

## Why Did The Hague Climate Conference Fail?

The Sixth Conference of the Parties (COP-6) to the Climate Convention that took place in The Hague, from 13–25 November 2000, was without doubt the most important ‘climate’ event since the adoption of the Kyoto Protocol. The year 2000 also marked the tenth anniversary of the beginning of climate negotiations, which led to the establishment of the United Nations Framework Convention on Climate Change (UN/FCCC), adopted at the Rio Earth summit in 1992. Recognising that the FCCC represented a first, small step in achieving the ultimate objective of the Convention,<sup>1</sup> Parties decided to strengthen commitments, through the adoption of the 1997 Kyoto Protocol.<sup>2</sup>

The Kyoto Protocol is one of the most complicated environmental agreements ever adopted. It commits Annex I parties (developed countries and those with economies in transition) to reduce their aggregate emissions of a ‘basket’ of six greenhouse gases to at least five percent below 1990 levels during the 2008–2012 commitment period. In order to reach their commitments, parties to the Protocol may use sophisticated market-based instruments known as the ‘Kyoto mechanisms’. Such mechanisms include international emissions trading between developed countries, Joint Implementation, which allow emission savings or sink enhancement projects between Annex I Parties, and the Clean Development Mechanism (CDM), which encourages joint emissions reduction projects between developed and developing countries. Parties can also choose to apply land-use, land-use change and forestry (LULUCF) activities affecting carbon sinks toward their emission reduction commitments. Such activities are currently limited to afforestation, reforestation, and deforestation, though the Protocol’s Article 3.4 leaves a door open for the inclusion of other activities.

The Kyoto conference upgraded climate change to the arena of ‘high politics’ and was seen as a major success for international environmental co-operation, even though it left myriad matters unfinished and nearly broke down at some critical stages [*Oberthür and Ott, 1999*]. In November 1998, the Fourth Conference of Parties to the FCCC adopted the Buenos Aires Plan of Action, an ambitious work programme on some of the most pressing

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issues to be finalised by COP-6. There were very high expectations for this meeting, but parties failed dismally to reach an agreement on how to implement the Protocol. This profile article briefly describes what happened in The Hague and explores some of the possible reasons why it failed.

### Issues and Positions

There were many contentious issues on the table at COP-6. Amongst the most polemic were:

*Funding*, capacity building and technology transfer, usually treated under the theme of ‘developing country issues’, is of prime concern to the Group of 77 and China (G77/China), a UN developing country coalition formed in 1964. Since the dawn of the FCCC they have disliked the Global Environment Facility (GEF) as the holder of the financial instrument of the climate regime. Their argument is that the GEF, which is located in the World Bank, is too bureaucratic and does not provide for the needs and priorities of developing countries. They have always wanted an independent fund as a financial mechanism, and this has been a long North–South divide issue. At COP-6 the divide prevailed. Annex I countries ignored G77/China demands for most of the conference. It was only until a day before the expected end of the conference that the Umbrella Group<sup>3</sup> revealed a proposal that offered the creation of a new ‘window’ within the GEF, with additional funding that would reach a level of US\$1 billion in the first commitment period. The EU presented a counter proposal shortly after, neither of which were to the G77’s liking.

*Supplementarity*, was essentially an intra-Annex I issue. The EU came to The Hague arguing for strong domestic action, which for them meant a 50 per cent cap on the Kyoto mechanisms. The Umbrella Group, on the other hand, argued for no quantitative cap for the sake of economic efficiency. Together with sinks this proved to be the breaking point between the EU–US talks.

*Sinks*, proved to be one of the most contested issues at COP-6. It is very curious to observe how different delegates that negotiated the Kyoto Protocol came out with rather different perceptions of the meaning and usage of sinks. For the EU it meant limited sinks activities and no sinks in the CDM. The US argued that its acceptance of a -7 per cent target in Kyoto was conditional to full use of the Protocol’s sinks provisions, which according to US greenhouse gas inventory figures represent approximately half of US emissions.

Consequently, the US came to The Hague claiming that by managing existing forests properly it saves 300m tonnes of carbon a year. Neither the Umbrella Group nor the G77 were consistent with respect to this issue. Only Canada and Japan appeared to follow the US on sinks, whereas within G77 the Group of Latin American Countries were lobbying to get sinks into the CDM. Most of the media blamed the failure of The Hague on the EU–US dispute on sinks, but in fact it was the whole package that crumbled.

*Compliance*, also divided parties. The EU wanted a strong compliance system (independent and impartial with, for example, a mandatory Compliance Fund in case of non-compliance), whereas the Umbrella Group opted for a softer version. An extreme case was argued by Australia who wanted a non-binding compliance system! The composition of the board was also a contentious problem. Developing countries argued for equal regional representation, which Annex I countries were not willing to accept.

### **The Process, Pronk and the Final Showdown**

COP-6 promised to be a politically charged and complex meeting. As delegates arrived from all over the world, no one was sure of the outcome. More than 2,200 delegates from 181 states, almost 4,000 observers from non-governmental organisations (NGOs) and international organisations, and nearly 1000 media representatives<sup>4</sup> were crammed into a monolith-style Congress Centre.

The first week of COP-6 made slow progress on key issues. It was rather more of a technical week, where issues were broken into work sessions in order to forge consensus on a myriad of technical issues before the ministers took over the political segment during the second week. By mid-week, the US, Canada and Japan tabled a proposal for a phase-in of credits for forest carbon stock increases. Subsequently, the EU, supported by environmental groups, rejected the proposal on sinks on the grounds that it could undermine the environmental integrity of the Protocol. During the weekend thousands of citizens from all across Europe, including Jan Pronk, President of COP-6 and the Netherlands Environment Minister, gathered outside the convention centre to build a dike with 50,000 sandbags. The ministerial segment kicked off during the second week. A critical Jacques Chirac, President of France, managed to irritate US Republican Senators by reminding ministers that 'each American emits three times more greenhouse gases than a Frenchman'. By mid-second week the chief US negotiator, Frank Loy, had been pied on the face and other protests had taken place. Public anger was in the air at COP-6, and especially targeted

towards the US, which was perceived by NGOs in particular as the most influential negotiating 'laggard' on global climate change.

President Pronk used rather unusual methods to progress negotiations during the second week. He started by chairing an informal high-level plenary, with the purpose of undertaking negotiations at the ministerial level on what he saw as the 'crunch issues'. Later he suggested organising the work according to four 'boxes' – developing countries issues, mechanisms, LULUCF and compliance matters. Pronk chaired the informal high-level plenary sessions, and after hearing statements on the issues in each box, a smaller informal group, chaired by ministers, would be formed to thrash out the issues and strike the needed political bargains. When all four boxes became deadlocked Pronk produced what became known as the 'Pronk paper'. While no one was completely happy, it appeared that the Pronk Paper favoured Umbrella Group positions. EU delegates in particular were said to be disappointed with Pronk's suggested resolution on sinks and financing. Pronk noted that it was no longer possible to complete all the work. Instead, a political consensus might still be reached, he argued. He invited Parties to propose amendments to his 12 pages of bullet points. Taking into account that parties would need time to consult on the paper, he announced that informal consultations involving *only* high-level government officials would continue throughout Friday and into Saturday.

'Real negotiations' only started on Friday evening. Just as at Kyoto, the G77 was completely sidelined by the EU and US while they haggled over their final deal. As in the past, the UK took the role of mediator between the US and its European counterparts. Deputy Prime Minister John Prescott led a small number of European negotiators to reach a tentative deal through the night. Apparently the proposal had been hatched in a lengthy telephone discussion between President Clinton and Prime Minister Blair. Rumours have it that the deal would have allowed the US to claim 75 million tons of carbon from its own sinks, include no sinks in the CDM, no quantitative cap on mechanisms, and a compliance regime that would assess penalties requiring steeper emissions cuts in subsequent commitment periods if a country failed to meet its Kyoto targets. Some time before 6:00 a.m. on Saturday, the Prescott deal was presented to the rest of the EU member states, which after some hesitation declined the US offer. Prescott stormed out of the room saying he was 'gutted!' much to the delight of the media in search of some action. Apparently, Loy offered to cut its sinks credits even further, but by then it was too late. The talks were over.

### **Evaluation and Outlook**

There is no simple answer to account for the 'climatic collapse' at The Hague. While G77/China interests were utterly marginalised at COP-6, the collapse of the EU-US talks was due to these two blocks' inability to trade off their interests between environmental integrity and cost-effectiveness, coupled by too much brinkmanship on both sides. The overwhelming complexity of the climate regime and bad time management were major drawbacks at COP-6. Besides being highly complex and technical, some draft decisions were book-length (for example, mechanisms) and heavily bracketed, which made it utterly unworkable for ministers. Though an astute politician, Pronk might have been much too hopeful in thinking that ministers could deal with what he called the 'sea of brackets' within the four boxes framework. With only 24 hours before the initial deadline of the conference, the Pronk paper came out, bringing new text and new ideas to the table. Dropping previously negotiated text possibly caused re-polarisation when parties stepped back from their countries' position to analyse the document, which proved immensely counterproductive. 'Real negotiations' only started on Friday, which was too late to reach an agreement by Saturday. Pronk had a most challenging task as President of COP-6 to 'keep the family together' in the same boat. His entrepreneurial leadership proved important in terms of keeping the process running, but his apparent disregard for the bureaucrats' work, his overly optimistic faith in ministers, and his strategy switches may have also contributed to the failure.

In her final remark to the COP, French environment minister Voynet put her finger on the root of a much bigger problem that has recently become increasingly obvious, not just in climate politics, but on a growing portfolio of friction points from recent trade disputes (for example, banana wars, genetically modified foods) to nuclear missile defence systems. She said the breakdown of the climate talks reflected a significant cultural gap between the US and Europe in how they approach economic and social policies. Voynet said the US places much of its faith in free-market methods that in France would be deemed 'the law of the jungle.' In other words, we are facing a global governance crisis. In a post-Seattle world, it is all too easy to say that multilateral agreements don't work anymore. But an international climate change strategy, which in practice would have to borrow much of the elements in the Kyoto process, must work if the global threat of climate change is to begin being tackled. Borrowing Loy's final words at COP-6: 'the stakes are too high; the science too decisive; and our planet and children too precious'. Even though climate politics has almost become a day-to-day issue after The Hague, the Bush Administration's rejection of the Protocol has launched doubts over the success of the

resumed COP-6. European leadership is urgently needed if the Kyoto regime is to pass its first major test.

SURAJE DESSAI

*School of Environmental Sciences, University of East Anglia &  
EURONATURA, Centre for Environmental Law and Sustainable  
Development, Portugal*

#### NOTES

1. 'Achieve stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system' (Article 2).
2. See Newell [1998] or for a more in-depth analysis, Oberthür and Ott [1999].
3. The Umbrella Group is an informal coalition that emerged after Kyoto and which includes the US, Japan, Canada, Australia, New Zealand, Norway, Russia and Ukraine.
4. FCCC/CP/2000/INF.2, 24 Nov. 2000.

#### REFERENCES

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