

The Group of 77 in the international climate negotiations: recent developments and future directions

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Abstract First, we describe and analyze the main set of G77 positions in the climate negotiations and the dynamics behind the emergence of these positions. While it is puzzling that the G77 has managed to maintain itself as a group in spite of internal differences along variables as prosperity, emissions and vulnerability to climate change, we claim that a core element behind this cohesion is that these countries share domestic governance problems as much as poverty and economic underdevelopment. Second, we discuss how recent trends of economic and political development in the third world influence the climate policy strategies of the G77 group in the future. The main factor here is the economic and social progress in states like China, India and Brazil, which separates them from the poorer and less powerful G77 states. Increasing heterogeneity along variables like governance, growth, and importance for the international economy is creating an increasing drive among the most successful G77 states towards bilateral agreements with industrialised powers. We do not foresee a departure from traditional G77 positions and membership by these states in the official climate negotiations or a departure from the Kyoto process, but an increasing reliance on bilateral agreements with industrialized countries that link considerations for energy security and the environment. The ability to gain these advantages without commitments may make these states less interested in adopting commitments for the post-Kyoto period. This is unfortunate for the LDCs and the AOSIS groups within the G77, who probably are most vulnerable to climate change.

Keywords G77 · Climate change · Negotiations · Developing countries

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1 Introduction

After the US retreated from the Kyoto process in 2001, the UN negotiations have entered something of a deadlock. The political situation has also changed since the arrival of the “Asian Pacific Partnership on Clean Development and Climate” (AP6), offering an alternative climate strategy for a coalition of developing and developed countries (the US, South Korea, The People’s Republic of China, India, Australia, Japan). On the background of this situation of stagnation and fragmentation of international efforts to deal with climate change, it becomes increasingly important to analyze the status and positions of the key actors in global climate diplomacy. In this paper, we take a closer look at the developing countries, in particular the Group of 77 and China group (in the following referred to as G77).

The ambition of this paper is two-fold. First, we describe and analyze the main set of G77 positions in the climate negotiations and the dynamics behind the emergence of these positions. While it is puzzling that the G77 has managed to maintain itself as a group in spite of internal heterogeneity along such key variables as prosperity, emissions and vulnerability to climate change, we claim that a core element behind this cohesion is that these countries share problems related to varying degrees of political vulnerability as much as poverty and economic underdevelopment.

Second, we discuss how recent trends of economic and political development in the third world may influence the climate policy strategies of the G77 group in the future. The main factor here is the well-known and remarkable economic development in states like China, India and Brazil. This progress may make these countries more self-confident and independent players in international politics, and distance them from demands for a UN-based “New Economic Order” assisting development and supporting national sovereignty, which has been the very “raison d’être” of the G77. Will this new prosperity and self-confidence then be matched by a stronger willingness to adopt commitments in the climate negotiations? To answer this important question, we first focus on the increasing drive among the most economically successful G77 states to enter into bilateral agreements with industrialised powers that include intertwined considerations on climate, energy technology and energy security outside the Kyoto process. In other words, some of the major G77 members perceive themselves as strong enough to negotiate bilaterally with major developed countries on issues related to climate and energy, and increasingly do so. The ability to forge deals with actors like the EU and the US on these issues without commitments may also make these states less interested in adopting commitments for the post-Kyoto period, contributing to continuing G77 intransigency on this central issue. Thus, we do not see signs of a departure from traditional G77 positions and membership by these states in the official climate negotiations. This tendency, which is bolstered by continuing activity by the Organization of the Petroleum Exporting Countries (OPEC) to decelerate negotiation progress, is unfortunate for the Least Developed Country (LDC) and Association of Small Island States (AOSIS) groups within the G77. Members of these two groups include countries held to be most vulnerable to climate change and most likely to enjoy benefits from firmer commitments.

This paper employs a rationalistic analytical framework that focuses primarily on the conjunction between domestic change in a small number of large developing countries, global energy shortages, and the fragmentation of the international climate regime. Rapid growth seems to make these countries less dependent on support from the G77 collective, more assertive when it comes to pursuing national interests and more dependent on imported energy, particularly oil. Internationally, the US decision in 2001 not to ratify the

1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC), and the emergence of alternative agreements addressing both needs for energy technology transfer and associated environmental measures provide incentives for an opportunistic international climate strategy by these countries. Thus, as compared to other studies on the G77 in global environmental politics (e.g. Najam 2005), this paper takes a closer look at the ongoing differentiation of states within the developing world to better understand the current and potential role of the G77 and developing countries in international climate efforts.

The paper proceeds as follows: In the next section, we present a short outline of the G77 as an organization and its positions in the climate negotiations. In Sect. 3, we account for the heterogeneity of the G77 in terms of emissions and prosperity. One of these sub-groups, the “emerging powers” or “BRIC-countries” (Brazil, India and China), in particular benefits from economic and political progress that increasingly sets these countries apart from the rest of the G77 in terms of prosperity and international importance and influence (Wilson and Purushotnam 2003). We discuss how the conjunction between these domestic changes and international developments in climate diplomacy may affect the climate policies of developing countries in the future.

2 The Group of 77 and its positions in the climate negotiations

The Group of 77 was established during the first UN Conference on Trade and Development (UNCTAD) in Geneva in 1964 to further the economic interests of developing countries, originally in discussions about a “new international economic order” (Williams 1997). This group has remained the main advocate of developing countries within the UN system (Yamin and Depledge 2004, p. 35), and is together with the non-aligned movement (NAM) the most important institutional expression of the interests and views of the “South” in the current international system (Najam 2005, p. 306). The name “Group of 77” reflects the original number of countries. Currently the number of members has grown to 130 countries. The institutional structure of the G77 has developed over time, and is closely linked to selected UN institutions.¹ The chairmanship, which is the highest political institution in the organisation of the G77, is based on annual rotation between the three geographical groups: Latin America, Africa and Asia (G77 2007). The chair serves as the spokesman for the whole G77 caucus.

The G77’s purpose is to provide “the means for the developing world to articulate and promote its collective economic interests and enhance its joint negotiating capacity on all major international economic issues in the United Nations system...” (G77 2007). The G77 is the main coalition of developing countries in the UN system and functions as a political instrument for the South in most international forums addressing North-South issues. China—arguably the most important of all developing countries in terms of military capacity, economic importance, and GHG emissions—enjoys an influential role in the G77, but is only an “associate” member (Najam 2005, p. 307). The G77 is not a policymaking body; rather, it coordinates and aggregates the viewpoints of its members in order to enhance the group’s influence in international negotiations (Williams 1997).

¹ The G77 now consists of six chapters in addition to the headquarters in New York. The chapters were established where there was UN presence: Geneva (UNCTAD) and New York (UN General Assembly) in 1964, Paris (UNESCO) in 1969, and Rome (FAO), Nairobi (UNEP HABITAT), Vienna (FAO, UNIDO), and Washington DC (IMF and the World Bank) in 1972 (G77 2007).

In international climate change cooperation, the G77/China has operated as a coordinating body for the developing countries from the time negotiations were initiated in the early 1990s (Gupta 2000, p. 41).

The G77's arguments in the climate change negotiations have developed on the basis of the principle of 'common, but differentiated responsibilities' stated in Article 3.1. of the UNFCCC. While industrialised typically tend to emphasise that responsibilities to combat climate change are *common*, developing countries stress that they are *differentiated* (Baumert et al. 1999). The developing countries first and foremost consider the problem of mitigating climate change to be the responsibility of the industrialised countries, as industrialised countries are historically the main cause of the climate change problem (Grubb et al. 1999, p. 262; Williams 1997, p. 297). The principle of differentiated responsibilities between industrialised and developing countries is to some extent recognised in the Kyoto Protocol, as only the industrialised countries have undertaken commitments in the first period running from 2008 to 2012. Even though the developing countries recognize climate change as a severe threat to development and human well-being, participation in the climate change regime is not on the top of the agenda in these countries. Climate change is regarded as a longer-term question, and there are several other urgent issues considered to be more important—particularly poverty eradication (Depledge 2002, Klein et al. 2003). These positions have been surprisingly stable and were reaffirmed at COP 10 in Buenos Aires in 2004 (Michaelowa 2005). While some observers suggest that there were moderate tendencies towards a somewhat less strong refusal of some kind of future commitments during COP 11 in Montreal in 2005 (ENB 2005, p. 13), it is fair to say that these positions still characterize the G77. They still refuse to discuss new commitments for developing countries under the UNFCCC and the Kyoto protocol, but are calling for discussions on further commitments from the industrialised countries. This was demonstrated in the negotiations on Article 9 in the Kyoto Protocol during COP 12 in Nairobi in 2006, which deals with a review and implicit possible extension of the Protocol to developing countries.²

However, behind the consensus on some major principles, we find strong and increasing heterogeneity between the members of the G77 group. In the following sections, we explore the dimensions of this diversity, explain how the group has managed to overcome internal conflicts of interest, and analyse the future role of the group in the confrontation with increasing internal differences in economic and political development, emissions and—in particular after COP 8—acknowledged vulnerability to climate change.

3 Increasing diversity in the G77 and mechanisms of integration

Most accounts of the G77 remark on the group's diversity when it comes to economic and political interests (Geldart and Lyon 1980; Dessai 2004; Williams 2005). This is indeed also the case when we consider these interests as related to the climate change issue. In the following we illustrate this by demonstrating huge differences in emission levels and economic development. We argue that a traditional, interest-based approach taking its point of departure in prosperity or vulnerability to climate change fails to address the dynamics that have led to the basic G77 positions, which are fundamentally based on a

² Cf. PEW Climate Center, "COP 11 and COP/MOP 1 in Montreal", http://www.pewclimate.org/what_s_being_done/in_the_world/cop11/, and PEW Climate Center, "COP 12 Report", http://www.pewclimate.org/what_s_being_done/in_the_world/cop12/summary.cfm#bus. Both accessed in June 2007.

Table 1 A heterogeneous group: G77 emissions and income

GDP per capita	Emissions per capita	
	High	Low
High income and upper-middle income economies	(21) Argentina, OPEC, Malaysia, Saudi-Arabia, Singapore, South-Africa 5 AOSIS members	(46) 17 AOSIS members, Brazil.
Low income and lower-middle income economies	(1) Mongolia	(49) LDCs and 8 AOSIS members, India, Indonesia, China

common wish to secure national sovereignty and economic development entitlements within the international system. However, as some of the largest and most rapidly developing states are becoming much more important both for the global climate and global energy consumption, they are increasingly developing profitable strategies for bilateral agreements on climate and energy outside the official climate negotiations. In contrast to this group, we describe the residual G77 countries as an insecure alliance between the unwilling (the oil exporting countries—OPEC) and the powerless (the least developed countries—LDCs), providing few impulses towards increasing G77 flexibility in the post-Kyoto negotiations.

3.1 G77 heterogeneity—prosperity and emissions

The members of the G77 are heterogeneous with respect both to prosperity and emissions. Table 1 gives a very rough overview of the economy and greenhouse gas emissions per capita of important groups and countries within the G77 and China. We apply the World Bank's categorisation of economies distinguishing between low-income and lower-middle-income economies on the one hand and upper-middle-income and high-income economies on the other hand.³ Emissions are measured by emissions per capita from energy use.⁴ We distinguish between countries with high and low emissions per capita as compared by the average of world emissions. Countries with high emissions are emitting more than 6.5 tonnes of CO₂ equivalents per capita.

The G77 consists of countries in all the four groups. While many OPEC countries and important countries like Argentina, Malaysia and South Africa are found in the group with high GDP and high emissions per capita, most G77 members are found in the group consisting of countries with low GDP and low emissions per capita. Many countries are also found in the group with high GDP per capita and low emissions per capita.⁵

The highly heterogeneous composition of the group could in itself be expected to make it more difficult to reach a common position when dealing with the climate issue. Given these heterogeneities, one could wonder why the G77 sticks together at all as a group—both in the climate negotiations and at a more general level.

³ Economies are divided according to 2004 GNI per capita, calculated using the World Bank *Atlas method*. The groups are: *low income*, \$825 or less; *lower middle income*, \$826–\$3,255; *upper middle income*, \$3,256–\$10,065; and *high income*, \$10,066 or more. <http://www.web.worldbank.org>

⁴ The data is taken from World Resources Institute (2005). The Climate Analysis Indicators Tool (CAIT) version 2.0, database. <http://www.cait.wri.org>. Data from 2000. Accessed January 2007.

⁵ For a more fine-grained comparison, cf. Gupta (2003).

3.2 But still a block due to common political problems

To understand the fact that the G77 has maintained its role as a block in the climate negotiations, we have to understand the more general reasons for the emergence and cohesion of this group. A much-held view is that promoted by contributors like Yamin and Depledge (2004, pp. 34–36). They accept the G77 claim that the defining characteristic of these states is poverty, and that their primary preoccupation is with poverty eradication and the “right to development” and “respect for sovereignty”, both generally and as related to the issue of climate change. Robert Jackson (1993) presents an alternative and supplementary view, namely that cohesion within the group of developing countries is produced by their inability to project power internationally (and nationally). The insistence on the right to full sovereignty in spite of the political weaknesses of most developing countries, or “quasi states” as Jackson calls them, is matched by demands for supportive action from the international community instead of influx of more powerful hostile territorial rivals—together producing what he calls a “negative sovereignty game” (Jackson 1993, pp. 21–26). The fervent insistence on “national sovereignty” by the developing countries in international affairs expressed by their strong focus on the UN as the most important and legitimate international institution also characterizes their view on global environmental problems. While Jackson probably overstated the distinction between industrial and developed countries (Clapham 1998), this is still an important part of the background of G77 insistence on conducting the climate negotiations under the auspices of the UN and the special considerations for developing countries manifested in the UNFCCC.

To summarize, while common considerations for economic underdevelopment undoubtedly plays an important role in keeping the G77 together, a main general source of solidarity within this group is also to be found in their motivation to gain development and sovereignty advantages from the international community expressed through their reliance on the United Nations. Then, to understand group dynamics as related to the climate issue, we must look more deeply into the evolution of these characteristics from the early 1990s, more specifically the interactions between, on the one hand, the increasing heterogeneity in growth and dependence on assistance from the North between developing countries in a more open world economy, and on the other hand, the increasing importance of some of the biggest and most fast-growing developing countries for energy and climate issues. A central question to consider is whether growth and the increasing importance of climate and energy to the largest and most important developing countries may motivate changes in G77 solidarity and commitments in the climate negotiations and/or moves to join alternative agreements by the large and fast-growing emitters. To answer this broad question, in the following we explore the interactions between the various groups within the G77.

3.3 Three main G77 groups—new strategies for the emerging powers?

The first main group consists of “the new emerging economies” of regional or global economic and political stature. This group is commonly seen to be made up of China, India, Brazil, and to some extent South Africa. Although they have different levels of economic development and emissions per capita as well as vulnerability to climate change, they all have a relatively high level of ambition when it comes to global political influence, and some of them have experienced relatively high rates of economic growth and important improvements in governance from the 1980s as well as high total emissions of CO₂. Moreover, their energy policy choices will have a major impact on future global

energy supply and future greenhouse gas emissions. It may be argued that there are synergies between successful economic development and various levels of improvement in governance in all these cases. China is clearly a special case here. China's increasing military capacity and economic power (understood in terms of its key role in the world financial system, as exemplified by its status as the second largest foreign holder of US treasury bills) are clear indicators that the country now needs little international assistance in securing its own development and is becoming a major international player on equal terms with industrialised countries in many issue areas. India has enjoyed much of the same success, likewise making the country less dependent on external assistance. A case in point is the country's rejection of aid for disaster relief following the disastrous tsunami in the Indian Ocean in 2004.⁶ Brazil and South Africa are more moderate examples of the same ability to benefit from globalization, but with lower growth rates during the 1990s. Thus, while the very *raison d'être* of the G77 has been to stick together as a block to extract money and security guarantees from other states mainly through the UN system, rapid economic growth has made some of the group's most successful states much less dependent on group membership and UN assistance in general. While such tendencies emerged already during the 1980s in the wake of the emergence of the East Asian and Latin American "first wave" of NICs (South Korea, Taiwan, Brazil and Mexico) (Harris 1986), the large size of the new global economic contenders make these trends much more important for the global economy and probably more serious for the legitimacy of the G77. For the strategies in international efforts to deal with climate change, these changes are important because of the very high and increasing importance of these countries as emitters of greenhouse gases and energy consumers in combination with their ability to negotiate directly with industrialized countries without resorting to the G77. The emergence of new kinds of agreements—with the "Asia Pacific Partnership on Clean Development and Climate" as a prime example—may offer these states a more attractive kind of international cooperation process that responds more adequately to their needs for energy technology than the Kyoto process.

Through a closer look at the different groups of the G77 in the climate negotiations in the following, we suggest that the importance of the G77 in the climate negotiations may wane due to the decreasing importance of the group for the economically and politically most important developing countries, and that the most vulnerable subgroups (the LDCs and AOSIS) may continue to be dominated by the intransigent OPEC producers.

3.4 The emerging world powers—with a special focus on China

Although India, South Africa and Brazil are indeed very important, due to space limitations we here focus on China as an example of an emerging world power within the G77 block. There are intense speculations in the literature about how China's growth and rearmament will influence the surrounding world as well as the country's own political, social, environmental and economic sustainability (Keith 2005, Economy 2007).

One area in which this development will inevitably play a key role is in international cooperation on climate change. China has traditionally stressed the importance of a united developing country front from the beginning of the climate change negotiation process (Economy 1997). As the largest and most populous developing country with a permanent

⁶ Cf. BBC's homepage: "India unveils \$628m tsunami aid", 19 January 2005, http://www.news.bbc.co.uk/2/hi/south_asia/4187119.stm. Accessed January 2007.

seat in the UN Security Council, China has also been well positioned to take on a leadership role in the developing country group perceiving itself as a speaker for the developing countries in general and the G77 in particular (Heggelund 2007).

Domestic politics and priorities are of great importance for China's stance in the international climate negotiations. China's priorities are economic development, poverty alleviation and social stability. Climate change is one area where the conflict between poverty reduction and sustainable development is most apparent, as it is closely linked to economic development, resource management, poverty alleviation and energy use. China's high levels of greenhouse gas emissions are caused by heavy reliance on fossil fuels in the modernisation process. China's climate policy is therefore closely linked to the country's energy policy (Economy 2007). The current global climate change debate is kept separate from other domestic policy priority issues and is not connected to the development priorities of China (Heggelund 2007). Global climate change is considered a matter of foreign policy, and is therefore to a large extent affected by spill-over from other foreign policy areas. The impact of climate change on China is nevertheless a growing concern for China's leaders, as is reflected in China's First National Climate Change Assessment (NCCCC 2006). Although China does not want to take on emission reduction commitments yet, the establishment of a national climate change leading group under China's National Climate Change Programme (NDRC 2007)—launched in June 2007 and headed by Premier Wen Jiabao—indicates increased seriousness about the climate change issue. Moreover, recent announcements that China tops the list of CO₂ emitting countries, surpassing the USA, will add to the increasing pressure on China to take on commitments.⁷

A few key actors are in charge of shaping China's climate policy.⁸ At the domestic level the National Development and Reform Commission (NDRC) is in charge of coordinating the climate change work in China as well as energy policy. NDRC heads the 15-member, ministerial level, National Climate Change Co-ordination Committee. The NDRC sets the agenda on domestic issues. Thus, national development priorities (i.e. economic development, poverty alleviation, energy resources) must be seen as the main determinants of China's stance in the climate negotiations.

In the negotiations, the Ministry of Foreign Affairs (MoFA) exercises great influence over which positions China should take. MoFA ensures that China's political and economic interests are served in the international negotiations. International climate policy in general is regarded as a highly sensitive topic, as it is linked to the country's economic development. Because MoFA represents the Chinese government in the negotiations, the climate change issue is framed as a foreign policy issue and is therefore influenced by other foreign policy issue areas (Heggelund 2007). MoFA has regarded the climate change negotiations as a vehicle for asserting leadership in the developing world (Chayes and Kim 1998, p. 528).

On the other hand, recent developments clearly demonstrate that China has a pragmatic view on the emergence of alternatives to the Kyoto Protocol. Particularly after the US rejection of Kyoto in 2001 and the Australian rejection in 2002, a wide array of bilateral and multilateral initiatives linking energy projects to climate change mitigation have emerged with China as a key player. The "Asia-Pacific Partnership on Clean Development

⁷ Netherlands Environmental Assessment Agency (MNP), "Chinese CO₂ emissions in perspective", press release, <http://www.mnp.nl/en/service/pressreleases/2007/20070622ChineseCO2emissionsinperspective.html>, accessed November 2007.

⁸ In addition to the NDRC and MoFA, the Ministry of Science and Technology (MOST) plays an important role and has the broadest technical expertise about the Clean Development Mechanism (CDM) in China's climate bureaucracy.

and Climate” formally launched in January 2006 is the most famous example. Here, China participates with the United States and Australia, as well as India, Japan, and the Republic of Korea. Focusing on the development of less carbon-intensive technologies instead of Kyoto’s “cap and trade”, the Partnership’s inaugural Ministerial meeting established eight government and business taskforces on (1) cleaner fossil energy; (2) renewable energy and distributed generation; (3) power generation and transmission; (4) steel; (5) aluminium; (6) cement; (7) coal mining; and (8) buildings and appliances.⁹ While we will not deal extensively with this much-disputed alternative or supplement to Kyoto, for China (as well as for India) it is only one in a series of other agreements that target energy technology transfers as a supplement to the Kyoto Protocol. Other examples of such agreements are the Australia–China Partnership (initiated in 2003) on climate change¹⁰ and the more recent (September 2005) EU–China Partnership on Climate Change.¹¹ These are main examples of a more general trend in which China enters into bilateral and multilateral agreements running parallel to or even competing with Kyoto. While being inspired by many motives—like access to China’s burgeoning energy market, political and economic competition from the US and EU, and global energy supply considerations—these agreements are examples of the emergence of a strong movement in Chinese climate policy which reflects the global importance of China for several economic and political issues related to climate change and Chinese willingness to engage itself as an equal actor in bilateral relations with the major powers.

Thus, we see that China’s response to its own rise as a major power also in the energy and climate field has been both to stick to the G77—which still offers the country an international leadership position and a source of legitimacy—and to simultaneously join the flora of new agreements that may meet the country’s development ambitions. Moreover, leadership in the Kyoto track can both help to prevent other developing countries from defecting from their refusal to accept concrete commitments (Zhang 2003, p. 78) and allow China to reap the benefits of an increasing number of CDM projects focused on renewable energy. It is also possible to interpret China’s strategy as a combined effort to maximize gains and minimize climate policy costs from its economic graduation: The G77 track has traditionally been maintained to avoid being singled out in a category of developing countries with rapidly growing economies and emissions (Chayes and Kim 1998, p. 525, Tangen et al. 2001).¹²

Thus, keeping one foot firmly placed in the G77 seems to benefit China, and China has no plans to leave the group in the near future, as China still regards itself as a developing country and belonging to the group.¹³ The ascendancy of the AP6 and other alternative or

⁹ Cf. the website of AP-6: <http://www.asiapacificpartnership.org/>. Accessed January 2007.

¹⁰ Cf. the website of the Australian Minister for the Environment and Water Resources: “Australia–China climate change collaboration delivers real results”, <http://www.deh.gov.au/minister/env/2006/mr23mar06.html>, accessed January 2007.

¹¹ Cf. the website of the European Commission: “Joint Statement”, http://www.ec.europa.eu/comm/external_relations/china/summit_0905/index.htm, accessed January 2007.

¹² It should be mentioned that this situation may become increasingly tense when it comes to the relations to other G77 members. China’s growing efforts to achieve control over oil and other natural resources in Africa is both a sign of the rise of China’s international power and a potential area of contention between China and the African LDCs over resource control and between China and the industrial countries when it comes to efforts to improve transparency and governance among some of the poorest G77 members (Taylor 2006). Cf. also the article: “China’s African embrace evokes memories of the old imperialism”, *Financial Times*, September 28, 2006.

¹³ Interview with Ministry of Foreign Affairs official, Beijing November 2004.

supplementary agreements may offer China additional security against having to accept commitments, as the menu of technological and financial benefits without clear commitments outside the Kyoto process is expanding.

To a certain extent, this is also the case for the other “emerging world powers”. India, in particular, has managed to engage the US in energy cooperation on nuclear energy¹⁴ in addition to joining the AP6, which in itself is focused on energy technology cooperation. Likewise, the country has strengthened its ties to the EU through a September 2005 memorandum on energy cooperation, which addresses both energy and climate issues, including options for common CDM projects. This was part of a larger “Joint Action Plan” for cooperation as part of the follow-up of the 2004 decision to make the India-EU link a “strategic partnership.”¹⁵ A memorandum of understanding on energy technology, including considerations for the interlinkages between climate change, pollution and energy security was presented in May 2006. In the EU consultation Green Paper on energy issued in March 2006, energy cooperation with India and China is given emphasis.¹⁶ Brazil has also recently managed to engage in a bilateral agreement with the US on joint development of new technology and markets for “carbon neutral” bioethanol fuels.¹⁷ The launch of the Brazil-EU dialogue in 2007 and the EU-Brazil summit in Lisbon in July 2007 also include a strong focus on common development of ethanol technology and production capacity as a way of meeting EU’s climate and energy security targets (Commission of the European Communities 2007). This means that there is an extensive menu of economically and technologically favourable agreement options linking development assistance, transfer of energy technologies and considerations for climate change which emerge outside the realm of Kyoto. In other words, fighting against commitments within Kyoto through the G77—which still is the position of the major G77 powers—and enjoying the fruits of their increasing global influence by participating in other agreements linking energy and climate outside the formal negotiations seems to be the chosen “opportunistic” strategy of China, India and Brazil at the moment. As we will see below, the prevailing power relations between the groups within the rest of the G77 indeed seem to support this opportunistic strategy. There is little effective support for a change in the position on commitments in the rest of the group.

3.5 OPEC—hiding behind the LDCs and providing a bridge for the oil industry

A second very important group within the G77 is the group of OPEC countries. These are almost by definition held to be prosperous countries with high levels of GHG emissions. However, the group is more heterogeneous than usually assumed. GDP/capita varies between Nigeria’s levels of around 450 USD per capita and Qatar’s almost 33,000 USD per capita. Oil dependency and reserves also vary widely, with Saudi-Arabia, Iran and Kuwait holding the largest reserves, and Indonesia now becoming a net importer of oil

¹⁴ “U.S., India Reach Deal On Nuclear Cooperation”, *Washington Post*, March 3, 2006.

¹⁵ EU press release: “President Barroso to attend 7th EU-India Summit in Helsinki on 13 October 2006”, 12. October 2006, EU’s website: <http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1357&format=HTML&aged=1&language=EN&guiLanguage=en>. Accessed January 2007.

¹⁶ European Commission website: http://www.ec.europa.eu/energy/green-paper-energy/index_en.htm. Accessed January 2007.

¹⁷ “Brazil-US: Ethanol Deal Represents Convergence of Multiple Interests” Inter Press Service: <http://www.ipsnews.net/news.asp?idnews=36875>. Accessed June 2007.

(Barnett et al. 2004). Many of these countries also have considerable and often unexploited natural gas reserves. As states, they are quite paradoxical entities. Important member states like Saudi-Arabia and Nigeria have substantial governance problems, but are also of crucial importance for the world economy through their control over essential energy resources. Saudi-Arabia is even considered one of the most important global players, given their huge financial surplus, and is a key US ally in the Middle East.

OPEC has been a very active group in the climate change negotiations right from the beginning. OPEC demonstrated its power early at COP 1 in Berlin in 1995 when the majority of the G77 supported emission reductions by developed countries. One of the proposals was put forward by AOSIS—with its many G77 members. The decision-making was, however, for a while “paralysed by the mighty oil exporting nations” in OPEC (Long et al. 2002, p. 95) before the Green G77 coalition managed to diffuse the problem. Yet another demonstration of OPECs power is Article 4.8 of the UNFCCC, which includes special considerations for economies vulnerable to “response measures”, in practice meaning oil-producing states, added to meet OPEC’s demands. Moreover, the OPEC countries have been very important actors within the G77 group as well. For 5 of 7 years between 1998 and 2004, various OPEC countries held the chair of the G77 (Dessai 2004; Yamin and Depledge 2004).

Later on in the negotiation process, OPEC has tried to broaden its support within the G77. In the run-up to Kyoto, OPEC positions on a Compensation Fund for the effects of climate policy efforts on fossil fuel prices were included in the G77 positions, but never received much support during the negotiations. However, funds for financing response measures related to the vulnerability of fossil fuel producers to mitigation measures have been at the heart of OPEC strategies. While OPEC members have different degrees of such vulnerability, it has still become a major problem in the post-Kyoto negotiations. Article 3.14 in the Kyoto agreement is important here, as it aims to reduce impacts of measures on international trade with reference to the countries mentioned in UNFCCC articles 4.8 and 4.9. These articles make special provisions for oil exporters, thus providing OPEC with a basis for challenging Kyoto regulations for their effects on petroleum trade.

The Marrakech accords represented another temporary victory for OPEC with reference to diversification financing. The Special Climate Change Fund (SCCF), primarily meant to fund adaptation measures in developing countries, has been a barrier for progress for many years due to OPEC insistence that it also finance diversification activities among oil exporters.¹⁸

While there have been some nuances in OPEC perceptions of this issue, such as Iran perceiving it as an important opportunity, Saudi-Arabia has according to Dessai (2004, p. 23) used this issue as a measure to slow down the negotiations in general. This is in fact a typical example of Saudi Arabian strategy. Dessai (2004, pp. 23–24) provides important examples of Saudi Arabian sabotage strategies during the negotiations—including the abuse of G77 as a cover for their obstructive positions.

An important aspect of OPEC positions is its closeness to the oil industry. Dessai (2004) indicates that while difficult to document, there seems to be strong links between OPEC and US petroleum companies and even the US government. Newell (2000, p. 119) claims that lobbying by these company interests is really not needed since the interests of the dominating OPEC members were closely aligned with the US interests from the outset.

¹⁸ Cf. the article: “Whither adaptation funding”, *Hotspot* (Newsletter of Climate Action Group), Issue 35 (2004), 1.

As the OPEC country delegations—with Saudi-Arabia as its most powerful member—are resourceful enough to dominate the smaller and much poorer LDCs, they are able to influence G77 positions disproportionately in their own favour, and equally important, exploit the general legitimacy of the developing countries in the negotiations (Dessai 2004). Thus, OPEC, and Saudi-Arabia in particular, are resourceful enough to contribute crucially to G77 cohesion and negotiating capacity (including by assisting the small delegations of LDCs) in the short term by dominating group activities and discussions.

However, as OPEC is against any gradual phasing-in of commitments under a post-Kyoto regime for any non-Annex I countries, their staunch opposition may in the long run polarize the North-South conflict and thwart any progress in the negotiations. While this is precisely their aim, this brings them in opposition to the most likely losers from the impacts of climate change: the LDCs and AOSIS group.

3.6 The AOSIS and the LDCs—lack of resources

Many of the G77 members fall into the group of countries with low GDP and low emissions per capita. The LDCs in Sub-Saharan Africa are strongly represented in this group. Most of these states have poorly developed state institutions and a high dependence on the UN system and development aid. This group contains most of the examples of Jackson's "quasi states" (1993). As noted by Migdal (2004), the end of the cold war followed by increasing border fragility and the increasing pace of globalization has posed substantial challenges to their already fragile existence. This development—diagnosed through concepts like "state failure"—also denotes increasing heterogeneity within the G77. Indeed, the dissolution of state structures and increasing "medievalization" (Rapley 2006) of governance in many LDCs seems to parallel China's and India's ability to benefit from globalization and seek an independent standing as major powers.

While often held to be vulnerable to climate change, actual vulnerability and adaptation capacity most likely varies a lot both between and within these states, and is characterized by substantial uncertainty (Adger and Vincent 2005). However, there are increasing claims that Africa—with its many LDCs—is particularly vulnerable (Ikeme 2003).

Another exceptionally vulnerable group among the G77 members with low GDP and emissions per capita is AOSIS, which consists of 43 countries. The coalition lobbies and negotiates on behalf of the small island developing states (SIDS) within the UN system (AOSIS 2007). These states are among the most vulnerable in the world, due to both rising sea level and their poverty, and they are highly aware of their vulnerability. AOSIS does not have a charter, secretariat, or regular budget, but has participated as an independent actor from the very beginning of the international climate change negotiations. AOSIS submitted a proposal at COP 1 suggesting that Annex I parties reduce their CO₂ emissions by 2005 to a level of at least 20% below that of 1990 (ENB 1995). While emphasising the responsibility of developed countries, AOSIS has continued to push for more stringent commitments and has also declared that all countries—including the developing countries—have to be involved in mitigation (AOSIS 2000; ENB 2002).

Due to their dependence on external funds for adaptation, these states could gain if the more developed G77 countries agree to more active participation in the climate change regime. Anecdotal evidence suggests that some of the LDCs are getting impatient with the various OPEC attempts to promote their own interests in the negotiations, in particular because some of these countries are starting to recognize their own vulnerability to climate change (Dessai 2004). However, the present constellation of forces within the G77—with

the “emerging powers” busily building up their new role in the international system mainly outside the G77, and the OPEC countries focusing their energy on decelerating the negotiation process—leaves the increasingly powerless and institutionally fragile LDCs in a situation in which their present and future vulnerabilities to climate change are not reflected fully in G77 positions.

4 Conclusion: The G77—intransigence in spite of increasing diversity

The previous discussion has provided important insight for understanding the role of the G77 in the climate negotiations. We have seen that poverty as well as common problems of political underdevelopment and a consequential dependence on the international system for upholding territorial security and extracting development entitlements were prime factors behind the emergence of the G77. Historically, this was expressed in their integration for the struggle for a “new economic order”, institutionalizing support for economic development at the global level. The maintenance of this perspective on the international order was also pivotal for the cohesion of the developing countries in the early period of the climate regime: during the negotiations related to the UNFCCC before Rio and until the late 1990s. However, already in the early 1990s, there were clear signs of increasing economic heterogeneity with some of the biggest and most important members of the group—in particular China and India, but also South Africa and Brazil—enjoying accelerated economic development independent of economic assistance. In response to this, major advanced economies, primarily the US and the EU, now have started to engage the largest emerging economies in cooperation on a broad range of energy issues interlinked with climate considerations, of which the AP6 is only the most well known example. Such cooperation meets many of the needs for technology and additional financing demanded by the developing countries, but on a bilateral basis based on their importance for world energy demand and as political and economic allies. However, while this marks a shift towards bilateralization of negotiations between North and South on climate and energy issues, the G77 is still useful for countries like China, India and Brazil as an instrument for avoiding future commitments in the post-Kyoto negotiations. Thus, maintaining one foot in the G77 and moving into bilateral and multilateral energy/environment agreements as done by China and India seems to be a rational strategy that increases benefits and decreases costs.

Power constellations within the rest of the G77 support this “opportunistic” strategy by the major G77 members. We have drawn on existing analyses that focus on the intransigence of the OPEC countries, Saudi-Arabia in particular, with regard to both commitments and progress in the negotiations in general. OPEC is able to dominate the LDCs and AOSIS countries, the G77 members which would gain most from strong universal commitments, and keeps them from mobilizing in favour of such commitments. Moreover, many of these countries have too limited a capacity to analyze the future impacts of climate change—in addition to facing serious and pressing domestic problems such as HIV, exploding energy bills, food shortages, and internal and external conflicts—to give weight to the more distant problem of vulnerability to climate change. Thus, the G77 will most likely persist as an important player in the post-Kyoto negotiations, but it is difficult to see how it can become more of a driver or facilitator in the process in spite of the increasing wealth and international influence of the group’s biggest emitters and the increasing recognition of the vulnerability of many of the poorest developing countries.

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