of state level subsidies for fossil fuel technologies. In addition, it is crucial that the administration backs progressive states that are ahead of national legislation such as California.

States, regions and cities that are willing to take progressive action should be encouraged to build alliances and forums for sharing knowledge both within the US and with external stakeholders. Existing regional climate initiatives should be linked together, and initiatives such as the German-US-Canadian Climate Bridge should be supported. Successes should then be highlighted by the Obama administration to showcase the benefits and change attitudes in Congress.

#### **1.2. The EU Has to Create a More Cohesive and Progressive Approach**

The EU should evaluate its own position within the international climate regime more self-critically and take a more coherent stand in international negotiations. To this end, the "basket approach" for sharing emission reductions, which was successfully put in place for the first commitment period of the Kyoto Protocol, should be revitalized.

In addition, better strategic coordination before and during negotiations is crucial. COP 15 in Copenhagen showed that despite common positions, different initiatives pursued by a number of EU member states created an image of disunity that heavily weakened the EU position.

Agreement must be reached on certain substantive issues where EU member states have diverging interests (disagreements of land use and forestry being one), in order to be able to speak with one voice in a credible manner.

Furthermore, the EU must intensify its leadership beyond the Clean Development Mechanism (CDM), which currently accounts for approximately 50 percent of its emission reductions to become more credible in its climate policy efforts. Equally, regarding efforts in the US, the EU should further promote energy efficiency and renewable energy on an even larger scale.

In order to enhance the application of renewable energy across the European Union, all member states must agree on a common market based on the necessary smart grid technology and an incentive scheme which ensures that sustainable technology is applied best where it is most efficient, for example, solar panels in southern parts, wind energy in coastal regions etc.

### **2. Commitment to Sustainability Should Shape Diplomatic Relations**

#### **2.1. International Treaties and UN Leadership**

The United States and the European Union should ensure that sustainability is taken into consideration in every international treaty. The United Nations Environmental Programme (UNEP) should be provided with the means and mandated to assess a treaty for environmental impact and provide a thorough analysis for the parties involved. Recommendations should then be made public on a dedicated UNEP website to put any defaulting parties under public pressure.

Sustainability and climate change (in-)action, relative to a country's capabilities, has to be made an explicit and consistent criterion in international diplomatic relations. To that end,

membership aspirations in international organs such as the Security Council, the Economic and Social Council and the Human Rights Council, should be supported by the US and EU based on a country's sustainability record and agenda.

Such a policy should strictly be applied to all countries regardless of strategic alliances. In addition, countries that fulfill or excel on sustainability criteria by exceeding emission targets should be granted further tangible benefits, like trade, aid, and defensive security assurance.

## **2.2. Adapting WTO Rules**

The transatlantic partners should lobby for amending the rules of the World Trade Organization (WTO) to explicitly account for climate change-related trade issues. In their current form, rules and precedence are not clear enough and require urgent action. Given the potential stakes, having a WTO Panel or the Appellate Body decide such issues as they arise undermines the acceptance of and thus, the stability of the entire international trade regime.

Climate change considerations should be part of a successful conclusion of the current Doha Round, for which the EU and US should make substantial compromises. If that remains impossible, a separate agreement has to be pursued, as time is essential.

## **2.3. Creating a Transatlantic Carbon Permit Trading Scheme**

The EU and US should lobby for an integrated, transatlantic carbon permit trading scheme, which is modeled after the SO<sub>2</sub> (sulfur dioxide) trading scheme, as implemented by the US, by taking worldwide experiences with existing schemes into account. This will help to avoid economic disadvantages between globally competing and open markets.

## **2.4. Including Bilateral Agreements with BRIC Countries into UN Framework**

The EU and US should actively work towards including all BRIC (Brazil, Russia, India, China) countries in negotiations that seek to incorporate existing and future bilateral accords into the UNFCCC process. To this end, the EU must emphasize the priority of the UN as the ultimate forum for climate negotiations as it is the only one capable of establishing legally binding commitments.

At the same time, the EU should not perceive bilateral negotiations between the US and China as a threat but should encourage this new partnership, while itself improving bilateral climate policy relations with these two partners.

## **3. Knowledge and Patent Pool to Increase Technology Transfer**

The EU and US should create and fund an open patent and general knowledge pool for sustainable technology, with additional funding coming from the Copenhagen Green Fund, and other public and private partners. Such a pool would buy existing or put up flexible tenders for new innovations, especially those that allow easy, cheap, and sustainable production, use, maintenance, and recycling/disposal.

All pool contributions should be made freely available globally, even for commercial use, under one condition: Either directly, or after a short period, any refinements and improvements based on them would have to re-enter the pool, and thus contribute to the ever accelerating technology cycle.

Pool policy decisions should initially be made by a steering board-like structure, where every member would have voting power according to their financial contributions. However, the pool should increasingly operate through a wiki- and social network-based system by which governments, firms, and individuals contribute technology and related knowledge, assess each other's contributions, and openly discuss all aspects of pool policy.

With growing general appreciation for action on climate change, the most active contributors would see their global reputation increase, which in such transparent circumstances would serve as an additional incentive for participation. This principle, when increasingly combined with constant grass-roots democratic technology rating and pool

governance, can also boost not just the usefulness of technology but also contributions by states, firms, and even individuals.

The pool is not meant to impede improvements on already existing technology transfer and global sustainability promotion mechanisms, such as those already put in place under the UNFCCC. In addition, both the EU and US should dramatically invest more funds in climate change-related capacity building in developing countries, for instance by increasing graduate scholarships for promising environmental governance leaders.

## **CONCLUSION**

Effective leadership is required by the United States and the European Union, but has to be earned and inclusive, not just claimed and defended. This needs to be done through considerable domestic action, a joint push for transparent international treaties and bodies that take sustainability criteria into account, and backed up by a genuinely democratic technology pool which will benefit all concerned. Actions on climate change now look likely to set the tone for this still young, truly global century.

**Atlantic-community.org's Policy Workshop Competition 2010, sponsored by the U.S. Mission to Germany, challenged students with an engaging question with not just transatlantic, but global significance: "How can Europe and the United States cooperate in creating incentives for action against climate change?"**

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