



## Making climate look like trade? Questions on incentives, flexibility and credibility

Arunabha Ghosh\*

Will the global climate regime resemble the trade regime? If so, what would such a development imply for the governance of climate change? Both before and certainly in the aftermath of the Copenhagen climate conference, a debate has been underway on whether the architecture of the climate regime needs to change or not. In brief, the argument suggests moving away from a top-down 'targets and timetables' approach towards a bottom-up structure that allows countries to promise actions that are consistent with their domestic politics and economic priorities. Given the impasse in climate negotiations, it is important to take the argument seriously. But calls for a new architecture also make references to the way the trade regime is designed. If the trade regime is the inspiration, then lessons from its successes and failures should also inform the debate. This brief draws on proposed parallels with the trade regime to ask questions on the incentives for, flexibility with and credibility of commitments in climate negotiations.

### I. Bottom(s)-up for political expediency?

Although the Conference of Parties only took 'note of' it, the Copenhagen Accord could be read as a shift from a top-down approach to limiting and reducing emissions to an architecture that emphasises bottom-up, flexible commitments. The former route has, so far, failed to induce the world's biggest emitters, historically (the United States) or currently (China), to commit to emission reduction targets. China and other developing countries point to common but differentiated responsibilities under the UN Framework Convention on Climate Change (UNFCCC); the United States refuses to accept a framework that imposes emissions targets (backed up by a compliance system) on it but not on large developing countries. Meanwhile, alternative proposals have been put forward, largely by

academics and advocates in the industrialised world: to induce wider participation and keep costs low with market-based approaches;<sup>1</sup> multi-track but integrated negotiations (to include emissions targets as well as policies and measures);<sup>2</sup> pure bottom-up, pledge-based approaches that would allow states to define their own commitments;<sup>3</sup> and 'climate accession deals', which would directly compensate 'reluctant' countries for incorporating climate-friendly policies into development plans.<sup>4</sup> In September 2009 Australia proposed that all countries could submit 'national schedules' of commitments, which would increase environmental certainty, take account of changing circumstances, yet maintain differentiation based on countries' responsibilities and abilities to reduce emissions.<sup>5</sup>

The Copenhagen Accord could be interpreted as adopting a bottom-up design, but equally could form the basis for a top-down architecture going forward. Recognising the need to limit the increase in global temperature to under 2°C, it calls for Annex I Parties to submit quantified economy-wide emissions targets for 2020 and for Non-Annex I Parties to list voluntary mitigation actions.<sup>6</sup> In that there is no up-front negotiated agreement on commitments or actions, this approach could be seen as 'bottom-up', reflecting a political motivation to keep it deliberately flexible. Yet, by ensuring that the signatories agreed to list national actions, subject them to international scrutiny and offer funds for poor countries, it is hailed as a 'potentially significant breakthrough'.<sup>7</sup> For others, the Accord's weak form poses legal and procedural hurdles to implementation and fails to resolve deep differences on principles.<sup>8</sup> One result of this approach is that there is no provision to evaluate whether the actions would add up to the effort needed to combat climate change. Of course, political will matters and, were it to be summoned sufficiently, the level of ambition could be ratcheted up. But for higher ambitions to be credible, they would have to be negotiated and compliance procedures would also be necessary.

The arguments offered to support a bottom-up approach fall into three categories: political expediency (parties choose appropriate actions or are offered incentives); flexibility (small groups resolve intractable

\* Arunabha Ghosh is an Oxford-Princeton Global Leaders Fellow, Woodrow Wilson School of Public & International Affairs, Princeton University. This brief was written while he was a Visiting Fellow at the Centre for Policy Research, New Delhi during January 2010.

issues to stimulate action); and credibility (if monitored, countries would comply with voluntary and dynamic commitments). Let us examine each in turn.

## II. How desirable: can mercantilism govern the commons?

If climate negotiations are based on parties' schedules of commitments and offers of financial support, the regime would look more like trade.<sup>9</sup> The pursuit of a multilateral agreement on climate change is premised on the notion that incentives for participation can be aligned favourably for all parties. Like trade, the Copenhagen Accord has managed to get the world's biggest polluters to agree that they *all* need to contribute to mitigation actions. Once major emitters have agreed, the hope is that smaller and poorer countries can be drawn in with financial incentives. Will the approach work for climate?

The fundamental difference between the trade and climate regimes is that while one seeks to expand private benefits, the other aims to provide a public good. Trade theory tells us that unilateral trade liberalisation is welfare enhancing for an individual country. Yet, trade negotiations are mercantilist because the political economy of distributing costs and benefits from liberalisation forces negotiators to demand concessions from their counterparts. The climate regime, on the other hand, does not deal with the welfare of individual countries; it is a regime to govern a global commons. Unilateral action (like reducing emissions from power plants) is welfare enhancing for the world as a whole, but might result in welfare losses for the country in question if others do not act.

To be sure, unilateral action can yield potential benefits if countries/firms believe a low-carbon economy is the future and there are first-mover advantages to be reaped. Such economic transformation would also generate winners and losers. But the issue is not solely about the political economy of distributing costs and benefits, a problem that afflicts trade as well. The issue is uncertainty – about prices, technology and regulation – which not only exacerbates concerns about leakage in carbon-intensive industries but also slows down the pace of innovation and investment in low-carbon sectors. Thus, the design of the climate regime needs to facilitate the provision of a global public good and increase global welfare; the process of negotiating the regime, however, is far more likely to be about mercantilist interests and maintaining national welfare under conditions of uncertainty.

Mercantilist negotiations in the World Trade Organization (WTO) use the model of country schedules.<sup>10</sup> What questions does this approach raise for organising climate negotiations along similar lines?

- *Benchmarks:* WTO members offer concessions via schedules, which record commitments to progressively remove barriers to goods and services. They also serve as a starting point or benchmark for future negotiations on the basis of requests and offers made by trading partners.

If schedules were used in climate negotiations, is there a benchmark against which to judge commitments? The absence of benchmarks not only has the risk that pledges will be lower than what is environmentally sound; it also makes it difficult to compare efforts across countries. The problem with collective action is not that a party does not act, but that parties do not act if they believe that other parties are not acting *sufficiently*. Who is to determine what sufficient action will be?

- *Reciprocity:* Schedules represent a reciprocal exchange of rights and obligations on market access, subsidies, standards and regulations. Although individual WTO members offer schedules, each schedule is an agreement among all members; no changes can be introduced without the approval of all. Negotiations are geared towards building a 'network of links' among the concessions.

In climate, what concessions would one exchange over a global commons? The direct exchange of concessions is less likely when some countries offer quantified emissions reduction commitments and others propose climate-friendly mitigation policies and actions. If reciprocity is to be achieved through technology cooperation, how will parties determine the benchmarks and baselines to identify the additional actions that require assistance?

- *Legal status:* WTO schedules are legally binding and have the same status as any other WTO agreement. They are embedded in the agreements on goods and services. The ambiguity over the Copenhagen Accord's legal status leaves open the question whether a future climate agreement will be legally binding, with the parties' schedules embedded within it. Further, will voluntary actions also have the same legal status? Again, will actions contingent on international support be legally binding if such support is not forthcoming? In other words, the use of schedules does not yet offer a mirror image of the WTO's format. There remain several questions about the extent of legal obligations inherent in the schedules and the climate agreement overall.
- *Implementation and compliance:* Trade schedules list only negotiated concessions. In practice, actual applied tariff rates might be much lower than the negotiated bound rates. In subsequent trade rounds, members consider both reductions in bound rates but also calculate how these would affect their applied rates. In the climate regime, too, parties could either fail to meet targets or exceed their pledged targets. How will future rounds of climate negotiations account for differences (both shortfalls and over-achievements) between pledges and actual performance? In turn, compliance in the trade regime is enforced by the collective action of *all* members even if two countries had negotiated the trade concession on a bilateral basis. If parties fail to comply in the climate regime, will the regime adopt an institutional mechanism to *enforce* commitments (similar to the WTO's Dispute Settlement Mechanism), which will be applicable to *all* parties?

If the mercantilism inherent in trade negotiations and country schedules does not translate easily into climate talks, another route involves side-payments to gain consensus support for an agreement that might otherwise favour a small set of powerful countries. Are side-payments sufficient to replace reciprocal concessions?

Rich countries offered \$30 billion for 2010-2012 and further promised to raise, from private and public sources, \$100 billion per year by 2020, partly channelled through a new Copenhagen Green Climate Fund.<sup>11</sup> While the poorest countries are certainly intended beneficiaries, it is not clear if the larger developing countries will be able to dip into these funds. Technically, there is nothing in the Accord that prevents large developing countries from getting a share. But rich countries have been unwilling to channel public resources to large, developing country emitters.<sup>12</sup> Consequently, China and India might insist that rich countries fulfil their financial commitments, but there is no guaranteed benefit for constituencies within these countries. So, at least the side payments promised at Copenhagen do not translate into reciprocal concessions among the biggest emitters.

Moreover, insofar as commitments to provide financial support to the poorest countries are concerned, there is a long history of unfulfilled promises.<sup>13</sup> Debates in the WTO over aid-for-trade reveal demands for additional aid, predictable delivery and increased voice in governing funds, concerns that are similar to those expressed in climate negotiations. If finance to the poorest nations is not additional, predictable or country-owned, would they have any leverage over rich donors to enforce compliance?

In effect, the incentives offered by the Copenhagen Accord set up a three-way dynamic between rich countries, large emerging economies and other poor countries. Promises by one set are contingent on commitments by another but there is no direct reciprocal exchange. Unlike trade, the attraction of a bottom-up approach for climate is merely that parties determine their own priorities in making pledges, not that guarantees of compliance increase.

### III. How flexible: who signs up and how?

Supporters of the Copenhagen Accord argue that it is proof that only a small group of countries can resolve the most intractable issues. Opponents argue that even if that is the case, the group must be representative, and hence the UNFCCC must continue to be the dominant negotiating format.<sup>14</sup> Small group negotiations also occur in the trade regime. Multilateral trade negotiations run on the principle of a Single Undertaking, or as the WTO puts it, 'nothing is agreed until everything is agreed'.<sup>15</sup> But the format also allows for agreements reached at an early stage of a trade round to be implemented on a 'provisional or definitive basis'.<sup>16</sup> Flexible approaches are found in regional trade negotiations as well. What lessons do flexible trade agreements offer for opening the space for multilateralism in climate change?

Flexible agreements are limited in their scope of

membership but can create conditions that induce others to join or adopt climate-friendly actions. At least three conditions would be necessary: (1) open membership; (2) positive incentives to join; and (3) unilateral actions to build trust.<sup>17</sup>

Multilateral and regional trade agreements incorporate these conditions. For one, the WTO has provisions for plurilateral agreements that allow small groups of countries to proceed with a more limited agreement. The agreements on trade in civil aircraft and on government procurement have thirty and twenty-eight members, respectively, compared to 153 WTO members.<sup>18</sup> The important feature is that these agreements are open for membership and discussions can involve non-members as well. For instance, transparency in government procurement is meant to be ensured by a working group of all WTO members, and procurement in government services is negotiated under the rules of the General Agreement on Trade in Services (GATS).

In fact, trade in services negotiations show that, over time, flexibilities can offer incentives to join. During the Uruguay Round negotiators were uncertain over which policies inhibited services trade. At the end of the Round, GATS remained limited in scope with countries having considerable flexibility in choosing which sectors would be subjected to most favoured nation (MFN) treatment. After the WTO was established, negotiations continued on individual services sectors. Liberalisation in emerging economies eventually occurred when they used it to send signals to the markets to attract foreign investment.<sup>19</sup>

Further, negotiations at different levels and institutions offer alternative forums, as the telecoms example illustrates. Telecoms liberalization began bilaterally with US insistence on an agreement with Japan in the 1970s. But scepticism about the need for such liberalization resulted in plurilateral discussions at the OECD, which served as a forum for information exchange and learning. These talks became the basis for a push for multilateral liberalization during the Uruguay Round. But, since the OECD did not include developing countries, consensus was not achieved in the GATT. The telecoms agreement was eventually signed *after* the WTO had been created; it did not cover all members but accounted for 90 per cent of the global telecoms market. Discussions at the OECD continued on other technical issues. The example highlights how 'progressive multilateralism' can proceed on parallel tracks and at different speeds.<sup>20</sup>

Openness to membership and progressively expanding positive incentives offer clues for how to increase the legitimacy of a negotiating process involving smaller groups. But plurilateral regimes would not, *per se*, reduce the trust deficits that plague climate negotiators. Even with an open plurilateral agreement, non-members might not find it in their interests to join if they believe that the biggest (historical) polluters have not done enough on their part.

The principle of 'open regionalism' adopted by the Asia-Pacific Economic Cooperation (APEC) countries illustrates the point. Despite open membership, there was a need to allay concerns that it was just another powerful regional bloc. Thus, open regionalism was defined as promoting maximum

unilateral liberalization, progressively reducing barriers against non-members, and permitting individual APEC countries to unilaterally extend market access to non-members.<sup>21</sup>

The conditions outlined above offer no guarantees of success and there is a legitimate debate whether regional or plurilateral agreements do not in fact undermine the multilateral trade regime. Similar concerns could well plague the climate regime. The UNFCCC, as the embodiment of the multilateral effort, offers a common platform for 193 parties, giving voice to smaller countries and an opportunity for them to put pressure on larger nations, whether industrialised ones or emerging economies. Process matters, both for substantive reasons and for maintaining the legitimacy of the international effort. Attempts to use bilateral or plurilateral routes to bypass the formal UN process must recognise the impact they would have on the coherence of the regime and the potential backlash they could generate. Thus, the experience of trade negotiations and agreements offers lessons and questions for the climate regime.

- *Openness or pressure:* First, like in services, thanks to uncertainties about the impact of actions in response to climate change, a more flexible approach may be desirable. Rather than insisting that 193 countries agree to everything under climate negotiations, agreements with a narrower scope could be more acceptable. But will openness to membership impose new conditions on non-members in future? In WTO accession negotiations existing members have the upper hand in demanding further concessions from countries seeking membership. In climate, too, will countries be concerned that the option of submitting schedules in future could impose top-down pressures for the scope of pledged actions?
- *Type of incentives:* Positive incentives are needed to induce participation. In climate, this might imply access to carbon markets in developed countries. But is there also a risk that, like in trade, powerful members would use negative incentives (border adjustment measures) and coercive tactics? In telecoms late-stage negotiations were held hostage to the demands of one powerful country. Would similar tactics undermine flexibility in climate change?
- *Trust-building:* Unilateral actions are necessary to reduce the trust deficit. Applied to climate change, the APEC principles suggest that trust may be gained if members of a club of large emitters showed sincere efforts to reduce emissions unilaterally, and some members willingly shared new technologies or provided finance for the adoption of new technologies in poorer, non-member countries. But if a plurilateral agreement already includes major emitters, will there be any incentives to offer unilateral concessions to poorer countries?
- *Negotiation dynamics:* Services negotiations have used different methods to spur liberalisation.<sup>22</sup> One option is using 'model schedules' with standardised commitments for all parties. The expectation is that it increases the degree of reciprocity, but it also lessens flexibility.

Another is the 'formula approach' (used for the Financial Services Understanding), which worked for a few like-minded countries that wanted deeper liberalisation but also extended the benefits on an MFN basis. A third route was the use of a 'reference paper' for telecoms to get consensus on shared regulatory principles in a monopolistic industry. This was the first time that trade talks moved away from a purely request-offer approach (the paper was finally adopted by over thirty countries).

Could any of these methods increase flexibility in climate? Would the benefits of technology cooperation among a few countries be passed on to others, for instance? Alternatively, could the Copenhagen Accord – with its limit on temperature increase, insistence on actions by all major emitters, emphasis on monitoring, and aspirations for financing – serve as a 'reference paper' on basic principles while negotiations continue on the actions that parties offer to undertake? Or would such an approach undermine the UNFCCC, increasing the chance that facing pressures and threats, other parties would further disengage from the negotiations?

#### IV. How credible: who reports and who reviews?

In making the climate regime more robust, the WTO analogy comes up the most on the issue of measurement, reporting and verification (MRV). On one hand, the hope is that once schedules of commitments have been negotiated, compliance will follow because countries have pledged actions voluntarily. On the other hand, robust monitoring would increase confidence that members are indeed complying with their commitments. Drawing inspiration from the WTO's Trade Policy Review Mechanism (TPRM), a recent proposal calls for a 'Climate Policy Review Mechanism'.<sup>23</sup> The argument goes that the sophisticated TPRM offers a model for collecting information by an independent secretariat and periodically reviewing countries. What lessons does the trade regime offer for the design of a monitoring mechanism for climate?

In international regimes, four assumptions underlie calls for strengthened monitoring: self-reporting combined with independent international reports makes information more credible; peer review imposes pressure on countries to implement commitments; transparency also increases pressure from domestic constituencies; and separating transparency from enforcement provisions induces greater participation. Towards these ends, monitoring mechanisms are designed to provide different kinds of information (advance warning, impact analysis, compliance-oriented information), help increase capacity and facilitate follow-up processes. In trade (and other regimes), monitoring mechanisms have not always lived up to these expectations, but they present different models and questions for climate change.

- *Salience of information:* On the issue of credible and timely information, trade policy reports from the WTO have tended to be descriptive and often do not cover the most controversial policy issues.<sup>24</sup> Consequently, new mechanisms in the WTO (for regional trade agreements and food safety standards) have insisted on a better record of notifications and early warning provisions.

The problem is not just the limited resources available for the task, but also how a regime's Secretariat interprets its mandate in providing analytical information. In the IMF, although all countries are subject to Article IV consultations, the United States has historically resisted intrusive scrutiny of its fiscal and monetary policies. Even with strong mandates, international institutions face obstacles in generating useful and salient information.

Under the Copenhagen Accord Non-Annex I parties have to submit national communications (and national emissions inventories) every two years, much more frequent reporting than had been expected of them under the UNFCCC's Article 12. This raises serious implications for resources and capacity available to parties and the UNFCCC Secretariat.<sup>25</sup> Will resources be increased to facilitate more frequent, accurate and analytical reporting?

- *Coherence in rules:* If there is a proliferation of bilateral or plurilateral agreements in the climate regime the inconsistencies and incoherence in rules will not become obvious without periodic monitoring. While each agreement could have its own monitoring mechanism, a separate multilateral mechanism will be needed to increase transparency. After years of negotiations, in 2006 WTO members created a transparency mechanism for regional trade agreements. The Secretariat was tasked with preparing 'factual reports' but reviews are held in different WTO committees to respect the differential obligations of rich and poor countries regarding such agreements.<sup>26</sup>

If bilateral or plurilateral agreements emerge in climate, how will they be reported to the UNFCCC? Could the Secretariat have a role in analysing the implications of the agreements? How would it evaluate data from different sources? And if obligations differ under different agreements, how will they be reviewed at the multilateral level?

- *Conditions for pressure:* Instituting peer review mechanisms is contentious. Members fear that information revealed through transparency procedures could be used against them in dispute proceedings. In practice, the effectiveness of peer pressure depends on participation. In trade, participation levels have been low. The few developing countries that do participate are also the ones which have invested the most in building domestic monitoring capacities. Moreover, peer pressure has been largely directed against developing countries. Further, the impact of domestic constituencies is also limited if there is no formal follow-up with the outcomes of a review. Even in the IMF, peer pressure worked either because (developing country) debtors had obligations to fulfil, or for countries that voluntarily adopted the IMF's standards and codes.<sup>27</sup>

Will real and perceived asymmetries in peer pressure make parties less likely to participate in the climate regime? Will countries increasingly rely on building domestic or regional monitoring capacities? Will

resources be made available for building such capacity?

- *Links to compliance:* The choice of words matters. Measurement and reporting is primarily a technical process; reviews and consultations are essentially political. In the IMF's case, terms like 'management' or 'regulation' were rejected in favour of 'surveillance'. It was considered a more neutral term, even if in practice surveillance extended to giving policy recommendations.<sup>28</sup> The WTO adopted 'review' for the TPRM but recent monitoring initiatives use more neutral terms like 'transparency'.

Copenhagen was witness to similar word games. India wanted to submit national communications 'for information' alone and objected to any 'review of implementation' or 'review of the adequacy' of its commitment; China was agreeable only to 'explanation and clarification [of data]'.<sup>29</sup> The United States wanted one of four options: 'review', 'scrutiny', 'verification', or 'assessment'.<sup>30</sup> In the final compromise 'international consultations and analysis' (for internationally supported actions in Non-Annex I countries) was balanced by the need to 'ensure that national sovereignty is respected'.<sup>31</sup>

How will consultations be interpreted? Experience suggests that enhanced monitoring is acceptable to parties when it has no links to compliance procedures. But this is exactly why the TPRM's usefulness has declined: if there is no outcome, members see no value in the process. Without reciprocal concessions in the climate regime, difficulties in comparing efforts across countries could undermine the usefulness of the review process. How will domestic constituencies (firms, NGOs, legislators) remain confident that international consultations are serving any purpose? Other regimes have not resolved this dilemma; they will likely also plague climate negotiations.

Climate negotiations reached an impasse in December 2009. Implicit in the outcome at Copenhagen is the message that the regime could shift towards a bottom-up architecture that would make it look more like the trade regime. In theory, such a route could be politically expedient by offering different incentives to sign on, by limiting the scope of agreements and making them flexible, and by increasing the credibility of commitments with robust monitoring. This brief suggests that this approach would require addressing several, as yet, unresolved dilemmas: making mercantilism work where direct reciprocal concessions are difficult; designing flexible agreements that balance openness and pressure, positive versus negative incentives, and build trust through unilateral actions; and increasing resources for better reporting and greater participation in monitoring.

## Endnotes

- <sup>1</sup> Joseph E. Aldy, Scott Barrett, and Robert N. Stavins (2003) 'Thirteen Plus One: A Comparison of Global Climate Policy Architectures,' *Climate Policy* 3: 373-97; Joseph E. Aldy and Robert N. Stavins (eds.) (2007) *Architectures for Agreement: Addressing Global Climate Change in the Post-Kyoto World*. Cambridge University Press, Cambridge, U.K. Also see Kevin A. Baumert, Odile Blanchard, Silvia Llosa and James F. Perkaus (eds.) (2002) *Building on the Kyoto Protocol: Options for Protecting the*

*Climate*, World Resources Institute, Washington D.C.; Daniel Bodansky with Sophie Chou and Christie Jorge-Tresolini (2004) *International Climate Efforts beyond 2012: A Survey of Approaches*, Pew Center on Global Climate Change, December.

<sup>2</sup> Daniel Bodansky and Elliot Diringer (2007) 'Towards An Integrated Multi-Track Climate Framework,' *Pew Center on Global Climate Change*, December.

<sup>3</sup> Robert A. Reinstein (2004) 'A Possible Way Forward on Climate Change,' *Mitigation and Adaptation Strategies* 9: 295-309.

<sup>4</sup> David G. Victor (2008) 'Climate Accession Deals: New Strategies for Taming Growth of Greenhouse Gases in Developing Countries,' *Harvard Project on International Climate Agreements Discussion Paper* 08-18, December.

<sup>5</sup> Penny Wong (2009) 'Australia's role in developing the legal framework of the post-2012 agreement,' Speech to the New York University School of Law, New York, 21 September.

<sup>6</sup> Copenhagen Accord, 18 December, paras. 4 and 5.

<sup>7</sup> Daniel Bodansky (2010) 'The Copenhagen Climate Change Conference: A Post-Mortem,' 12 February, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1553167](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1553167). Also, David Doniger (2009) 'The Copenhagen Accord: A Big Step Forward,' NRDC Switchboard, 21 December, available at [http://switchboard.nrdc.org/blogs/ddoniger/the\\_copenhagen\\_accord\\_a\\_big\\_st.html](http://switchboard.nrdc.org/blogs/ddoniger/the_copenhagen_accord_a_big_st.html).

<sup>8</sup> Lavanya Rajamani (2010) 'Neither Fish nor Fowl,' *Seminar* 606, February; Navroz K. Dubash (2009) 'Copenhagen: Climate of Mistrust,' *Economic and Political Weekly* 44(52): 8-11, December.

<sup>9</sup> Trade negotiations are not entirely bottom-up. For services, a positive list approach identifies sectoral coverage (top-down) and then a negative list specifies limits on market access (bottom-up). Accession negotiations also impose top-down pressures on applicant countries.

<sup>10</sup> WTO (2009) *A Handbook on Reading WTO Goods and Services Schedules*, Cambridge: Cambridge University Press.

<sup>11</sup> Copenhagen Accord, 18 December, para. 8

<sup>12</sup> Note chief US negotiator Todd Stern's statement in Copenhagen, 'I do not envision public funds, certainly from the United States, going to China.' Philippe Naughton (2009) 'Copenhagen summit: US will not subsidise China on climate change,' *Times Online*, 9 December, <http://www.timesonline.co.uk/tol/news/environment/copenhagen/article6950384.ece>.

<sup>13</sup> Arunabha Ghosh and Ngaire Woods (2009) 'Governing Climate Change: Lessons from Other Governance Regimes,' in Dieter Helm and Cameron Hepburn (eds.), *The Economics and Politics of Climate Change*, Oxford: Oxford University Press. Arunabha Ghosh and Kevin Watkins (2009) 'Avoiding dangerous climate change - why financing for technology transfer matters,' *Global Economic Governance Working Paper* 2009/53, University of Oxford.

<sup>14</sup> Michael A. Levi (2010) 'Beyond Copenhagen,' *Foreign Affairs.com*, <http://www.foreignaffairs.com/articles/65985/michael-levi/beyond-copenhagen>

<sup>15</sup> [http://www.wto.org/english/tratop\\_e/dda\\_e/work\\_organ\\_e.htm](http://www.wto.org/english/tratop_e/dda_e/work_organ_e.htm)

<sup>16</sup> WTO (2001) 'Doha Ministerial Declaration,' WT/MIN(01)/DEC/1, para. 47.

<sup>17</sup> I thank Robert Keohane for discussions on these ideas.

<sup>18</sup> Two other plurilateral agreements - on dairy and bovine products - ended in 1997.

<sup>19</sup> Jonathan Crystal (2003) 'Bargaining in the negotiations over liberalizing trade in services: power, reciprocity and learning,' *Review*

*of International Political Economy* 10:3, 552-578.

<sup>20</sup> Paula Murphy Ives (2003) 'Negotiating Global Change: Progressive Multilateralism in Trade in Telecommunications Talks,' *International Negotiation* 8: 43-78.

<sup>21</sup> C. Fred Bergsten (1997) 'Open Regionalism' *World Economy* 20(5): 545-565.

<sup>22</sup> Patrick Low and Aaditya Mattoo (2000) 'Is There a Better Way? Alternative Approaches to Liberalization under GATS,' in Pierre Sauvé and Robert M. Stern (eds.) *GATS 2000: New Directions in Services Trade Liberalization*, Washington, DC: Brookings, pp. 465-467.

<sup>23</sup> Michael A. Levi (2009) 'Creating a Climate Policy Review Mechanism,' *Harvard Project on International Climate Agreements*, November. Other mechanisms are proposed in David G. Victor (2007) 'Fragmented carbon markets and reluctant nations: implications for the design of effective architectures,' and William A. Pizer (2007) 'Practical global climate policy,' both in Aldy and Stavins (eds.), *Architectures for Agreement*.

<sup>24</sup> Arunabha Ghosh (2010) 'Developing Countries in the WTO Trade Policy Review Mechanism,' *World Trade Review* (Forthcoming).

<sup>25</sup> Lavanya Rajamani (2010) 'Neither Fish nor Fowl,' *Seminar* 606, February.

<sup>26</sup> Arunabha Ghosh (2010) 'Strengthening WTO Surveillance: Making Transparency Work for Developing Countries,' in Carolyn Deere-Birkbeck (ed.), *Making Global Trade Governance Work for Development* (Forthcoming).

<sup>27</sup> Domenico Lombardi and Ngaire Woods (2008) 'The Politics of Influence: An Analysis of IMF Surveillance,' *Review of International Political Economy* 15(5): 711-735.

<sup>28</sup> Louis W. Pauly (2008) 'The Institutional Legacy of Bretton Woods: IMF Surveillance, 1973-2007,' in David M. Andrews (ed.) *Orderly Change: International Monetary Relations since Bretton Woods*, Ithaca, NY: Cornell University Press, 189-210.

<sup>29</sup> Priscilla Jebaraj (2009) 'Compromise in sight on international scrutiny,' *The Hindu*, 18 December.

<sup>30</sup> Gargi Parsai (2009) 'Sovereignty not compromised: Jairam,' *The Hindu*, 23 December.

<sup>31</sup> Copenhagen Accord, 18 December, para. 5.

Climate Briefs present opinions and analysis on climate change. The briefs are subject to internal peer-review at the Centre for Policy Research. Views and opinions expressed are solely those of the author.

The author is grateful to CPR for providing the resources for conducting this research. He thanks Navroz Dubash, Lavanya Rajamani, R.V. Anuradha and participants at an international law discussion group at CPR for very helpful insights into climate negotiations and for their suggestions as this draft evolved. All errors are the author's alone.

The Centre for Policy Research (CPR) is an independent think tank set up in 1973. The Centre conceives its larger role as one of stimulating advanced thinking on major policy issues and suggesting alternative policy options.

CPR's Climate Initiative seeks to generate research and analysis on the global climate negotiations, and on the links between the global climate regime and domestic laws, policies and institutions in India. It also seeks to create a platform from which scholars and activists can engage in policy and academic debate on climate change.

For further details on our work visit, [www.cprindia.org](http://www.cprindia.org)