The Regime Complex for Climate Change

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The Regime Continuum

- Fragmented
- Regime Complex
- Integrated, comprehensive regime
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**UN Legal Regimes**
(UNFCCC & Kyoto Protocol; funding mechanisms [GEF]; and political agreements [e.g., Copenhagen Accord])

**Bilateral Initiatives**
(e.g., Norway-Indonesia; US-India; UK-China)

**Multilateral Development Assistance**
(e.g., "mainstreaming" climate at MDBs; World Bank PCF, Forestry and Adaptation funds)

**Montreal Protocol**
(regulation of ozone-depleting gases that also affect climate warming)

**Subnational Action**
(e.g., California’s emission trading system w/int’l offsets; subnational procurement rules)

**Geoengineering Governance**
(e.g., ocean dumping rules for iron fertilization; ENMOD convention; possible regulation under CBD or new treaties)

**Expert Assessments**
(IPCC; national assessments)

**Adaptation Initiatives**
(e.g., programs by FAO and other UN agencies; MDB adaptation funding)

**Bilateral Initiatives**
(e.g., Norway-Indonesia; US-India; UK-China)

**Clubs**
(e.g., MEF, APP, G20, G8, G8+5)

**Nuclear Suppliers Group**
(e.g., rules to accommodate US-India nuclear partnership)

**Financial Market Oversight**
(e.g., possible rules on cross-border emission trading)

**IPR; BITs and other Investment Regulation**
(e.g., possible incentives to deploy new technology)

**GATT/WTO**
(e.g., possible rules to accommodate border tariff adjustments)
Problem Diversity: Four Distinct Cooperation Problems

• *Coordination* of emission regulations
• *Compensation* – financial transfers
• *Adaptation* – including possibly geo-engineering
• *Stimulating innovation* despite difficulties of commercialization due to public goods issues.
The Key Political Problem

• Costs are immediate.

• Benefits are uncertain and in the future.
Salient Features of Climate Change Problem

• Divergence of Interests
• Pervasive Uncertainty
• Difficulty in making linkages (compared to trade, for instance)

Also, interests, uncertainty, and linkages are themselves changing quickly.
The Clean Development Mechanism: negative and positive aspects

CDM: Designed to engage developing countries. But perhaps 2/3 of CDM credits have not represented genuine reductions.

Change difficult due to the nature of the UN process: multiple vetoes.

However, CDM has generated useful experience for offsets.
Advantages of regime complexes:

- Flexibility
- Adaptability
What a Regime Complex Could Do

• Facilitate emissions trading
• Innovate around land use and forestry (REDD: Reducing Emissions from Deforestation and Forest Degradation)
• Devise sensible Border Tax Adjustments
• Foster Innovation Clubs.
Conclusions

• Regime complexes are not ideal -- an optimal comprehensive regime would be better – but they are the best we can do under present political circumstances.
• We should “make the best of a bad situation.”
• Regime complexes have advantages: notably flexibility and adaptability.
• The UNFCCC would play an umbrella role, but not be central to the process as it has been.
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