

“Achieving relatively easy terms under the Kyoto Protocol did not necessarily inspire post-socialist states to engage enthusiastically in international climate talks. . . .”

Climate Change Policies in the Post-Socialist World

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The states of the former socialist bloc bear a share of historical responsibility for climate change. During their industrialization in the twentieth century, they contributed significantly to the atmospheric concentrations of greenhouse gases that threaten to raise temperatures and destabilize global weather patterns. As participants in the United Nations Framework Convention on Climate Change (UNFCCC) and ratifiers of the Kyoto Protocol, these states also are engaged in addressing climate change to varying degrees.

However, the post-socialist region's most effective response to soaring greenhouse gas (GHG) emissions was to undergo a painful economic recession in 1990s. The collapse of socialist regimes and the transition to a market economy shuttered many inefficient industrial enterprises—GHG-emitting behemoths that had been the crowning achievement of socialist economic planning. In many cases, these state-owned manufacturers' products were not competitive when faced with the technologically advanced production lines and consumer tastes of the global market. Without state subsidies, many industrial enterprises closed their doors.

Yet in spite of the shared experience of state planning and deep recession, these states' responses to climate change—both globally and domestically—vary dramatically, and there has been little region-wide cooperation to address climate issues. Overall, the post-socialist region can be divided into three groups: Russia and, to a lesser degree,

Ukraine, which account for a significant percentage of global emissions under the Kyoto Protocol and have played an important (albeit not always constructive) role at the UN climate negotiations; states that became part of the European Union and are governed by EU climate policy; and post-socialist states outside the EU that account for a relatively small share of emissions, generally are focused on economic development, and have neither prioritized climate issues nor developed robust climate policies.

Ultimately, many of these governments remain ambivalent about climate policy, domestically and globally. Internal impetuses for climate mitigation—public opinion, social movements, and scientific consensus—are weak. Thus far, global climate agreements have not required much action by post-socialist states. Even so, many (including the Czech, Polish, and Russian governments) express disquiet that future climate agreements could constrain their economic development.

KYOTO CATEGORIES

Exported from the USSR to the rest of the Warsaw Pact, the Soviet industrial model was highly inefficient. Inputs such as natural resources and energy were assigned artificially low prices by state planning bureaucracies, and the costs of externalities (including air pollution) were largely ignored. As a result, socialist economies were much more energy intensive than their Western counterparts. For example, in 1990 the energy intensity of Czechoslovakia was double that of France and Germany, at purchasing power parity. While energy intensity has declined in the region overall, and the Czech Republic now is only about 20 percent more energy intensive than Germany, Russia's use of energy per unit of GDP at purchas-

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ing power parity is still more than double that of its major European competitors. However, overall trends are toward more efficient uses of energy.

The choice of 1990 as the baseline year for the Kyoto Protocol (the international agreement, reached in 1997, that set emissions-reduction targets) favored the former socialist states since the full effects of economic restructuring had not yet been felt then. Subsequently, in the early 1990s, the deep recession associated with the collapse of communism had an unexpected silver lining: a sharp decrease in many kinds of pollution in the region, including GHG emissions.

The UNFCCC categorized post-socialist states as developed or developing in somewhat arbitrary ways. All the EU candidate states—plus Belarus, Ukraine, and Russia—were categorized as “economies in transition” and joined Annex I along with relatively wealthy states. However, since Annex I states from the post-socialist region could not provide assistance to the developing world, the new category of Annex II was created to denote wealthier developed countries, which would have obligations as donors. The other former Soviet states, plus Albania, Moldova, and the former Yugoslav states of Bosnia and Herzegovina, Macedonia, and Serbia, are classified as non-Annex I countries, along with other low-income developing countries that ratified the protocol.

These categories were based loosely on emissions levels and wealth, but they were not debated or applied systematically. By the late 1990s, Annex I states from the region found themselves with generous emissions targets under Kyoto that, in almost every case, allowed them to increase their emissions of carbon dioxide and other GHGs without violating the agreement.

During international climate talks leading up to the Kyoto agreement, some negotiators feared that “hot air”—the millions of tons of carbon dioxide that make up the difference between emissions targets and actual emissions levels—could undermine the effectiveness of the protocol, even as it provided an incentive for post-socialist states to participate. They worried that the countries of the former Eastern bloc could convert their excess emissions allowances into carbon credits, formally known as Assigned Amount Units (AAUs), and trade them to states that had failed to meet their emissions goals. In that case, real reductions

in global GHG emissions would not occur, since potentially low-cost tradable permits would flood the carbon market, providing a cheaper alternative to real reductions. But political leaders in post-socialist states argued that these credits were justified given the widespread impoverishment and economic hardship of their citizens. Ultimately, most Annex I states participating in Kyoto did not make substantial use of AAUs in their climate strategies, but the debate as to whether the credits will carry over into a post-Kyoto agreement has been heated.

Under the Kyoto Protocol, the post-socialist states were the primary hosts for the UN-developed joint implementation mechanism during the first commitment period of 2008–12. This offered states the opportunity to achieve emissions reductions counting toward their binding targets in a cost-effective way, by investing in projects that reduced emissions in another Annex I country. Donor states would transfer technology, expertise, and financing. While joint implementation rules did not explicitly state that post-socialist

countries would be the hosts of these projects, they offered inviting opportunities for emissions reductions due to their economies’ lingering inefficiency in manufacturing, heating, and energy transmission. Some challenges to joint implementation

have arisen, including European states’ preference for the alternate Clean Development Mechanism that oversees emissions-reduction projects in developing states, as well as bureaucratic obstacles to the projects in post-socialist states, but a number of them have been approved by the UNFCCC.

POLAR BEARS VS. PUTIN

Post-socialist states have had diverse approaches to international climate negotiations. EU member states from the region primarily bargained over emission targets within the EU policy arena. Russia and Ukraine, due to the size of their economies and because their Annex I status required an emissions target commitment in the Kyoto period, actively lobbied for flexible mechanisms. More recently, they opposed the decision not to allow the full use of emissions credits to carry over from the protocol’s first commitment period to the second. Former Soviet states beyond the Baltic have been largely inactive in climate negotiations and

Economic concerns about the cost of climate change mitigation persist.

domestic policy making, although at times subgroups of the Central Asian and Caucasus states have chafed against the UNFCCC's lack of definition of "developing countries" and their designation within that category.

Nongovernmental organizations from the region working to promote climate action seemingly have cooperated more intensively than their respective states. In the period before Russia's ratification of the Kyoto Protocol, European environmentalists dressed as polar bears demonstrated loudly at venues where Russian President Vladimir Putin met with European leaders. The Moscow-based group Eco-Defense has attempted to foster cooperation among Russian and Ukrainian NGOs at global climate talks. WWF-Russia has worked closely with Central Asian state delegations, advising them on technical aspects of the protocol.

Achieving relatively easy terms under the Kyoto Protocol did not necessarily inspire post-socialist states to engage enthusiastically in international climate talks, and it certainly did not incentivize robust climate policy making at home. In the most recent round of climate bargaining, Russia, Ukraine, and Belarus have been accused of holding up negotiations by challenging the UNFCCC's rules for the talks.

Domestically, variation in climate policy appears to be linked to EU membership, each economy's key energy sources, and—to a lesser degree—public opinion and climate activism on the part of NGOs. Generally speaking, the further east and south one travels, the EU has less influence on climate policy, domestic sources of oil and gas tend to buttress the economy, and civil society has a weaker role in determining public policy. The road from Slovenia to Russia or from Estonia to Tajikistan is one of declining engagement in climate issues—with Kazakhstan as a curious exception.

HAZE OVER MOSCOW

Russia played an important role in the Kyoto Protocol's history. The protocol could only enter into force if it was ratified by industrialized states representing 55 percent of greenhouse gas emissions in 1990. Once the United States announced its decision not to ratify, in 2001, the agreement could go forward only if Russia, accounting for 17.4 percent of 1990 emissions, decided to ratify.

Russia's GHG emissions plummeted almost 40 percent from 1990 to 1998 due to economic restructuring. Its binding target under Kyoto was not to exceed 1990 levels, but its participation in the protocol was still not assured.

Russia has a strong strain of climate skepticism, akin to that in the United States. In the run-up to ratification, arguments against the Kyoto Protocol ranged from claims that global temperature increases were related to natural cycles to assertions that the agreement was unlikely to effectively mitigate climate change. Some critics even argued that climate change could benefit Russia. At the 2003 World Conference on Climate Change in Moscow, Putin acknowledged the importance of the issue, but joked that "an increase of two or three degrees wouldn't be so bad for a northern country like Russia. We could spend less on fur coats, and the grain harvest would go up." In fact, Russia faces many risks from climate change, including melting permafrost, flooding, and increases in forest fires and forest diseases. The Russian government eventually ratified the protocol in November 2004, but many observers agreed that it was motivated, in part, by the potential for new investment and technology and, more decisively, by the quid pro quo of EU acquiescence to Russia's membership in

the World Trade Organization (WTO).

Notwithstanding its role in "saving" the Kyoto Protocol, Russia has not been actively engaged in climate policy, despite the best efforts of a small but committed group of advocates inside and outside the government. Instead, Moscow has largely acted in accordance with its perceived economic interests. The country's significant drop in emissions and potential for joint implementation projects presented an opportunity to sell carbon credits to other Annex I states. Officials estimated that Russia could earn \$1 billion to \$2 billion annually, and environmental activists anticipated even greater revenue (though minuscule compared with revenues from oil and gas production).

However, these estimates were speculative. Taking advantage of Kyoto's flexible mechanisms required domestic legislation. Bureaucratic inertia and frequent administrative reorganizations meant that Moscow did little on climate policy in the years immediately following Kyoto's ratification. For example, Russia's lower-than-expected

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participation in joint implementation projects stems in part from the country's failure to create the necessary legal framework in a timely fashion.

Under the modernization program of Dmitri Medvedev, president from 2008 to 2012, Russia briefly appeared to be aligning its global climate commitments and domestic policies through a focus on making the economy more energy efficient. Medvedev signed a decree that set a goal of reducing Russia's energy intensity by 40 percent by 2020. He also signed a climate doctrine and a 2009 energy efficiency law, and made state funds available for energy savings projects.

Yet Russia's stance at global talks put the onus on action by other states. Just before the December 2009 UN Climate Change Conference in Copenhagen, Medvedev stated that Russia's continued participation depended on all major economies' making commitments, emissions targets' taking into account the need of states to develop their economies, and other states' recognition that Russia was "already a world leader in emissions reduction." Meanwhile, the summer of 2010 brought record heat, drought, and widespread forest fires to Russia, resulting in a thick, smoky haze over Moscow, and drawing further attention to climate issues.

Since Putin's return to the presidency, Russia has been less focused on climate both domestically and globally. Russia is not participating in the second commitment period of the Kyoto Protocol, in part due to the dispute about carrying over carbon credits from the first period. Russia's emissions are still well below the 1990 baseline: In 2011, emissions stood at 69 percent of 1990 levels.

In September 2013, Russia announced a target for GHG emissions of 75 percent of 1990 levels by 2020—a goal that critics have characterized as more of a public relations stunt than a real commitment to emissions reductions. A 2013 Ministry of Economic Development report suggests that GHG emissions will rise to 75 percent of the 1990 levels by 2020, and then fall to 70 percent in 2030 due to improvements in energy efficiency, labor productivity, and low-carbon energy sources.

Given Moscow's relatively weak approach to climate change, the post-socialist region lacks a leader—a state that could have credibly set up a region-wide emissions trading system, for example. Based on its past behavior, it seems unlikely that Russia will take any measures to reduce emissions that place it at a competitive disadvan-

tage relative not only to the United States, but to China, Brazil, and other emerging economies.

THE EU'S EASTERN BLOC

Many post-socialist states—including Poland, Hungary, the Czech Republic, and the Baltic states—have developed their approach to climate issues as candidates or members of the EU, the world's leading jurisdiction on climate issues. The Central and Eastern European (CEE) states found themselves with emissions levels well below the Kyoto Protocol's 1990 baseline when they joined the EU in 2004 (Bulgaria and Romania joined in 2007). However, they have been focused on modernizing their economies and closing the gap in GDP per capita with their Western neighbors. Climate policy has been a low priority domestically. A 2014 Eurobarometer poll showed CEE states occupying seven of the lowest eight rankings of European countries in the percentage of respondents agreeing that climate change is one of the most serious problems facing the world; the highest response was 81 percent in Sweden, and the lowest was 28 percent in Estonia.

EU members from the post-socialist region sought exemptions to allow them more time and flexibility in contributing to the EU's shared goals for 2020: a 20 percent reduction in EU greenhouse gas emissions from 1990 levels; increasing the share of energy from renewable resources to 20 percent of the EU total; and a 20 percent improvement in the EU's energy efficiency. Several post-socialist states have challenged the EU's 2030 framework for climate and energy, which sets more ambitious targets, including a shared goal of reducing emissions by 40 percent.

Once they became members, the former Eastern bloc states were folded into the EU's burden-sharing approach to climate policy. The EU as a whole had a binding target of reducing emissions to 8 percent below 1990 levels under Kyoto. However, the EU assigns different emissions targets to states based on their energy mix, level of economic development, and past efforts to reduce emissions. Most new member states are allowed to increase their emissions as they develop their economies. For example, in the EU's 2020 climate plan, Bulgaria was allowed to increase its emissions by 20 percent, while other CEE states were granted smaller increases. Member states also participate in the EU's Emissions Trading System. While most observers agree that it has underperformed due to overly generous permit allocations

and economic recession, among other factors, the system benefits companies in certain sectors by allowing them to trade carbon emissions permits and sell unneeded permits for profit.

Economic concerns about the cost of climate change mitigation persist among the EU's "new" members from the post-socialist region, most vocally in Poland. Warsaw has blocked approval of the EU's goal of an 80–95 percent cut in GHG emissions by 2050. Poland still relies heavily on coal-fired plants for electricity, and its government has argued that the measures necessary to achieve the emissions goal would decimate Polish industry and slow economic growth. The head of the Polish Chamber of Commerce went so far as to compare the EU's environmental commitments to Soviet ideological tenets that eliminated reasonable debate.

Some governments of post-socialist states also have raised concerns that efforts to combat climate change—by closing older energy production facilities, for example—may inadvertently increase their dependence on other immediately available energy sources, such as Russian natural gas, in the short term. The Baltic states of Estonia, Latvia, and Lithuania import almost all their gas from Russia. (Remarkably, the Baltic states are still integrated into Russia's electricity grid.) Poland, Hungary, the Czech Republic, Bulgaria, and Slovakia rely on Russia for more than 50 percent of their gas supplies. In addition, Slovakia, Lithuania, and Bulgaria were forced to close their nuclear reactors as part of their EU accession agreements, leading to greater dependence on imported fuel and, they argue, diminishing their energy security.

Energy security is frequently raised by post-socialist states within the EU as an issue equal in importance to climate, and is occasionally used to justify resistance to EU climate and energy goals. Despite these objections, the post-socialist region is viewed as the EU area with the highest potential for gains in energy efficiency and GHG emissions reductions. Indeed, CEE states are likely to be asked to do more to cut emissions in the future.

LOW AMBITION

Among the states of the former Soviet Union, there is surprisingly little coordination on climate policy and international negotiations, despite

their history of similarly organized economies and reliance on heavy industries. Apart from the Baltics, they generally have been slow to develop domestic strategies for addressing climate change.

Although Ukraine and Belarus are Annex I states under the Kyoto Protocol, they were permitted to take on less onerous emissions targets than high-income Annex I states. These targets do not require significant emissions reductions beyond projected trends and do not constrain the countries' current approaches to economic development. They also were allowed to use flexible mechanisms such as joint implementation. Unlike Russia, both Belarus and Ukraine have committed to the second UNFCCC commitment period. Even so, like Russia, they insist on the continuation of flexible mechanisms and other conditions, such as keeping 1990 as the base year for measuring emissions, and allowing the parties to carry over their carbon credit allowances into the next commitment period. They have made their second period commitments contingent on those conditions.

Belarus can be seen as the least ambitious Annex I country in its climate change mitigation efforts. In the first Kyoto commitment period, Belarus agreed to keep carbon dioxide emissions at least 8 percent below 1990 emissions levels. That was a more

stringent target than Russia or Ukraine took on, but nonetheless easy to meet given its decline of over 40 percent in emissions following the Soviet collapse. For the second commitment period, Belarus agreed to maintain the same target, the most lenient among the three countries in its category.

Ukraine is the mid-range case. It was quick to take advantage of the joint implementation mechanism in the Kyoto period, becoming the first party to obtain UNFCCC approval of a project, in 2007. While Ukraine's use of the joint implementation system has not been as frequent over time as Russia's (unsurprising, given the difference in size of their economies), they are by far the most active countries in using the scheme.

Ukraine has introduced some innovative policy measures, such as a "green" tariff on electricity to encourage renewable energy development, which some project will lead to renewable sources accounting for 12 percent of Ukrainian electricity provision by 2020. Ukraine's emissions reduction

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pledges for the two commitment periods were 0 percent and 14 percent below 1990 emissions levels, respectively—achievable targets, particularly considering the armed conflict that has recently slowed the economy.

THE KAZAKH EXCEPTION

As non-Annex I states with no designated emissions reduction targets and a desperate need to develop their economies, the countries of Central Asia and the Caucasus have had little incentive to adopt serious climate change mitigation policies. One state, though, is a curious exception: Kazakhstan. Like Russia, it has ample reserves of coal, gas, and oil, and inefficient Soviet-legacy infrastructure, creating tremendous opportunities to improve energy efficiency. It also has high potential for wind and solar renewable energy production. As a result, Kazakhstan easily could make great strides toward reducing its GHG emissions, and relative to its neighbors, it has taken more significant steps to develop a climate strategy.

At the international level, although Kazakhstan was initially classified as a non-Annex I country under Kyoto, for many years it pushed to be allowed to take on a binding commitment. But this proved complicated, since many developing nations were concerned that such a shift might lead to pressure on all of them to adopt binding commitments within the UNFCCC. Finally, in 2006, it was decided that Kazakhstan could voluntarily report its emissions as an Annex I country without actually being in Annex I. Kazakhstan has also asserted its desire to join the ranks of wealthy countries by participating actively in the “Umbrella Group” of non-EU developed countries at UNFCCC meetings, despite having also organized a Central Asia and Caucasus group. At the 2012 UNFCCC meeting in Doha, Kazakhstan committed to reaching an emissions target of 5 percent below its 1990 level by 2020.

Domestically, the Kazakh government in 2011 enacted a law to create its own national emissions trading system, the Caspiy Commodity Exchange, which began operating in 2014. While it was slow to get off the ground, it is notable that Kazakhstan has initiated a domestic trading system earlier than any other former Soviet state, including Russia. This fact points to the ambivalent advantages that more authoritarian political systems, like Kazakhstan’s, can offer in speed and coherence of government policy development, as

long as bureaucratic rivalries do not hinder policy making. Yet those same authoritarian systems can also be susceptible to corruption, and oil companies with operations in Kazakhstan could prevent the implementation of any serious regulations that would take a bite out of emissions.

REGIONAL RESISTANCE

Regional cooperation on climate policy within the post-socialist region is limited; collaboration has been evident only among states within the EU, between Russia and Ukraine at international talks (a partnership unlikely to survive their current conflict), and sporadically among some non-Annex I former Soviet states. This is partly a result of UNFCCC divisions between Annex I and non-Annex I states in the region and the limits to the EU’s eastward expansion. In fact, for the most part, these states no longer think of themselves as a region and struggle to define themselves between the entrenched categories of “developed” and “developing” countries.

However, they do share a general concern that a global climate agreement should take into account their need for further economic development. For some, future participation in international climate talks is in doubt; Russia has already withdrawn from the second Kyoto commitment period, and the conflict in Ukraine renders uncertain Russia’s continued participation in the “Umbrella Group” of states. Ukraine, Belarus, and Kazakhstan have been unhappy with the Doha decision that limits their ability to carry over surplus emissions credits from the first Kyoto period to the second. Even within the EU, there is resistance to ambitious climate commitments. In May 2014, Poland led a group of CEE states in demanding compensation for the “excessive burden” of climate mitigation under the EU’s current targets.

These divisions represent a missed opportunity. Post-socialist states face a number of environmental issues, in addition to climate change, that demand cross-regional cooperation. They also hold great potential to further reduce greenhouse gas emissions. However, given that climate change is not a priority for many of these states, policy makers will need to devise strategies for lowering emissions that are cost-effective—and even profitable—as well as beneficial for the global climate. States in the post-socialist region, and beyond, are more likely to act when their short-term economic and long-term environmental interests coincide. ■