

**Paper 11**  
**EUROPE AND INDIA CAN LEAD THE WORLD TO PREVENT  
DISASTROUS CLIMATE CHANGE**

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**Executive Summary**

While it is vital that the intergovernmental framework of the UNFCCC maintains its momentum in finding a universally acceptable basis for securing cuts in the emission of greenhouse gases, it is improbable that it will reach the necessary target of 60-80% by mid-century.

Leadership is required and the proposed Global Community for Climate Protection and Development could lead the way by beginning, as did the European Community, with a group of states ready and willing to forge ahead and, by doing so, create an example that the rest of the world can follow.

The founders of the Community will need to include at least two of the world's four weightiest players. India and the European Union are well placed to take up this challenge for a number of powerful reasons: they have open, pluralistic and democratic societies and both respect the rule of law, necessary to implement the legal requirements of a climate community. Some others, from both north and south of the world, could be co-founders; and others, in particular the US and also China, could be encouraged to sign association agreements before joining when they become ready and willing.

The EU already proposes to make deep cuts in emissions by mid-century, and will go further provided others join in. India, hard hit by climate change, would surely have an interest in sharing the leadership provided the community is based on equitable principles and supports adaptation and the right to development with adequate capabilities and resources.

The threat to human survival now requires an unprecedented partnership for effective action. The rule of law is essential for good intentions to be translated into practical reality. Institutions will be required strong enough to hold participants to their commitments, create confidence that agreements will be honoured and enable new decisions and policies to be adopted in a timely and effective way. Legal agreements will need to be subject to a Community Court, operating on agreed legal principles; and an executive body, with more initiative than the secretariat of conventional international organisations, would help to drive the process forward and to initiate and oversee joint projects. And, as in all democracies, parliamentary oversight will be required to provide legitimacy.

Permanent funds for post carbon development and adaptation will have to be mobilised on a large scale and spent in a way that is not dictated by donors but embodies rights and a sense of partnership. Funds could come from the sale of surplus emission entitlements under a per capita emissions scheme and from common taxes (for example on aircraft fuel and funds for auctioning of emission allowances by a common agency

are possible sources.) The first step could be for India and the EU to announce their intention to initiate the foundation of such a community and seek suitable co-founders. Meanwhile, an ad hoc assembly bringing together members from parliaments in India and the European Union might be set up in parallel with bilateral technological cooperation and an extension of the EU ETS.

## **The challenge**

Climate change threatens human life, as well as our environment of animal and plant life, on this planet. The scientific consensus of IPCC shows that carbon emissions must be cut by 60-80 per cent by mid-century. Nicholas Stern estimates that the economic cost by then will be some 1 per cent of world GDP, against potential damage of some 20 per cent.

## **The response**

### *Instruments*

An Emissions Trading Scheme such as the EU has created is the most efficient instrument for cutting emissions. The same effect on price could in theory be secured through taxation; but international agreement on adequate taxes is extremely hard to achieve and probably impossible to enforce.

Public finance for supporting reductions is the other major instrument. The EU's CDM is an example; and the US initiative for financing technological development towards the new, low-carbon economy is another.

But adequate measures will not be taken or enforced by groups of states without institutions fit for the purpose.

### *Institutions*

The UNFCCC as it stands is the best that could be obtained globally so far but is not up to the challenge of securing cuts of 60-80 per cent by mid-century. The EU has a realistic prospect of doing so and has shown, with the Kyoto Protocol, that it can lead the way towards wider agreement. But the target agreed at Kyoto was too low and the participation in measures to hit it too restricted – inevitably, given the constraints of the conventional intergovernmental method of taking and implementing the decisions.

The institutions that have enabled the EU to take such action since its foundation as the European Community in 1952 are:

- a) the rule of law, secured by the Court of Justice;
- b) legislation enacted and decisions taken by the Council of Ministers, increasingly voting by qualified (weighted) majority;
- c) democratic support from a parliamentary assembly;
- d) an executive body, the Commission, stronger than the secretariat of a conventional international organisation.

These are the institutions that have enabled the EU to act effectively on climate change.

The proposed Global Community for Climate Protection and Sustainable Development (GCCP&SD – or GCC for short) would start, as did the European Community, with a group of states ready and willing to do what is required to deal with an urgent problem;

and it would be enlarged to include eventually all member states of the United Nations, as the EU has by now included the large majority of European states. While this has taken over half a century, the relations among the member states changed for the better immediately after the process began.

*Who could found the GCC?*

The term 'ready and willing' is used advisedly, because member states must be ready to apply the rule of law together within community-type institutions; and this can be done only by democracies that are themselves based on the rule of law and representative government. Authoritarian states are not ready to do this.

Unfortunately not all states that are ready, in this sense, are likely to be willing, as the UK demonstrated when it declined to become a founder member of the European Community, though its policy changed after the EC had been established.

But the founders of the GCC, in order to have a really substantial impact on the problem and to attract an enlarging membership, will need to include at least two of the world's weightiest players. Those likely to have sufficient weight during the coming half-century are the USA, China, India and the EU. China is not yet ready, because still a long way from representative government and the rule of law. The Americans are probably, like the British when the European Community was founded, not yet willing. So in order to initiate the process that the world urgently needs, the EU and India, which are both ready, would have to be willing. We consider it no exaggeration to say that the world depends on this.

The GCC proposal is that these two take the initiative to found the new Community, with others ready and willing to join them: for example Japan and Canada, together with some from the world's South. The aim would be eventual universal membership; and forms of association would be offered to other states as steps towards membership and to secure their cooperation meanwhile.

*The EU and India*

The EU, having decided to cut its emissions by 60-80 per cent by mid-century, has a powerful interest in securing similar cuts worldwide by then, or it will incur its own pain without much gain. There is strong political and public support for its ETS, with proposals to strengthen the system for the period 2008-12. There is also general European support for more effective multilateral institutions throughout the world, which underpins the case for developing the wider Climate Community. But the experience of the European Union itself shows that such a community will benefit greatly through being launched by two substantial and equal partners: in that case France and Germany. With China not ready and the US probably not willing, they must be India, itself a federal democracy based on the rule of law and with representative government at two levels, together with the EU.

India evidently faces formidable dangers, such as the melting of Himalayan glaciers, the threats to monsoons, the state of the soil and the rising of the sea level, particularly through knock-on effects from neighbours such as Bangladesh. Set against action to combat carbon emissions is the need to sustain economic development, reflected in recent growth rates. India has great potential for developing the new economy, but would require appropriate financial support through financial instruments in the GCC. It is clear that the GCC must aim for equality of the average emissions rights per person in each

member state; and the negotiation of a suitable formula for achieving this is a difficult but essential requirement.

India also has the great merit of a faith-based philosophy that mankind is on earth as a part of nature, not as a reckless exploiter of it.

#### *India and the EU in the world*

While the initiative to launch the GCC should be taken jointly by the EU and India, they should actively seek other founder members from both North and South of the world, while taking great care that they are genuinely ready as well as willing. The EU and India should at the same time make it clear that the intention is to strengthen the action of the UNFCCC and that the GCC will offer association to others prepared to cooperate on specific aspects; and it should be clear that the final aim is universal membership.

Both India and the EU want a satisfactory partnership with the USA. The GCC will provide a public good for the world at large, because all, including the Americans, will benefit from its measures to reduce its own emissions. The US, though not likely to agree at first to participate in the system to control emissions, will surely want to continue its policy of support for technological development towards the new economy; and one form of association of the US with the GCC could be in that field. There will also be US states such as California which would wish to be associated with the Emissions Trading Scheme. It should be made clear that full US membership will be welcome when the Americans are prepared to accept the rule of Community law.

China too should be offered a form of association until the Chinese are ready to accept the rule of Community law, which may be a long time ahead. Meanwhile, there should be a relationship within the UNFCCC that is as effective as possible on the lines of traditional international relations.

The institutions of the GCC must have the powers and capabilities to undertake all such negotiations with non-member states.

#### *Institutions? Why and what?*

What kind of institutions are needed to give expression to the equity, solidarity and shared responsibility of a GCC and to make it more effective than the framework of the UNFCCC, which has produced such slim results over the last fifteen years, despite the hard work of so many?

It can be argued that the failure so far owes more to the huge differences of interest and outlook between the many participants and to a failure of political will than to institutions. Certainly the first test of an Indo-European partnership or of a wider GCC will be: Are they willing? Can the political will be found in the developed world, not only to cut back emissions fast and far but to mobilise adequate financial resources and share technology openly to enable poorer states to overcome poverty, adapt to climate impacts and leap into the post carbon age?

Can developing countries risk binding commitments and trust the rich to play their part in this shared transformation? Can developing countries sink their differences to empower themselves for a grand bargain with the north? And all this, in democratic states, means carrying electorates and a readiness to sink both personal and political differences for the common good.

Such a shift will require not only a new level of mutual trust and equality but institutions strong enough to hold participants to their commitments, create confidence that that agreements will be honoured and fulfilled and enable new decisions and policies to be adopted in a timely and effective way. The rule of law has to be applied, laid down in a founding treaty and applied and implemented through subsequent decisions and the legal systems of member states.

The UN and other world institutions have embodied, since 1945, an awkward mix between democratic institutions expressing the views of the world's poorer majority but often ineffective (the UN assembly, CNUCED, the Economic and Social Council) and hegemonic institutions (the Security Council, the World Bank and IMF) which in economic matters have imposed the ideology of the rich and notably that of the world's largest debtor, the United States. Climate negotiations have been caught so far in a related trap, with the poor majority demanding action by those historically responsible and the rich slow to act and unwilling to pay much.

The threat to human survival now requires an unprecedented partnership in a common approach for effective action. How can institutions embody that new political necessity? European experience provides some clues.

The Commission is a new kind of animal of governance. Though it does not make the policy decisions, its sole right of proposal and its constitution enable it to make proposals and catalyse action in the common interest, something different from the sum of the interests of member states. The UN Secretary-General, despite notable mediation and the efforts of charismatic individuals, has never had such powers. The secretariat or executive of a climate community will need them.

Decisions on common policies in the European Union are taken mainly by co-decision between the Council of Ministers and European Parliament, with the Council voting frequently by weighted voting. This weighted voting is a judicious mix with the larger powers having more weight but the small comforted by having a greater say than their population would justify. Weighted majority voting in a global climate community may need to be sensitively negotiated to balance population and other factors.

A parliamentary body will be necessary, advisory at first and drawn initially from national parliaments and the European parliament.

A court to resolve disputes could have members from each member state or, when numbers grow, by rotation.

Common funds for development and adaptation will have to be mobilised on a much larger scale and spent in a way that is not dictated by donors but embodies rights and a sense of partnership. Funds from the sale of surplus emission entitlements under an equal per capita agreement are the obvious first source. In the EU common funds were set up with the specific aim of helping less developed regions or meeting social needs. In a Community for Climate Protection and Development a far larger fund might have to be established with its own resources. Common taxes (for example on aircraft fuel) could be a source, but the best source would be funds from auctioning of emission allowances. In paper 9 a proposal is made to set up a central European Bank for Emissions Trading which would auction emissions allowances under a common cap. If such an agency were enlarged to a global community, or set up in it, some of its huge funds would

become available for adaptation and development projects and programmes in developing countries.

These hints suggest an ambitious institutional structure for an ambitious venture. What is needed now is a preliminary phase of Indo-European partnership and trust building, which could include institutional measures such as an ad hoc assembly bringing together members from parliaments in India and the European Union, in parallel with bilateral technological cooperation and an extension of the EU ETS.

*The GCC and the world of tomorrow*

Jean Monnet, who devised and inspired the foundation of the European Community, concluded his Memoirs with the observation that it was 'only a stage on the way to the organised world of tomorrow', in which 'the problems of the present' could no longer be solved by 'the sovereign nations of the past'. Jawarharlal Nehru articulated the longer-term and complementary vision of world federation.

The essential function of the GCC is to deal with climate change in a context of global justice and shared responsibility for all the peoples and species of the planet. At the same time as dealing with this menacing 'problem of the present', it could demonstrate a way of dealing with other great problems facing mankind. We hope that Europeans and Indians will be capable of responding to the visions of these two great men.