

ELEPHANT IN THE ROOM

THE NEW G77 AND CHINA DYNAMICS
IN CLIMATE TALKS

Antto Vihma

BRIEFING PAPER 6, 26 May 2010



ELEPHANT IN THE ROOM

THE NEW G77 AND CHINA DYNAMICS IN CLIMATE TALKS



Antto Vihma
Researcher
The Finnish Institute of International Affairs

Briefing Paper 62
26 May 2010

- The G77 and China is a product of the North/South divide and the political economy of the late 20th century. It is broadly based on a “self-definition of exclusion” from world affairs.
- The Copenhagen Summit manifested the divergence within the G77 coalition on climate change politics, based on growing differences in concern over climate impacts and growing differences in capacities. Also geopolitical aspects have entered more forcefully into climate talks, as climate change has become an established agenda item in global high politics.
- The new BASIC block of China, India, Brazil and South-Africa represents the emerging economies that face Northern pressure to “internationalize” their climate actions. China has been able to steer the big four close to its climate position, for example in the debates over the legal form of post-2012 agreement.
- The obstructionism of radical Southern countries such as Bolivia and Venezuela enjoys a degree of legitimacy among some small developing countries, who share the experience of an “unjust world order” and marginalization in multilateral negotiations, as well as among OPEC countries and China, who have tactically considered it as in their interest to delay reaching a more binding climate agreement under the Convention track.
- In spite of the growing division in climate positions, there is a logic of mutual dependency at work. China, although an emerging superpower, is dependent on the G77—without the support and membership of the coalition it would find itself increasingly “against” the rest of the world as the largest absolute GHG emitter. In the context of the G77’s formation and discourse of exclusion, it is also clear that what China brings to the table—unprecedented economic and political power—is valued by most G77 members.
- The North/South compromise vaguely set forth in the Copenhagen Accord in terms of financing and transparency of developing country actions is a fragile one. Parties such as the EU should do their best, economically and politically, to build on and operationalize that compromise.

The International Politics of Natural Resources and the Environment research programme
The Finnish Institute of International Affairs



Photo: IISD

As immediate emotions after Copenhagen COP-15 have faded, space is opening for more measured and systematic reflections on the lessons of the multilateral climate process. One key issue in global climate talks is the current state of the Group of 77 and China block of developing countries—its growing differences, and sources of solidarity.

The objective of this briefing paper is to provide an analysis of the cohesiveness and internal tension of the Group of 77 and China (G77) coalition with respect to climate negotiations in the Copenhagen aftermath. It argues that the political and historical reasons behind the genesis of the G77, and especially its functioning in today's rapidly changing world, are not sufficiently understood. There is an “elephant in the room”—an awkward balance between the political expediencies of alliance and the prevalence of multiple voices of self-interest within the G77 in the climate debate.

Origins of the coalition

The G77 can be described as not a policymaking body in a narrow sense; rather it is a body that aggregates the range of views of its members and prepares a common position in international negotiations. The forum recognises and accepts that diversity exists within the group, but the basic requirement for membership is adherence to the common positions.

The G77 also needs to be seen as a product of its time and an outcome of the political economy of the North/South divide. The 1950s and 1960s represent a period when many countries in the South were gradually

coming loose from their colonial “associations” with European countries and were looking toward the future with much optimism in terms of rapid social and economic development. However, this optimism was not matched by the type of cooperation from the rich countries that would have helped the developing countries realise their aspirations for socio-economic development. Having inherited economies from the colonial times geared towards raw material production and other distinctive primary production characteristics, many countries in the South found themselves facing a “structural” disadvantage that contributed to a worsening of terms of trade. Adding more complexity to this picture, the decolonisation and reconstruction of Europe from the 1940s into the 1960s was taking place against a background of the politically charged atmosphere of the Cold War. Often, this had the effect of coercing countries into political alliances that were at times counter to their long-term interests. This period also gave birth to the International Monetary Fund and the World Bank as part of the aim to create a liberal international monetary and trading system. The repeated calls by developing countries, especially those from Latin America, for commodity price stabilisation fell on deaf ears. A few years later, the International Trade Organization (ITO), which was aimed to support these calls, failed to materialise, leaving poorer agriculture and minerals trading nations with hardly any regulatory body to represent their interests. The General Agreement on Tariffs and Trade (GATT), established in 1947, was regarded as a “club of wealthy nations” that did not represent developing countries' interests.

It was against this backdrop of Southern disquiet that the United Nations Conference on Trade and

G77 Subgroups

| | |
|---------------|---|
| BASIC | Emerging economies China, India, Brazil and South Africa |
| LDCs | Group of 49 Least Developed Countries, whose “special situation” is officially recognised by the UNFCCC |
| African Group | The 53 member states of the African Union |
| AOSIS | Alliance of 42 small island states, including some non-G77 members such as Tuvalu and Singapore |
| ALBA | Bolivarian alliance of Latin American countries, of which Venezuela, Bolivia, Ecuador, Cuba and Nicaragua coordinate climate change positions |
| OPEC | Group of 12 oil exporting countries, led by Saudi Arabia |

Text box 1: G77 and China subgroups

Development (UNCTAD) was established in 1964. At this venue, a new solidarity block within the Third World contingent was formed and took the label “Group of 77 and China”. Over the years, the G77 has remained the developing countries’ principal negotiating caucus, whose membership has grown to accommodate over 130 developing country members. A self-definition founded on a “narrative of exclusion” from world affairs has been the common denominator for a group of vastly different countries.

Since the early 1970s, environmental issues have steadily gained importance in international politics. Environmental law-making at the international level has mushroomed, and many processes have been seen by G77 countries as addressing an explicitly Northern agenda. Analysts have identified five specific interests which G77 has consistently articulated in global environmental negotiations, all framed in North/South divide: the imperative to link environment and development; the need for more financial resources for environmental programs; the transfer of technology; the need for capacity building for both negotiations and policy implementation; and longer time horizons for implementation of new regulations.

The divided south in Copenhagen

During the last 20 years, climate change has steadily risen to the top of the ladder in global politics. The Copenhagen COP-15 was the biggest and most anticipated climate meeting in history, bringing together 120 Heads of State and Government accompanied by a worldwide media show unprecedented

in multilateral negotiations. It was also a point when fundamental national strategies and interests were revealed. For the G77 this meant exposing its symptoms of growing disagreement over the shape of global climate governance.

A great deal of the Copenhagen meeting, as indeed the two years of intense negotiations prior to it, was spent arguing over procedural issues. These included extensive deliberation over the linkages between the two negotiation tracks AWG-LCA and AWG-KP; over the exact mandates of certain contact groups; over the contact groups’ relation to the principles of the UNFCCC; as well as repetitive battles on whether a “friends of the Chair” group should be convened or negotiations only be carried out in plenary setting; should the Chair be given a mandate to prepare a streamlined “Chair’s text”, or should the negotiations only focus on the LCA text, a huge pile of paper mostly consisting of combined submissions of parties, derived from the notorious document of 2009 informally known as “the brick”.

Indeed, the first public argumentation the coalition experienced in Copenhagen was also over procedure, specifically over whether to set up talks to consider a new, legally binding protocol. A contact group was initiated by the COP president, strongly advocated by the Alliance of Small Island States (AOSIS), and supported by many Least Developed Countries (LDCs) and African countries, in order to push for maximally binding and ambitious. Setting up the group was opposed by China, India and many member states of the Organisation of Petroleum Exporting Countries (OPEC) as “premature”, as the focus should instead be on the substantive issues and

“the very valid system of the Convention and the Kyoto Protocol”.¹ Interestingly, the other two BASIC members Brazil and South-Africa expressed no clear position in the heated debate. On the following day a very similar debate took place in the meeting of the Kyoto Protocol (KP), although China was seemingly trying to be more accommodating. A similar split within the G77 occurred on the nuances of how to amend the KP, and a statement by Brazil reflected the awkward position of several middle camp developing countries: “we support Tuvalu as commented by China”. In fact, China and Tuvalu (speaking on behalf of AOSIS) had completely different positions concerning the legal nature and level of ambition of the desired agreement.

In the last week of the Copenhagen meeting, a fundamental division in the negotiating tactics and strategies of the G77 members was again evident. The negotiated LCA text was too big and contentious to be submitted to Ministers—and with the Heads of States joining the negotiations on Friday, the COP president, KP Chairs and LCA Chairs were undertaking series of consultations on how to proceed. Several G77 members, including its Chair Sudan, did not agree to informal “friends of the Chair” consultations, even in this situation. Sudan, supported by e.g. Bolivia, Venezuela, Saudi-Arabia, Kuwait, Nigeria and Angola blocked closed informal negotiations, and demanded separate open, inclusive drafting groups to continue on both tracks, as well as “assurances that no other processes or consultations will be established”. This procedural blockage was publicly opposed by several group members such as South Africa, Maldives, Costa Rica, Colombia, Peru, Guatemala and Grenada (on behalf of AOSIS), who wished to utilize simultaneous “friends of the Chair” consultations in both tracks to try to break the deadlock. Overall, the response to the “friends of the Chair” proposal displayed roughly the same divisions as the legal form debate earlier, with Sudan, the Bolivarian Alliance for the Americas (ALBA) and OPEC—with implicit support from China and India—positioning themselves against AOSIS and several LDCs, South Africa and some moderate Latin

1 In the plenary session proposal was supported by AOSIS, Costa Rica, Sierra Leone, Senegal, Togo, Kenya, Mali, Burkina Faso, and less explicitly by Rwanda, The Gambia, and Niger on behalf of the Sahel Countries. The proposal was opposed by China, India, Saudi Arabia, Kuwait, Oman, Algeria, Bahrain, Botswana, Libya, Syria, Venezuela, Nigeria, Ecuador, Chad and United Arab Emirates.

American countries. From a Northern perspective, the role of China and India was seen as “allow[ing] the obstruction of G77 to take place”.²

Complex and contentious treaties cannot, in practice, be negotiated in an open plenary setting with 194 parties present—not a single significant agreement has been crafted this way. This reality gives reluctant parties a convenient way of slowing the process down, by for example calling attempts to get down to serious negotiations “a betrayal of democratic and inclusive principles”. It is however quite obvious that real, substantive differences are the reason behind procedural wrangling. Disputes in Copenhagen, as well as the climate meetings before it in 2007–2009, were caused by significant substantive disagreements on issues such as the extent of differentiated responsibilities in mitigation, legal form of the outcome, and governance of climate financing arrangements.

As the deadlock on the formal negotiating tracks could not be solved, political leaders that arrived to Copenhagen were forced to come up with an *ad hoc* type of political agreement. This outcome, the Copenhagen Accord, represents a “soft law” approach, with a bottom up structure for developed countries commitments and developing country actions. This “softness” refers to the Accords content rather than its disputed status in the UNFCCC system—the document lacks features such as *precise obligations* to countries and *delegation* of authority to the international decision making. The “soft law” nature of the Accord is quite straightforwardly due to the fact that the BASIC and the US did not want to go further. The final night debate between EU leaders, US and BASIC on the inclusion of 2050 targets is now well known as the tapes have been published by *Der Spiegel* magazine. Also several other changes introduced by BASIC and US weakened the Accord somewhat, as seen in the various iterations of draft Accord that were leaked outside the negotiating room. Most notable changes were compiling developed country commitments and developing country actions merely

2 The COP presidency consulted bilaterally with the EU in the morning of 17 December /2009, stating that “the huge splits in the G77 and China block are most problematic”, and that it is “extraordinary that the four big ones let Sudan to the talking” and not use their authority to bring order to the group (transcript on file with author).

to an INF document with no formal status, and not the Accord itself (paras 4 and 5), exclusion of “our firm resolve to adopt one or more legal instruments” (preamble) and the exclusion of a new mandate to negotiate a legal instrument (Decision 1/CP15).³

In the final plenary, famously, Sudan and ALBA countries rejected the Accord, somewhat supported by non-G77 member Tuvalu. The main argument for the G77 members was that the Accord was a fruit of an untransparent and undemocratic negotiating process. Several other developing countries, including spokespersons for AOSIS, LDCs, the African Group (Algeria) and the African Union (Ethiopia), claimed that the negotiating process had been legitimate and encouraged COP-15 to adopt the Accord. China and India did not make supportive or discouraging statements during the extremely emotional debate. However, the lead negotiator of China became more and more cautious as the COP final plenary begun to discuss ways to solve the consensus problem by “noting” the Accord with references to UNFCCC articles—indicating that China (and India) wished the Accord to achieve only very low and informal status in the UNFCCC system.

New powers emerging: China and BASIC

China’s active role in forming the BASIC coalition of emerging economies in the run up to Copenhagen took experienced diplomats and analysts by surprise. In the decisive days of COP-15, the four countries coordinated their positions “on an hourly basis”.⁴ Prior to Copenhagen, China leaked and criticized a draft text coordinated by Denmark, despite cooperating with the COP presidency for months in creating that draft. The “backroom” development of a draft negotiating text was labelled by many developing countries as a significant cause of the escalated mistrust between North and South in Copenhagen. During the actual meeting, China is known to have coordinated much of the procedural obstructionism

that was implemented by Sudan.⁵ In the high level segment, Chinese Premier Wen Jiabao declined to participate personally in informal negotiations where other Head of States were present. The only feasible explanation for this is that China strategically concluded well before Copenhagen that any binding agreement was not in its interest.

This does not mean China is not concerned about climate change. All BASIC countries are taking domestic actions and recognise the co-benefits in climate protection. Many experts had interpreted BASIC countries’ willingness to take domestic action—and their efforts to advertise these actions internationally—as evidence that BASIC countries would also allow “internationalization” of their climate policies, in the form of measurable, reportable and verifiable (MRV) actions. Copenhagen clearly demonstrated that this not a straightforward case.

Would more ambitious short term commitments by the North, or bigger and more precise figures in financing, have made a crucial difference to China? Very unlikely. Throughout the history of climate change negotiations China—as well as India—has carefully avoided international norms that might constrain its behaviour. Moreover, norms of *non-interference* and *sovereignty* have been the core of Chinese and Indian foreign policy since 1950s, and can be traced even further down in history. Enshrined in the Five Principles of Peaceful Cooperation (1954), these principles emerged in China within the National Salvation movement, in order to save the country from the escalating foreign and domestic caused turbulence that began in late 19th century, and reached a peak in revolutionary war. The movement contained a wide variety of rivalling political forces which all shared a common goal—to build a strong and independent China that could stand against all foreign coercive and subjugating attempts. The current leadership of Beijing has carefully built its political legitimacy based on this movement and has codified this historical legacy into the principles of non-interference and sovereignty. Giving up in a debate touching these principles in

3 Four different draft versions of the Copenhagen Accord informally circulated between 17:00 PM, 18 December 2010, and finally tabled by COP presidency 2:30 AM, 19 December 2010 (on file with author).

4 Indian Environment Minister Jairam Ramesh, Lokh Sabha of the Indian Parliament, 21 December 2009 (transcript on file with author).

5 Michael Zammit Cutajar, “Climate Accord: From Copenhagen to Cancún”, Carbon Positive, 3 March 2010; see also Nigel Purvins & Andrew Stevenson, “Rethinking Climate Diplomacy”, p. 11, available at <http://www.gmfus.org/publications/article.cfm?id=867>.



Photo: The White House

climate talks is seen as “opening gates” for further concessions. This was simply too big ask—and China reacted by throwing its political weight around in Copenhagen.

Climate radicalism on the rise

Beside the rise of BASIC to counter Northern pressure, another emerging trend in the G77 in climate talks has been radicalisation of several smaller countries, manifested as *vocal frustration* and *obstructionism*. Political posturing with much wider ideological and populist concerns—notably along North/South lines—has always hindered negotiations in the climate regime. There is an opportunity to score political points with domestic as well as international constituencies in the South by “acting tough” against “the hypocrisy of the rich North”. However, several quite different motivations can be observed for radical questioning of the multilateral climate process.

Procedural concerns and opportunist exploitation of North/South mistrust have since the dawn of the UNFCCC been a key tool for Saudi Arabia and the OPEC group in their negotiating strategy. Saudi Arabia’s role has been well documented and analysed as a prime example of obstructionism—negotiating while preferring no agreement to any other outcome. Currently these characteristics are emerging beyond the “usual suspects” of oil-exporting countries. In Copenhagen the Presidents of Venezuela and Bolivia, in particular, used their limelight in the high-level segment to criticize the US, all rich nations, and the “predatory capitalist system”.

Populism, anti-Americanism—and for petro-states Venezuela and Ecuador also a perceived threat of an effective climate regime—are apparent reasons for this obstructionism. The climate radicalism of ALBA states is a recent phenomenon, seemingly reflecting broader developments in Latin American politics, as well as the heightened status of the climate issue in international relations.

The rest of the G77 countries naturally noticed the posturing of ALBA, and some such as Maldives, Barbados and Papua New Guinea made bitter remarks about using the climate agenda in order to “score cheap political points”. Also neighbouring countries Guatemala, Colombia and Peru have sharply distanced themselves from ALBA climate positions. It has, however, not been adequately noted that the obstructionist practices of ALBA countries also enjoy a certain degree of legitimacy among wider circles in small G77 country delegations and stakeholders. Many find it understandably hard to accept that, in order to be effective, global negotiations need to deploy negotiating practices such as “friends of the Chair” groups and “Chair’s texts”. Rhetoric of “democracy” and “inclusiveness” hits a fruitful ground in the context of mistrust between developed and developing countries, widespread feelings of exclusion, and the historic backdrop of the North/South divide discussed in the introduction. Consequently, Sudanese statements such as “we are not ready to rubberstamp a text coming out of the blue”, received applause from the floor in the heated Copenhagen talks. And with China on the defensive against increasing pressure from the North (and vulnerable parts of the South), it also supported Sudan and ALBA in their wrecking tactics in Copenhagen. Under these

| Country | Proportion of China–Africa trade (2008) |
|--------------|---|
| Angola | 24 % |
| South Africa | 17 % |
| Sudan | 8 % |
| Nigeria | 7 % |
| Egypt | 6 % |

Text box 2: China’s trade relations with African countries

circumstances, it is probable that ALBA countries will continue to drive for obstruction in the COPs, as they face very little risk of isolation, and are morally empowered by the difficulties of the US with implementing its domestic climate legislation. The lead negotiator of Venezuela will have a mandate to continue to pontificate against “predatory capitalism” and make various wild claims in G77 meetings, such as that associating with the Copenhagen Accord would mean a legally binding obligation via the Vienna Convention of Treaties.

Besides the ALBA countries, obstructionism may find supporters in the African Group, which is the third new active G77 subgroup that has recently emerged. The group has emphasized adaptation needs and vulnerability, however, the large diversity and different geopolitical leanings of African countries seemingly poses challenges to achieving common positions. In Copenhagen, the narratives of blame-game, divisions and betrayal started early for Africa, already in the first week, as a delegate of Sudan accused his Group members of being “unprepared”, “lazy” or “bought off” by the industrialized nations.⁶ Sudan as well as a couple of other African countries are potential radicals, framing climate change in terms of justice in a global class struggle. Close economic ties to China and oil-exporting may also increasingly influence the climate positions of some African countries (Box 2).

6 Ambassador Lumumba Stanislaus-Kaw Di-Aping (Sudan), in a meeting with African civil society, 8 December 2009.

The way forward

As the UN negotiations continue on two tracks in 2010, the G77 unity and functioning has become an “elephant in the room”—even a quick peek into the climate talks reveals the all important split in the group concerning the role of the Copenhagen Accord and the North/South compromise embedded in it.

Incoming G77 Chair Yemen will have a very hard time balancing between parties as a neutral Chair, and is likely to face considerable pressure from the likes of neighbouring Saudi Arabia to take a tough stance against possible further North/South compromises. Interestingly, in the first negotiations of 2010 Yemen did not use services of professional hard-liners such as Bernaditas Müller, whose to inclusion in the Yemini delegation was advocated by the uncompromising—as well as the clearly obstructionist—camps within the G77 group. However, a lack of seasoned but more moderate coordinators is acute, and Mrs Müller seemed to once again to negotiate on behalf of the group on a crunch issue in the April meeting, namely the AWG-LCA Chair’s mandate.

The debate within the G77 is a key question in moving the climate talks forward after Copenhagen. There is a fair amount unanimity within the G77 on the inadequacy of Northern action on climate change. Enshrined in the Convention Article 3.1, the “common but differentiated responsibility” calls on developed countries to *take the lead* in making considerable reductions in their emissions and assist developing countries in their mitigation efforts through contributions towards technology, finance and capacity development. Also, the collective sense

of an “unjust world order”, although notably varying within the group, feeds into the feeling of *trust deficit* towards the developed countries. However, these common concerns do not bridge the disagreements within the group concerning fundamental issues like MRV, legal form, and flexibility/inflexibility in achieving feasible compromises with the North. It is very unlikely that G77 will be able to achieve proactive common positions in the negotiations, but rather turn to reiterating established and unsurprising arguments from a short menu of well rehearsed concerns.

The current state of the coalition has two main implications. As the G77 is experiencing severe difficulties in agreeing to common positions, and obstructionism within the group—mainly from arising from ALBA and OPEC countries—may well prevent important, substantive COP decisions in the forthcoming meetings. Secondly, the BASIC countries, especially China, might consider backing down or delaying the transparency pledge in the Accord (para 5). In the absence of the unforeseen international pressure, BASIC might well have refused to compromise on this issue in Copenhagen. Foreign policy leaders in China and India have already faced considerable heat from domestic constituencies on this compromise. Especially China has demonstrated its concerns and reservations towards the Accord in the first half of 2010, and its biggest trade partners in Africa such as Sudan, Angola and Nigeria have not responded to the Accord. This implies that achieving consensus and merely operationalizing the transparency compromise of the Accord will take time.

On a short term level, an explicit split between BASIC and the rest of the G77 does not serve the interest of neither subgroup, although the days of the G77 as a truly functional negotiating body may well be over in climate talks. There is a mutual dependency at work, as BASIC leader China depends on the G77 to enhance

its geopolitical presence within a large pool of nation states that have similar development aspirations and pathways. Moreover, China gains from its association with the G77 as it could otherwise, as the biggest greenhouse gas emitter, find itself increasingly positioned *against* the rest of the world in the climate change debate. At the same time, China brings to the table something the G77 has not had in its 45 year history—unprecedented economic and political power. However, China’s economic might and the creation of BASIC subgroup will slowly undermine the original *raison d’être* of the coalition, namely “the exclusion from world affairs” narrative.

The strategic implications from Bali to Copenhagen to the EU are somewhat painful to accept, as they rather clearly imply that the world lacks the political will to respond adequately to the threat of climate change. Firstly and most obviously, the EU must lower its demand of ambition in the legal form of the post-2012 agreement—a legally binding treaty under the Convention is not a short term option. Secondly, the EU must make sure that the financial pledge in the Copenhagen Accord is adequately fulfilled, in order not to risk losing the transparency compromise embedded in the Accord. Thirdly, teaming up with and supporting the bridge builders and moderate forces within the BASIC group of countries and the G77 is urgently needed.

Antto Vihma
Researcher
The Finnish Institute of International Affairs
ISBN 978-951-769-268-7
ISSN 1795-8059
Cover photo: Ewa Narkiewicz, Elephantstay.com
Layout: Tuomas Kortteinen
The Finnish Institute of International Affairs 2010
www.upi-fiia.fi