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towards a 'building blocks' approach

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How should governments respond to the apparent failure of the 2009 Copenhagen conference on climate change? Initial reactions by diplomats and observers were dominated by profound disappointment, even despair, at the inadequate outcome of the two-week long negotiations. For many, the Copenhagen Accord represents what is wrong with international climate diplomacy: cobbled together by some of the most obstinate powers in climate politics, the three-page document represents little more than the lowest common denominator. In the face of a growing sense of the urgent need to act against global warming, it eschews tough and legally binding commitments on mitigation; and despite the worldwide recognition that developing countries will suffer most from climate change, the promises for funding of adaptation measures remain vague. Many more NGOs, business leaders and others engaged in climate efforts are now looking for alternative governance arrangements outside the seemingly deadlocked diplomatic route.

Once the dust had settled, however, the tone of the debate started to change. Analysts began to note quiet relief among negotiators that Copenhagen did not cause the international process to collapse altogether. Indeed, the three-page Copenhagen Accord, however perfunctory its contents, accepted the need to hold mean temperature increases below 2°C and explicitly endorsed the dual-track climate negotiations under the UN Framework Convention on Climate Change (UNFCCC). It contains in its Annexes the first (non-binding) pledgesbyall major economies to rein in emissions, including from non-Annex I countries. Furthermore, the Accord establishes the principles for a system of international monitoring, reporting and verification and paves the way for an increase in future funding for developing countries. After a brief period of stock taking and mutual recrimination, negotiators quickly regrouped and set about preparing for the next Conference of the Parties (COP-16), to be held in Cancun, Mexico, from 29 November to 10 December 2010. It seems as if climate diplomacy is back on track, even if Copenhagen has lowered expectations.

What can be hoped for in the future international process? What should be the strategy of those wishing to strengthen international climate policy? Many, if not all, countries in Europe and the developing world remain committed to negotiating a global climate deal. They believe that only a universal and comprehensive treaty with firm commitments for emission reductions stands a chance of averting the threat posed by global warming. Other countries, including major emitters such as the

United States, remain wary of this approach. They either hold that reaching an agreement on a global treaty is unrealistic or would not wish to be legally bound by such a treaty in any case. Either way, they prefer to build elements of global climate policy from the bottom up, by taking action at the domestic level. Major emerging economies such as China have similar concerns about sovereignty, but join the G-77 bloc of developing countries in demanding a legally binding framework for mitigation by industrialised nations. Little has thus changed in the way in which the major players in climate politics define their interests.

In the light of these conflicting positions, this article reviews the options for future international climate policy. It argues that a major reassessment of the current approach to building a climate regime is required. This approach, which we refer to as the 'global deal' strategy, is predicated on the idea of negotiating a comprehensive, universal and legally binding treaty that prescribes, in a top-down fashion, generally applicable policies based on previously agreed principles. From a review of the history of the 'global deal 'strategy from Rio (1992) to Kyoto (1997) and beyond we conclude that this approach has been producing diminishing returns for some time, and that it is time to consider an alternative path – if not goal – for climate policy. The alternative that, in our view, is most likely to move the world closer towards a working international climate regime is a 'building blocks' approach, which develops different elements of climate governance in an incremental fashion and embeds them in an international political framework.

This alternative, as we argue below, is already emergent in international politics. The goal of a full treaty has been abandoned for the next climate conference in Mexico, which is instead aiming at a number of partial agreements (on finance, forestry, technology transfer, adaptation) under the UNFCCC umbrella. For this to produce results, a more strategic approach is needed to ensure that - over time - such partial elements add up to an ambitious and internationally coordinated climate policy, which does not drive down the level of aspiration and commitment.

1. The rise (and decline) of the 'global deal' strategy

From an early stage, international climate diplomacy has been focused on the creation of a comprehensive treaty with binding commitments on mitigation and adaptation funding. This global deal strategy contains five key elements:

- it prescribes, in a top down way, generally applicable policies that are based on commonly understood principles;

- it strives to develop targets and instruments of climate governance (regarding mitigation measures, carbon sinks, adaptation efforts) in a comprehensive manner;

- it is intended to be universal in its application, applying to all countries according to agreed principles of burden-sharing;

- it is universal in its negotiation and decision-making process, being based on the primacy of the UN framework; and

- it seeks to establish legally binding international obligations.

This approach builds on an established model of environmental regime-building. Since the 1970s, global environmental issues have been dealt with in a compartmentalised way by negotiating issue-specific treaties and building institutions around them (Susskind 1994). This model has proved highly successful in creating a growing web of treaty obligations and institutional mechanisms for addressing transnational forms of pollution, from marine pollution to transboundary air pollution and trade in endangered species. Over the last four decades, the number of multilateral environmental treaties has grown steadily, climbing to well over 500 today.[1]

The international regime to combat the depletion of the ozone layer is widely regarded as the most successful example of a global deal strategy (Parson 2003). The 1985 Vienna Convention created a framework for international cooperation on information exchange, research and monitoring and established the norm of ozone layer protection. The 1987 Montreal Protocol then set a specific target for reducing emissions of ozone-depleting chemicals (50 percent by 1999). The Multilateral Ozone Fund, which was created in 1990 to support implementation in developing countries, received pledges totalling US$ 2.55 billion over the period from 1991 to 2009. Subsequent revisions of the Montreal Protocol succeeded in bringing forward the emission reduction schedule, with nearly all production and use of ozone depleting substances ceasing in most industrialised countries by the late 1990s.

Given its success, it should not come as a surprise that the ozone regime served as the main model for climate diplomacy. To be sure, climate change was

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[1] Definitions of what counts as a multilateral environmental treaty vary, and by some measures this number has risen to well over 1000. See the International Environmental Agreements Database Project, at http://iea.uoregon.edu.

widely recognised to pose a more complex and costlier challenge than ozone depletion, and early on there was some debate about a universal versus regional or sectoral approaches (Nitze 1990). But by disaggregating the problem and applying the convention-plus-protocol approach, negotiators hoped to repeat the success of the experience with the ozone regime (Sebenius 1994, 283).

Initially, the strategy seemed to pay off. The UN Framework Convention was successfully negotiated in the run-up to the 1992 UN Conference on Environment and Development in Rio de Janeiro (Mintzer and Leonard 1994). Largely due to US resistance, the Convention did not include binding commitments to emissions reductions. It did, however, establish the norm of global climate stabilization and the principle of 'common but differentiated responsibilities', which have underpinned international climate politics ever since. Moreover, it achieved near universal support, with all major industrialised and developing countries ratifying it in subsequent years. In many ways, the UNFCCC resembles the Vienna Convention on ozone layer depletion, in that it inscribed a normative commitment into a legal agreement and paved the way for the negotiation of a more specific protocol with binding commitments. The latter was achieved in 1997 with the signing of the Kyoto Protocol, which included differentiated commitments by industrialised countries to reduce their greenhouse gas emissions by, on average, 5 percent with 1990 as the base year.

The detailed construction of a climate regime was to prove much more difficult and the Kyoto Protocol only entered into force in February 2005, after a prolonged struggle to muster a sufficient number of ratifications. The Kyoto Protocol was also more limited in its scope compared to the Montreal Protocol and its subsequent revisions. Commitments to reduce greenhouse gas emissions were of only limited environmental impact and did not extend to developing countries; and, critically, the United States failed to ratify the climate deal, thereby undermining the long-term effectiveness and future of the Protocol. Of course, the 1987 Montreal Protocol on its own would not have sufficed to deal with ozone layer depletion. Only subsequent treaty revisions brought the production and use of ozone-depleting substances to a near halt in the late 1990s. In this sense, the Kyoto Protocol served a similar purpose as a staging post on the road towards a more inclusive and demanding climate regime. If its mitigation schedule could be strengthened and extended to those emerging emitters that were not bound by the original emission reduction targets, then Kyoto would make a meaningful contribution to the long-term goal of climate

stabilisation. But what if the goal of agreeing a successor agreement to Kyoto turned out to be elusive?

The benefits of the global deal strategy

Before we turn to the tortuous history of post-Kyoto international climate negotiations, it is worth reviewing briefly the reasons why the 'global deal' strategy has been dominant in international environmental politics. There are at least four reasons why it remains central to many countries' international climate policy today.

First, a treaty that contains firm and measurable commitments that are legally binding is likely to be more effective in securing lasting emission reductions than a system of voluntary pledges. In economic analyses of climate stability as a public good such international commitments are seen as essential if the collective action problem of 'free riding' is to be overcome (Stern 2007, chapter 21). Even if international law cannot override the sovereign right of nations, the ongoing legalisation of international relations has greatly strengthened domestic compliance with international obligations. Of course, treaties cannot guarantee that states will act on their commitments. But they can create an environment in which reporting and review mechanisms enhance transparency and trust, and where the creation of compliance and enforcement mechanisms can increase the incentives for states to comply with their international obligations. The growth of international environmental law thus reflects a more profound normative change to international society, one that is "part of a broader shift in international legal understandings of sovereignty: away from an emphasis on the rights of states and towards a far greater stress on both duties and common interests" (Hurrell 2007, 225).

Second, multilateral environmental policy focused on creating comprehensive regimes has contributed to the growth of important institutions that support global environmental governance. The institutions range from systems of generating, assessing and disseminating scientific information to national reporting instruments and mechanisms for capacity building and financial aid. Where they are based on legal commitments and universal application, such institutions not only support the objectives of specific environmental treaties but become an important feature of overall environmental governance. They foster learning effects among states, with

regard to the understanding of global environmental problems and the choice of effective policy instruments (Haas, Keohane and Levy 1993; Vogler 2005).

Third, the firm commitments that states enter into as part of a legally binding global deal send strong signals to private actors in the global economy enabling them to reduce transaction costs. In contrast to voluntary pledges in a highly fragmented global governance system, a comprehensive treaty-based regime increases the credibility of public undertakings to reduce pollution. This in turn can stimulate a more determined effort by the private sector to deal proactively with environmental problems early on. Such signalling is particularly important for long-term investment decisions by the corporate sector in environmentally friendly technologies and processes (Engau and Hoffmann 2009).

Fourth, even if international agreement on a global deal remains elusive, the continuous push for such an outcome helps to maintain political momentum in international negotiations. Environmental leaders routinely put ambitious targets and timeframes on the international agenda to set a high level of expectations and mobilise support for international solutions. The very fact of an ongoing negotiation process creates its own dynamics and can contribute to a more collaborative spirit among participants. As Depledge and Yamin point out, "[t]he negotiating environment of a regime enmeshes delegations in a dense web of meetings, practices, processes, and rules, generating an inherent motivation among negotiators to advance the issue" (2009, 439). This logic of institutional bargaining is evident in the two decades-long history of climate negotiations. At various points, negotiators were able to renew momentum for an international climate deal despite setbacks such as the US withdrawal from the Kyoto Protocol in 2001.

In some sense, therefore, Copenhagen can be seen to represent just another hold-up on the long road towards the final goal, a comprehensive international treaty on climate mitigation and adaptation. But as we argue in this article, the Copenhagen conference revealed not only the lack of willingness among key actors to commit to a legally binding climate treaty; it also demonstrated that the 'global deal' strategy may have passed the point of diminishing returns. How has it come to this?

From Kyoto to Copenhagen: a road to nowhere?

The Kyoto Protocol epitomises both the success of the global deal strategy and its shortcomings. On the one hand, it was the first climate agreement that laid down quantitative targets for emissions reductions. These are to be achieved over the first commitment period of 2008-2012, by which time a new and more comprehensive treaty is meant to succeed Kyoto. The Kyoto Protocol introduced innovative instruments for achieving its overall target in a cost-effective manner, such as the flexibility of a five-year commitment period based on a mixed basket of six greenhouse gases, emissions trading, the Clean Development Mechanism and Joint Implementation. The Kyoto Protocol thus scores highly in terms of some of its political achievements. The very fact that it was adopted in the face of strong resistance from powerful states and influential business interests is in itself a sign of the success of the 'global deal' strategy.

On the other hand, in order for Kyoto Protocol to be adopted, a number of compromises had to be built into the agreement that severely curtailed its environmental effectiveness (Victor 2001; Helm 2009). First, Kyoto exempted all developing countries from mandatory emission reduction targets. This, of course, reflected the UNFCCC's principle of 'common but differentiated responsibilities and respective capabilities'. But by creating a sharp dividing line between Annex I countries and non-Annex I countries, the question of how to include the rapidly emerging emitters from the developing world in future mitigation efforts was left unresolved. It was to resurface as a critical stumbling bloc in the run-up to the 2009 Copenhagen conference.

Second, and related to the first point, the United States never ratified the Protocol, not least due to the US Senate's insistence that emerging economies also undertake mandatory emission reductions. America's 2001 denunciation of its signature of the Protocol dealt it a critical, if not fatal, blow. It removed the then largest greenhouse gas emitter from the regime's core mitigation effort, thus reducing its environmental impact even further; it placed an even heavier political and economic burden on the other industrialised countries that sought to make the agreement work without US participation; and it cast a shadow over any future effort to negotiate a post-Kyoto climate treaty. Re-engaging the US thus became an imperative for reviving the global deal strategy.

Third, the Kyoto Protocol suffered from several shortcomings in its regime design, including the short-term nature of its emission targets, the ability of countries

to withdraw from the agreement and a weak compliance mechanism. These design faults reduced the incentives of Annex I countries to invest in mitigation efforts and undermined the willingness of non-Annex I countries to join the agreement at some future point. As Barrett argues, Kyoto "doesn't provide a structure for both broadening and deepening cooperation over time" (2003, 374).

Despite these shortcomings, the European Union and other proactive players in climate politics have pressed on with implementing the agreement after its entry into force. In 2005, the EU created the world's first regional emissions trading system to help its member states meet the Kyoto targets. It also invested considerable political energy into the international process in an effort to secure a post-Kyoto global deal (Vogler and Bretherton 2006). Europe's persistence in pursuing this objective played a key role in the adoption in 2007 of the Bali Road Map, which laid the foundations for the negotiation of a successor agreement to the Kyoto Protocol (Clémençon 2008). The Copenhagen conference in December 2009 was meant to deliver the political compromise for a new international climate regime that would include commitments by all major emitters. Yet, despite the apparent success of the global deal strategy in sustaining political momentum, the conference failed to deliver the desired result.

Copenhagen not only disappointed those hoping for a diplomatic breakthrough; it also laid bare the deep fissures in climate politics that make a global deal ever less likely. The parties to the UN framework convention engaged in tough bargaining over nearly every aspect of the proposed rules for mitigating climate change. Rather than promote a global solution in the interest of climate protection, the major powers focused narrowly on securing their own national interest and avoiding costly commitments to emission reductions or long-term funding for adaptation. Whether Copenhagen signalled the transformation of climate politics into plain *realpolitik* will be debated for years to come (see Bodansky 2010; Hamilton 2009). What is important for our context is that the UN conference brought into sharper focus the underlying shifts that have occurred in climate politics and that, in our view, signal the end of the global deal strategy.

2. The growing obstacles to a global climate deal

It is a truism in international relations that long-term international environmental cooperation needs willing partners. Force and coercion are widely regarded as weak if not irrelevant instruments for promoting cooperative behaviour by states (Young 1994, 136; Falkner 2005), even if economic clout can in some cases be used to threaten sanctions against or offer inducements to reluctant players (DeSombre 2001). The lack of political will among major emitters must therefore count as one of the key obstacles to reaching a global climate deal. Of course, this is not a new phenomenon and has plagued international climate politics ever since the UNFCCC was adopted in 1992. But against the background of a recent surge in worldwide support for climate action, the continued reluctance of major players to move beyond informal pledges and voluntary measures has become *the* major hurdle on the way to a global deal.

There are several reasons why it has proved so difficult to overcome this obstacle. The first is that some major emitters lack the necessary domestic support or have yet to create domestic policies as the basis for meaningful international commitments. Indeed, of the five leading emitters that account for two thirds of global CO_2 gas emissions – China, the United States, the European Union, Russia and India – only the EU has offered strong support for a binding climate treaty and has backed this up with domestic legislation. Collectively, these five major players hold the key to success in international climate politics. If all or some of these five emitters refuse to commit to international emission reductions, the chances of reaching a comprehensive and meaningful global deal are low.

Out of those five, the US has been, and remains, the pivotal player. The US has contributed most to global warming in cumulative terms, if all historical emissions are taken into account. As the world's pre-eminent state, leading economy and unrivalled military power, it bears a special responsibility for the state of international climate policy. To date, the US has repeatedly held back international efforts, despite agreeing to the UNFCCC (which it ratified) and the Kyoto Protocol (which it failed to ratify). For much of the last fifteen years, and especially under the presidency of George W. Bush, the US has dragged its feet in negotiations and rejected any mandatory emission reductions.

The US may have re-engaged in climate diplomacy under President Obama, but lack of domestic support for an international treaty continues to hold back a more proactive international role (Falkner 2010). Recent attempts to steer a domestic climate bill through a Democrat-controlled Congress have faltered, and the chances of

a federal cap-and-trade system being introduced in the near future are rapidly diminishing as the political pendulum swings back towards the Republicans. More importantly for a 'global deal' strategy, the US Senate has repeatedly stipulated that emerging economies must shoulder comparable commitments to mitigate their rising emissions if the US was to ratify a future climate treaty. Having rejected the Kyoto Protocol and avoided domestic measures to limit emissions in the past, the US now faces even tougher domestic adjustment costs should it ever wish to accede to a binding international climate regime.

While the US makes its own willingness to consider an international climate deal dependent on commitments by major emerging economies, China itself remains steadfastly opposed to a mandatory mitigation regime unless the US takes a lead in controlling emissions. Just like other emerging economies and developing countries, China insists that industrialised countries bear a greater historical responsibility for global warming and that poorer countries need to catch up economically before a heavy mitigation burden is placed on their shoulders. The two largest emitters are thus locked into a 'game of chicken', in which neither side is willing to make the first significant concession.[2] For other countries, the US-Chinese relationship creates a profound political conundrum: unable to change the US or Chinese position, the push for a global deal is likely to fall at the first hurdle.

Of course, the US and China are not the only veto players. Russia, which helped the Kyoto Protocol to enter into force by ratifying it in 2004, has since kept a low profile in climate politics, playing only a marginal role at Copenhagen. India, on the other hand, has taken on an increasingly assertive role in international talks. Traditionally sceptical of demands for developing countries to contribute to the mitigation effort, it has put forward a robust defence of the Kyoto Protocol's sharp distinction between Annex I countries and non-Annex I countries. In the run-up to Copenhagen, the Indian leadership repeatedly stressed that it was unwilling to accept binding mitigation targets, echoing G77 statements against the injustice of shifting the climate mitigation burden to poorer nations. Both India and China are cognisant of the increasing attention that will be paid to their expanding carbon footprint as their economies continue on their current growth path. But they fear that they cannot achieve their long-term development objectives if they take on binding mitigation

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[2] For an early depiction of the US-Chinese relationship in climate politics as a game of chicken, see Ward 1993.

targets as part of an international agreement. Even weak intensity targets and national policy approaches are viewed with suspicion in case they lead down a slippery slope towards firm reduction targets.

Structural shifts in the international political economy have, if anything, complicated the search for a global deal by strengthening the veto power of certain laggard countries. Whereas during the 1990s, the gap between European and American climate policy defined the main fault line in climate politics, more recently the divisions between developed and emerging economies have moved centre stage. This shift manifests itself in climate politics in two principal ways: in the growing share of emerging economies in worldwide emissions; and in the demands that these countries are making for enhanced representation and influence within the established framework of international cooperation.

The changing distribution of global emissions is rooted in the shift in economic activity and power to emerging economies, particularly in Asia. In 2007, China surpassed the United States as the world's largest CO_2 gas emitter.[3] The country's contribution to the global enhanced greenhouse effect is difficult to measure precisely, but all estimates point in the same direction, namely dramatically rising energy consumption and emission levels for the next few decades. Business-as-usual forecasts suggest that the country's energy-related CO_2 emissions alone will make up more than a quarter of worldwide emissions by 2030. The US Energy Information Administration (EIA) estimates that China's energy-related CO_2 emissions will rise from 2.24 gigatonnes (Gt) in 1990 to 5.32 Gt in 2005 and 12.01 Gt in 2030. World emissions are estimated to climb to 42.3 Gt in 2030.[4] Overall, non-Annex I countries have increased their share of global emissions from 33.1 percent in 1990 to 48.3 percent in 2006. Their share is expected to rise to 58.5 percent by 2025.[5]

Against the background of a global economic transformation, the United States and China increasingly view world politics through the lens of their bilateral relationship. As the two largest emitters worldwide, with a combined share of global

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[3] The Netherlands Environmental Assessment Agency was the first in 2007 to put China in first position among global emitters. See Leggett et al. (2008) for a discussion of the remaining uncertainties in the emissions data.
[4] EIA/IEO emission profiles, June 2008, Washington, DC, available at: http://www.eia.doe.gov/
[5] Based on data by World Resources Institute:
http://www.earthtrendsdelivered.org/taxonomy/term/64?page=1

greenhouse gas emissions of 41.8 percent in 2006,[6] the two countries are fully aware of their central role in determining the future of climate policy. A *de facto* G2 formation between the US and China, which has already emerged in other areas of global economic relations such as finance, is beginning to play a more important role in climate politics as well (Garrett 2010, 29). Moreover, with other emerging economies flexing their muscles and asserting their national interests, the dynamics of climate negotiations have begun to change. The emergence of the BASIC group in climate negotiations – assembling Brazil, South Africa, India, and China - is the clearest sign yet of how global economic change has been translated into a new international political structure.

One of the first casualties of this alteration was the European Union's ambition to play a leadership role. As is widely recognized, the Kyoto Protocol would not have come into force had the EU not provided leadership in the 1997 negotiations and in the struggle to secure its entry into force in 2005. Europe's emissions trading system provides a model for international emissions trading under the climate treaty and remains the world's pre-eminent experiment in reducing greenhouse gas emissions through a flexible market-based instrument. The EU expected to play a leading role again in Copenhagen, having committed to comparatively demanding emission reduction targets and offered substantial financial aid to developing countries. By leading the debate on international climate policy and pioneering innovative mechanisms, the EU hoped to encourage tangible concessions by other players.

Yet, as soon as the gavel came down at the closing COP-15 plenary in the early afternoon of Saturday 19th December, the realization sank in among European negotiators that the EU had not played a leading role in the final phase of the Copenhagen conference. While a 'Friends of the Chair' grouping of 27 countries, including the EU and its most important member states, was drafting the Copenhagen Accord, it was the US president who brokered the final compromise with the BASIC countries in a separate meeting without European input. Having argued for a comprehensive deal in the run-up to the conference, European leaders were left with little choice but to endorse the watered-down version of the Accord.

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[6] Authors' calculation, based on Millennium Development Goals' Indicators, at:
http://mdgs.un.org/unsd/mdg/SeriesDetail.aspx?srid=749&crid=.

The final stage of the Copenhagen conference also brought to light the shortcomings of the UN negotiation framework. Two years had been spent in preparing for the conference, a process that had started with the adoption of the Bali Road Map in 2007. At COP-15, negotiators from over 190 countries spent a further intensive two weeks negotiating (unsuccessfully) over heavily bracketed texts, only to see a smaller group of heads of government take over and draft a compromise agreement that was not based on the official negotiation texts prepared in the preceding COP working groups. In the end, the COP plenary, the official UN forum with decision-making authority, failed to adopt the leaders' Copenhagen Accord. It merely took note of it.

The negotiations at Copenhagen were painstakingly slow and cumbersome, complicated not least by the need to agree a package deal that includes *all* elements of the climate regime (emission reductions, timetables, financing, etc.) and that is acceptable to *all* countries. As the UN Climate Convention approaches universal acceptance with a total of 194 ratifications as of 2010, it may produce a high degree of participation and legitimacy but ends up delivering a diminishing rate of return in terms of effective bargaining.

A growing number of observers now argue that UN-style decision-making based on the consensus principle has become an impediment to a post-Kyoto climate regime (Hamilton 2009). This was evident not least in the closing days and hours of the Copenhagen conference when heads of government wrestled the initiative from their official negotiators and created a more fluid yet manageable framework for striking bargains. The use of smaller and more exclusive negotiation groups is a common feature of international environmental negotiations. But as was to be expected, the Copenhagen Accord was criticized by some parties for its lack of ambition and legitimacy. It remains to be seen whether the new bargaining structure that emerged in the final two days of the climate summit remains a one-off event or points to the arrival of a new form of multi-track diplomacy in climate politics.

3. The transition towards a 'building blocks' approach

If, as we argue in this paper, a 'global deal' strategy yields rapidly diminishing returns in the post-Copenhagen era, then the question arises as to the alternatives that are available to climate negotiators. There is no shortage of proposals on how to advance

the goal of climate protection, and the academic and policy debate has produced dozens of more of less specific models for international climate policy (for an overview, see Aldy and Stavins 2010; Biermann et al 2009; Kuik et al. 2008). This is not the place to review this debate or assess specific proposals. Instead, we take a wider perspective and propose a shift in thinking on how to construct the global climate governance architecture. Our argument is that construction by 'building blocks' provides a more realistic approach to creating a workable global climate regime, even though it is not without its own risks and shortfalls. Some characteristics are shared by both the 'global deal' and 'building blocks' approaches, not least the objective of creating a strong international framework for climate action; but they also differ in important ways, primarily on the question of how to achieve this goal.

Fundamental to a building blocks approach is the recognition that, given prevailing interests and power structures, a functioning framework for climate governance is unlikely to be constructed all at once, in a top-down fashion. The approach reinterprets international climate politics as an ongoing political process that seeks to create trust between nations and build climate governance step-by-step out of several regime elements. Although dispensing with the idea of creating a comprehensive, legally binding, treaty up front, it remains committed to building an overall international framework for climate action. It is thus closer to the 'global deal' strategy than a thoroughly 'bottom-up' model of climate governance which relies solely on decentralised national and sub-national climate measures. In other words, a building blocks approach combines the long-term objective of a global climate architecture with a dose of political realism in the process of creating this architecture.

A number of variants of this strategy have been developed in recent years. One such version seeks to advance climate stability by disaggregating global climate governance into component parts that can be developed in a more flexible manner, involving different sets of negotiations based on varying political geometries and regime types. Heller (2008), for example, proposes the 'pillarisation' of climate policy as a way of developing parallel agreements on specific, functionally defined, issues. Rather than wait for a single agreement to cover all governance mechanisms, individual agreements are developed on matters such as technology innovation and diffusion, adaptation funding, deforestation, and sectoral approaches for industrial sectors.

To some extent, pillarisation overlaps with what advocates of a bottom-up model of climate governance propose (Hulme 2010; Prins et al. 2010). Critics of the UN process imagine these elements of global climate governance as self-standing, de-centralised initiatives. Instead of investing political energies in a drawn-out and cumbersome international negotiation process, countries focus on what can be done here and now, at the national level. Rather than forcing economic change towards a low-carbon future through top-down regulation, they seek to bring about such change through promoting energy efficiency, introducing alternative energy sources and inducing technological breakthroughs throughout the economy (Nordhaus and Schellenberger 2010). The 2005 Asia-Pacific Partnership on Clean Development and Climate is one such example of a coalition of countries that engages in a range of bottom-up initiatives loosely grouped around the themes of energy security, air pollution reduction and climate change.

Yet, by abandoning all efforts to create an international climate regime, the bottom up approach removes a major stimulus for developing more ambitious domestic policies, thus solidifying the lowest common denominator. It turns climate change from a political into a technological challenge and eschews the difficult distributive conflicts that are central to international climate politics. A building blocks approach would recognise that domestic policies need to be embedded in a broader international effort, within the UNFCCC or through an affiliated negotiating process.

In fact, this dual approach of advancing domestic and international policies is already evident in the pre- and post-Copenhagen process. Significant advances were made at Copenhagen in most of the areas listed above and some of them may be ready for official agreement in Cancun in December 2010. For instance, with regard to the planned instrument for avoiding deforestation (UN-REDD), the 'Paris-Oslo' process has brought together around 60 industrialized and developing countries to drive the implementation of comparable REDD+ measures over the next three years. Its financial clout ($6 billion pledged so far) and the experiences gained from project design and management will undoubtedly speed up the forest-related negotiations under the UNFCCC.

Besides advancing such 'functional' issue-areas – including deforestation, adaptation, and technology transfer – which already benefit from a certain degree of political agreement, a building blocks model can also be applied to core regime areas

such as climate mitigation through targets, timetables, and 'sustainable development policies and measures' (SD-PAMs). A promising strategy would thus rely on resolving easier problems ('low hanging fruit') through flexible deals and addressing more complex issues at a later stage. The Copenhagen Accord already reflects this approach through its 'pledge-and-review' list of voluntary commitments from a large number of countries. While industrialised nations have put forward specific mitigation targets, developing countries have made measurable commitments on energy intensity and other 'nationally appropriate mitigation actions' (NAMAs) that do not involve costly measures which could stifle economic growth.

Given that the Accord still represents a lowest common denominator agreement with questionable long-term effectiveness, a building blocks approach would need leading countries to 'raise the bar' and push for partial agreements with a select group of parties. For example, Bodansky and Diringer (2007) have made the case for a 'menu' of mitigation actions that allows for multiple regulatory tracks and attempts to simultaneously satisfy demands for flexibility (national conditions and interests) and integration (greater reciprocity and coordination). It is also clear that such agreements would need to be designed to include appropriate incentive structures so that greater participation can be achieved over time.

With the present reluctance of the pivotal players, the US and China, to entertain stronger commitments, the responsibility for forging more ambitious coalitions may once again fall to the EU. A growing number of commentators now suggest that a 'coalition of the willing' should heed the calls from the developing world to continue the Kyoto Protocol beyond 2012 and enter a second commitment period (Grubb 2010; Tangen 2010). Besides the EU, other candidates for such a coalition include 'progressive' medium powers such as Mexico, South Korea, and Indonesia as well as existing parties to the Protocol such as Japan and Russia. Gathering enough support for a new commitment period would be far from easy, but it would cement the EU's status as a front-runner in climate governance. Moreover, it would provide a boost to embryonic regional and national carbon markets and keep alive a more ambitious regulatory framework which could, later on, become the core of a comprehensive global settlement.

Certainly, this selective approach to developing limited policy approaches is and remains a second-best alternative to an elusive global deal. By embedding such partial agreements in a global political framework, it is hoped that they will ultimately

add up to a larger political architecture. How to construct a global agreement which would go beyond the very limited ambition of the Copenhagen Accord remains an open question for now. Alternative international forums and settings, such as the G20 and the Major Economies Forum (comprising 17 members), may need to be employed in the search for global compromises between the major players in climate politics (Giddens 2009). These forums would need to provide the necessary political space to facilitate frank discussions and, potentially, strategic bargaining between the biggest emitters.

Given the need to proceed on various 'tracks', creating a coherent governance architecture out of separate and partial agreements remains a key challenge in the building blocks approach. Coherence is needed to ensure that climate policies reinforce each other rather than trigger competitive dynamics (Biermann et al 2009). It is also of importance for the creation of transparency and trust in governmental efforts that are undertaken without a fully comprehensive and binding climate regime in place. Moreover, because building climate governance will remain an ongoing international process, the partial agreements suggested above should be designed to accommodate future deepening and broadening. The latter could be ensured, for instance, by creating 'docking stations' so that new participants can be added without great difficulty at a later stage (Petsonk 2009).

International coherence and coordination will also need to be sought with regard to measuring parties' mitigation efforts, through internationally agreed monitoring, reporting and verification systems. Progress on this front will also play an important role in scaling up national and regional emissions trading system to the global level. The Copenhagen negotiations have shown measurement and verification to be a highly sensitive political subject, which will require a great deal of trust-building, persuasion and reciprocal action among the major powers.

Are there any real-world analogies to the building blocks model of climate governance? Some have likened the approach to developments in the trade policy area after 1945 (Bodansky and Diringer 2007; Antholis 2009). To be sure, there are profound differences both in the problem structure and political dynamics of trade and climate change. Most importantly, as Houser reminds us, "the climate doesn't have time for a Doha-like approach" (2010, 16). Still, the procedural analogy between the evolution of the GATT and a climate building blocks approach is instructive. The 1948 General Agreement on Tariffs and Trade (GATT) was a partial trade agreement

focused mainly on reducing tariffs on trade in manufactured goods. It was a second best solution and served as a fallback position after the more comprehensive agreement on the International Trade Organization (ITO) failed to be ratified by the US. Building on the GATT, the parties gradually expanded the scope of the trade regime in successive trade rounds from the 1950 to the 1970s. This process culminated in the Uruguay Round, which expanded the trade regime to cover new areas such as services and agriculture. It integrated the various trade treaties under the umbrella of the newly created World Trade Organization (WTO). Over time, membership of the GATT, and later the WTO, grew steadily, and the commitments taken on by member states were gradually expanded and deepened.

The WTO can thus be seen to have been fabricated out of a number of building blocks that allowed countries to adjust their expectations and identify common interests in a process of repeated negotiations. The WTO was the crowning achievement, rather than the starting point, of a regime-building process. The trade regime was not meant to be created in this manner, but the failure of the ITO left no choice but to pursue a 'pluri-lateral' coalition of the willing. This was helped by the fact that expectations of commercial gains from increasingly comprehensive global trade rules mobilised a variety of domestic and transnational actors in support of the GATT/WTO. Such gains will be harder to come by in climate politics. Still, those who stand to reap 'first-mover advantages' from stronger global climate governance – for instance leading technology corporations or innovative regions such as California – can be expected to put pressure on national governments. The buildings blocks of climate governance thus need to be designed to create incentives for those countries still reluctant to make firm and ambitious commitments. The prospect of a lucrative global carbon market or competitive advantage in a carbon-constrained global economy would become the critical ingredient for driving forward the process of building a more comprehensive global architecture (Keohane and Raustiala 2010: 378).

Conclusions

Given the deadlock in current international negotiations, what should be the strategy of those wishing to strengthen international climate policy? Our analysis suggests that

the push for a 'global deal' is producing diminishing returns and that parties may need to consider a second-best scenario. This alternative strategy is based on the idea of creating a climate regime in an incremental fashion, based on partial agreements and governance mechanisms. While the objective of a universal and comprehensive treaty with firm commitments for emission reductions remains valid, a building blocks approach is needed to realise this objective.

Our review of the international climate negotiations from the early 1990s onwards shows that the global deal strategy has been successful in driving the international process forward and creating political momentum behind global climate protection. But it has repeatedly come up against resistance by large emitters and is unlikely to succeed in bringing future negotiations to a rapid conclusion. The next conference of the parties in Mexico at the end of 2010 is not expected to produce agreement on a binding treaty. And the Copenhagen Accord points in the direction of a different international process, based on multi-level policies and initiatives. To some extent, therefore, international climate policy is already being re-defined as an ongoing process that combines parallel efforts to create partial agreements on building blocks of global climate governance.

Such a building blocks approach offers some hope of breaking the current stalemate, even though it provides no guarantee of success. It would allow for a disaggregation of the negotiations into a proper multi-track approach. This would enable parties to secure "low-hanging fruits" and thereby avoid early and ambitious action in some areas to be held hostage to failure to resolve other areas of contention. It would also separate the controversial question of the *legal* status of any agreement on climate from the need to secure a *political* consensus on a range of mitigation and adaptation strategies.

There are important drawbacks to such an approach. It would involve a departure from the established principle in international environmental negotiations that "nothing is agreed until everything is agreed". This principle has promoted grand bargains to be struck based on a complex web of concessions across a range of issues and countries. The building blocks approach would prevent such a grand bargain and may thus deter parties from making necessary concessions in one area without securing other parties' concessions in others. In addition, because buildings blocks do not require universal participation, they may reduce the urgency of concerted global cooperation (Biermann et al 2009, 26). A system of partial agreements and variable

geometry may reinforce the logic of free-riding and heighten concerns over economic competitiveness.

Thus, the building blocks approach can only be a second-best strategy. Whether it will produce the desired results depends on the creation of an international political framework, built around the UNFCCC, which ensures that partial agreements and regime elements are connected and add up to a larger climate governance architecture. The Copenhagen Accord may well end up being the foundation for such a political framework, even if it requires further work. The danger is that moves in the direction of a building blocks approach, which are well on the way as parties gear up for COP-16 in Mexico, would lead to a disintegration of global climate policy. Preventing a collapse into a decentralised, purely bottom-up, approach is of critical importance. A more strategic approach is therefore needed for the building blocks strategy to be successful in the promotion of ambitious and internationally coordinated climate policy.

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