

# Global governance — the rise of non-state actors

A background report for the SOER 2010 assessment of global megatrends

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# Executive summary

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Global environmental politics and governance is in a state of gradual yet profound change. Ever since the creation of an international environmental agenda in the early 1970s, states and intergovernmental institutions have been at the centre of global governance. Starting in the 1980s and accelerating in more recent years, however, global governance has become increasingly transnationalised, meaning that it involves a growing number of non-state actors operating at different levels, from the local to the regional and global. Key drivers of this change include economic globalisation, technological change, the growing imbalance in information held by state and non-state actors, and evolving concepts of governance.

The growth of diverse non-state actors and institutional arrangements has begun to change the dynamics and outcomes of global environmental politics. New actors in areas such as business, civil society and science now play a more prominent role internationally and in multi-actor and multilevel governance networks. This trend towards transnationalisation is likely to continue into the future. It will not end state-sponsored international governance but it does create new opportunities and challenges.

For policymakers in Europe who wish to strengthen global governance systems and advance the cause of global sustainability, the process of transnationalisation offers a range of potential benefits. If managed carefully, greater involvement of non-state actors can enhance the problem-solving capacity of international institutions, add new governance mechanisms to existing international treaties and provide for a more inclusive and legitimate form of international policymaking. At a time when the international power balance is shifting and the rise of new global powers threatens to reduce the EU's influence in international affairs, the transnationalisation of environmental governance can be seen as an opportunity for renewed European international leadership.

At the same time, the rise of non-state actors and new governance modes also poses profound challenges for European policymakers, whether representatives of EU Member States or of EU institutions such as the European Commission. To fully grasp the new opportunities, European policy needs to be proactive in promoting and exploiting the trend towards transnational, multi-actor governance. Only if it is centrally positioned within the emerging field of global governance can the EU direct its evolution and derive benefits.

# What is SOER 2010?

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This 'assessment of global megatrends' is part of *The European environment — state and outlook 2010* (SOER 2010).

SOER 2010 is aimed primarily at policymakers, in Europe and beyond, involved with framing and implementing policies that could improve Europe's environment. The information can also help European citizens to better understand, care for and improve their environment.

The SOER 2010 'umbrella' includes four key assessments:

- this exploratory assessment of **global megatrends** relevant for the European environment;
- a set of 13 Europe-wide **thematic assessments** of key environmental themes;
- a set of 38 **country assessments** of the environmental situation in individual European countries;
- a **synthesis** — an integrated assessment based on the above assessments and other EEA activities.

This background report was drafted to support the first of these four elements: the assessment of global megatrends.

## *SOER 2010 assessments*

All SOER 2010 outputs are available on the SOER 2010 website: [www.eea.europa.eu/soer](http://www.eea.europa.eu/soer). The website also provides key facts and messages, summaries in non-technical language and audio-visuals, as well as media, launch and event information.

# Why assess global megatrends?

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Europe is bound to the rest of the world through an enormous number of systems — environmental, economic, social, political and others — enabling a two-way flow of materials and ideas. Europe contributes to global environmental pressures and accelerating feedbacks through its dependence on fossil fuels, mining products and other imports. Conversely, changes elsewhere increasingly affect Europe, both directly as in the case of environmental change or indirectly through, for example, intensified socio-economic pressures.

The SOER 2010 assessment of global megatrends focuses on the impact of global pressures on Europe. A global-to-European perspective is relevant for European environmental policymaking because Europe's environmental challenges and management options are being reshaped by global drivers such as demographics, technologies, trade patterns and consumption.

Many of these changes are interdependent and likely to unfold over decades. They can significantly affect Europe's resilience in the long term. Naturally, such changes also offer unique opportunities for action. But effective measures require better information and better understanding of a highly complex and evolving situation.

The SOER 2010 assessment of global megatrends groups a rich diversity of information on global drivers of change into 11 megatrends clustered into five groups: social, technological, economic, environmental and political (governance). It summarises key developments succinctly and attempts to trigger a discussion about how we should monitor and assess future changes in order to better inform European environmental policymaking.

There are many ways to assess global megatrends and a number of diverging views are valid. The diversity, complexity and uncertainty inherent in the analysis require a broad, diverse approach to building up the information base, including stakeholder consultation and the use of existing academic and other expert information.

The present report represents one contribution to the knowledge base, addressing megatrend 11 in the SOER 2010 assessment: 'Environmental regulation and governance: increasing fragmentation and convergence'. The other 10 megatrends are:

1. Increasing global divergence in population trends
2. Living in an urban world
3. Disease and the risk of new pandemics
4. Accelerating technological change: racing into the unknown
5. Continued economic growth?
6. From a unipolar to a multipolar world
7. Intensified global competition for resources
8. Decreasing stocks of natural resources
9. Increasingly severe consequences of climate change
10. Increasing environmental pollution load

The complete *SOER 2010 assessment of global megatrends* is available at the SOER 2010 website: <http://www.eea.europa.eu/soer/europe-and-the-world/megatrends>.

# 1 The rise of non-state actors and multi-actor global governance

World politics in general and global environmental politics in particular are characterised by a proliferation of actors and the emergence of new forms of global governance (Cerny, 2010). States and intergovernmental institutions may still be at the heart of much international policymaking but non-state actors and novel governance mechanisms increasingly shape outcomes in global politics.

Today, global environmental governance is being created, negotiated and implemented by a myriad of actors at multiple levels and in ever more complex ways. The expansion of actors and governance structures offers new opportunities but also poses new challenges to European policymakers as they seek to strengthen global environmental governance and maximise Europe's impact on global affairs.

## 1.1 Non-state actors

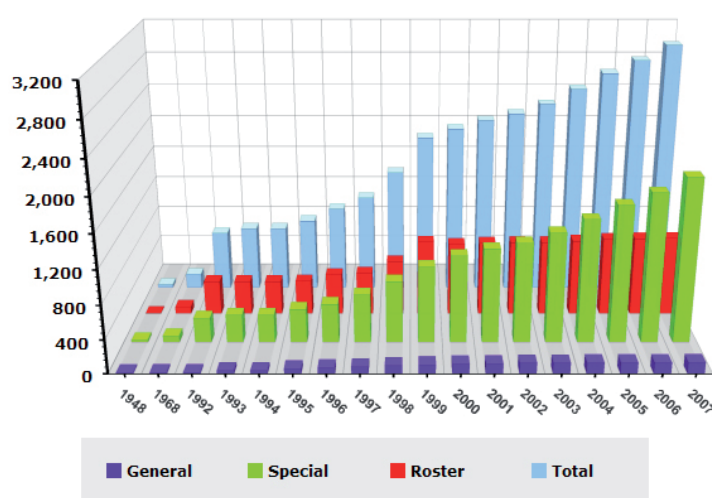
This change in the composition of global governance has become the subject of intense debate in the academic literature and in global policy circles (Cutler et al., 1999; Held and McGrew, 2002; Pattberg, 2007;

Dingwerth, 2007; Okereke et al., 2009; Andonova et al., 2009; Cerny, 2010; Poteete et al.; Ostrom, 2010a). It is evident in various indicators, some quantifiable and others more qualitative in nature.

A key indicator is the **rise in the number and diversity of non-state actors** populating the international realm. Precise numbers are difficult to come by but the following data for non-governmental organisations, multinational businesses and science organisations may serve as proxy indicators.

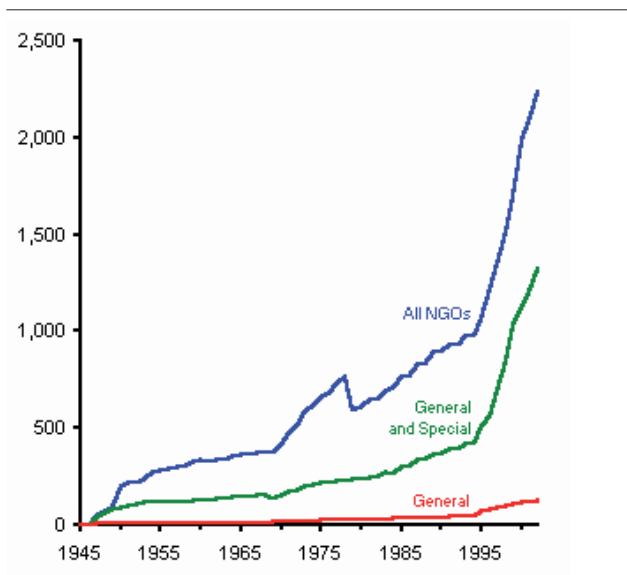
**Non-governmental organisations (NGOs):** alongside the growth of civil society organisations domestically, global civil society has grown significantly and persistently. For example, the number of international NGOs (INGOs) that are formally recognised as observers in the United Nations (UN) system has increased consistently since the Second World War and most notably since the 1990s. In 2008, a total of 3 183 INGOs were registered as groups with consultative status with the UN Economic and Social Council (ECOSOC, 2008).

**Figure 1.1** Number of NGOs in consultative status with ECOSOC



Source: UN, 2007.

**Figure 1.2 Numbers of NGOs in consultative status with ECOSOC**



Source: Willets, 2002.

**Business:** the growth of the global economy in the 20th century has led to the creation of ever more multinational corporations (MNCs), which operate in more than one national market and increasingly take on a global outlook in their production, sourcing, sales and research and development strategies. According to the United Nations Conference on Trade and Development (UNCTAD), the number of multinational corporations has risen from an estimated 7 000 in 1972 to some 82 000 in 2008 (UNCTAD, 2009a). Again, since the 1990s, there has

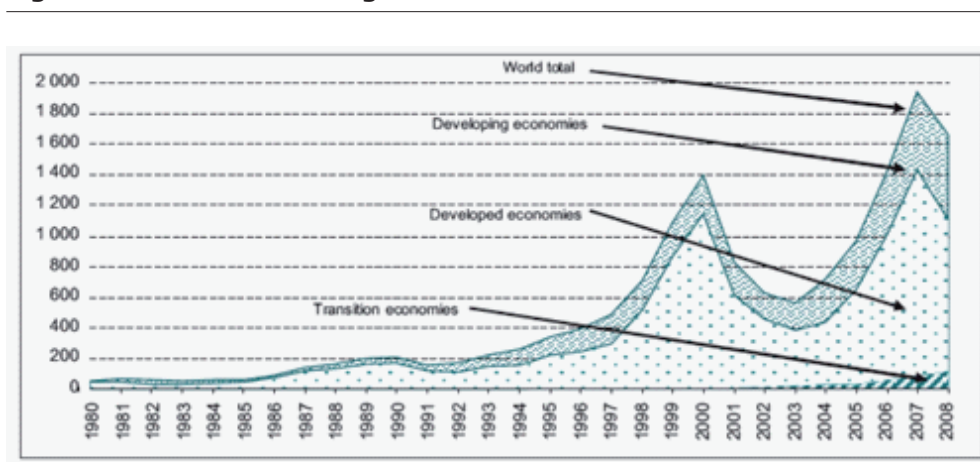
been a notable increase in the growth of MNCs and foreign direct investment (FDI) flows, which largely reflects more cross-border mergers and acquisitions leading to the creation of ever larger global corporate conglomerates.

**Science organisations:** the growth of science in leading industrialised countries has promoted the continuing internationalisation of scientific organisations. No reliable and comprehensive data exist on the number of scientists or scientific organisations involved in global policymaking. However, the growing number of international scientific bodies representing national organisations and cross-national professional organisations has given scientists a greater prominence in international political debates. The International Council for Science (ICSU), for example, counts among its members science organisations from 141 countries and professional bodies covering major science areas, from forest research to microbiology and toxicology.

Specially convened and internationally established science bodies have played a major role in shaping the creation and evolution of the international ozone regime (Haas, 1992). Similarly, the Intergovernmental Panel on Climate Change (IPCC) has risen dramatically in prominence, becoming the world's premier scientific review body on climate change and drawing on the work of thousands of scientists around the world.

One important consequence of this growth in non-state actors is their increasing presence and participation in intergovernmental processes (Betsill and Correll, 2008). In the last two decades in

**Figure 1.3 Growth in foreign direct investment flows**



Source: UNCTAD, 2009b.

particular, more and more national and transnational interests have been represented at international forums that seek to inform and influence state decision-making. These bodies lobby governmental representatives, provide scientific, technical or legal information in negotiations and exert moral pressure on states by creating wider publicity for intergovernmental processes.

Naturally, the degree to which non-state interests are represented internationally varies from issue to issue. In environmental politics, by far the most prominent example of this trend is in the field of climate change, where steadily more civil society and business groups attend international negotiations. This process reached its pinnacle with the 2009 Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen, which was attended by 10 500 official delegates, 13 500 observers and 3 000 media representatives, according to official UN sources (UNFCCC, 2009).

## 1.2 Transnational networks and governance institutions

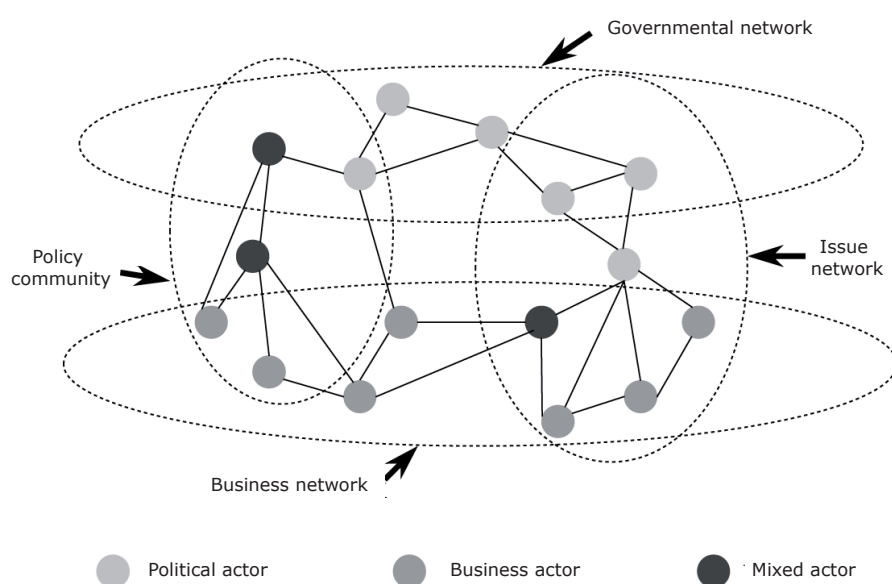
Apart from participating in interstate negotiations, non-state actors have also become active in the

creation of transnational networks (Keck and Sikkink, 1998; Tarrow, 2005). Such networks exist independently from formal intergovernmental institutions. They may involve governmental actors, but their defining characteristic is independence from state approval or support (see Figure 1.4).

Transnational networks bring together a diversity of actors that are like-minded and focus on global, rather than national, policy objectives. Such networks usually include those actors needed to pursue such objectives successfully, following a functional logic of transnational problem-solving. For example, multistakeholder initiatives such as the Kimberley Process include business, NGOs and states and draw on their respective capacities to eliminate international trade in so-called 'conflict diamonds' (Kantz, 2007).

Where transnational networks assume a more institutionalised form and begin to set norms and rules for their members or other concerned actors, they become transnational governance institutions in their own right. In fact, such networks today make up a central steering mechanism in global environmental governance (Baekstrand, 2008; Okereke et al., 2009; Pattberg, 2010).

**Figure 1.4 Transnational networks and policy communities**



Source: Welch and Wilkinson, 2004.

Various forms of transnational governance have come into existence since the 1980s:

- public-private partnerships, which connect businesses, societal groups and governmental actors in joint efforts to address specific public policy problems (e.g. access to water, investment in clean energy);
- private regimes, which involve non-state actors willing to commit to self-regulatory norms and rules in a given issue area (e.g. environmental management systems, certification of sustainable timber trade);
- global supply chain governance, in which companies at the consumer end of supply chains impose environmental quality standards on their suppliers (e.g. organic standards in agriculture);
- corporate social responsibility schemes, through which multinational corporations establish and maintain environmental standards for their global corporate network (e.g., environmental safety standards in the chemical industry).

In the past global governance was thought to depend primarily on state authority and intergovernmental institutions. However, the growth in private governance is based on a recognition that authority in global politics, and particularly in global environmental politics, also exists in the wider economic and social sphere (Rosenau and Czempiel, 1992).

Transnational governance institutions rely on one or several power structures in the global economy to steer other actors, including the purchasing power of large companies operating at the end of supply chains; the market power of large multinationals in oligopolistic environments; the organisational power of large multinational corporations; and the social power of NGOs and their ability to harm corporate or brand reputations.

The growth in transnational governance over the last three decades can be seen in terms of both the number of such institutional arrangements and broad coverage of issues. For example, the 2002 World Summit on Sustainable Development played a critical role in initiating a wide range of public-private partnerships — voluntary multistakeholder initiatives contributing to the implementation of Agenda 21, Rio+5 and the Johannesburg Plan of Implementation. As of 2009, 323 such partnerships were listed in the official UN Commission on Sustainable Development (CSD) partnerships database (Pattberg, 2010). Furthermore, nearly every global environmental

issue area is now populated with transnational governance initiatives, from deforestation (e.g. the Forest Stewardship Council) to climate change (e.g. the Renewable Energy and Energy Efficiency Partnership), and from ozone layer depletion (e.g. the Industry Cooperative for Ozone Layer Protection) to chemical safety (e.g. Responsible Care).

The Forest Stewardship Council (FSC) is one of the early and still most prominent examples of a multistakeholder initiative, providing an important element of global forests governance. Its significance arises particularly from the fact that the international community repeatedly failed to create a comprehensive and legally binding international forests regime, at the UN Conference on Environment and Development in 1992 and in subsequent years (Humphreys, 2006). Created in 1993 by 130 representatives from 26 countries, none of whom are government representatives, the FSC has grown into a global forest management and certification scheme. FSC members are guided by 10 principles for sustainable forest management and are monitored and certified for their adherence to these principles. The FSC eco-label is globally recognised and accepted, and covers more than 60 million hectares of global forests (Gulbrandsen, 2004; Pattberg, 2005).

While it is correct to speak of a general increase in the number and diversity of non-state actors involved in global politics, it would be misleading to assume that all types of actors can have similar levels of influence over international outcomes. Significant differences exist between social and economic actors, for example. Due to their financial and organisational resources, and their structural importance to employment, economic growth and technological innovation, corporations are in a 'privileged' position within the transnational world (Falkner, 2008). Corporate actors also benefit from a host of international regimes that prioritise policy objectives such as free trade and free investment flows over others such as sustainability. This is not to say, however, that business actors will always dominate policy processes or dictate outcomes. It is merely a reflection of the varying sources of power available to different types of non-state actor. The specific shape of transnational politics will depend on the issue-specific circumstances and power resources brought into play, which can also benefit NGOs rather than businesses in certain circumstances. In a transnational world, political processes are likely to be more open-ended than ever before (Cerny, 2010).

## 2 Key drivers of global change

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The rise of non-state actors and new forms of multi-actor and multilevel governance is a complex phenomenon that cannot be explained with reference to any single causal factor. Instead, four key drivers of global change can be identified: economic globalisation; information asymmetries; technological change; ideational change (i.e. changes in the formation of ideas and norms). They are not direct, immediate causes of transnational governance and politics but provide a fertile environment in which these new forms of global governance are demanded and supplied.

### 2.1 Economic globalisation

Economic globalisation has a long history. In its modern form, it is widely assumed to have accelerated especially since the 1970s, with the liberalisation of international financial markets, investment flows and trade, and again since the 1990s with the collapse of the Soviet Union and the opening up of large developing country markets such as China and India (Held et al. 1999). As such, globalisation is a key condition for the increase in non-state actors, particularly in the economic realm, i.e. multinational corporations. It has led to the creation of ever more complex corporate organisations and networks across national boundaries, which are proving difficult to govern through traditional intergovernmental means but which themselves give rise to new forms of transnational governance.

States have found it difficult to create global governance regimes for multinational corporations that compare in strength and coverage to the international regimes for trade and finance. Partial governance systems for international business activity exist, for example within the World Trade Organisation and in bilateral or regional trade agreements. These tend to be comparatively weak, however, when it comes to the governance of global business's environmental impact. Their primary purpose is to facilitate, rather than regulate, global investment flows (Clapp and Dauvergne, 2005).

The effect of economic globalisation on global environmental governance is twofold. It creates demand for international collective action to address new policy problems. At the same time, it facilitates the emergence of new constellations of actors and transnational networks that provide novel governance solutions to global problems.

With regard to the first effect — creating demand for international collective action — global economic integration is the source of a range of new policy dilemmas that stretch the ability of nation states to provide adequate solutions. The increasingly unhindered international movement of goods, capital and technology has had a particularly strong impact in the environmental field. The effects of environmental degradation in one country can easily affect neighbouring countries, whether in the form of transboundary pollution flows such as acid rain or environmental refugees. Emerging technologies create risks that cannot be contained within a national context, for example fallout from nuclear accidents or global dispersion of the products of bio- and nanotechnologies. Capital mobility allows polluting industries to move to less stringent regulatory environments, thus undermining established environmental policies. The global commons, such as the marine environment and the global atmosphere, are being exploited or degraded beyond a sustainable point.

The global nature of these environmental policy problems thus adds an additional layer of complexity to global environmental governance. With responsibility for environmental harm dispersed throughout the global economy and the capacity to deal with global problems shared between a multitude of actors, states and intergovernmental institutions can no longer serve as the sole or primary provider of global governance solutions. Economic globalisation thus creates not just complex issues but also political complexity in terms of identifying appropriate and effective political responses.

With regard to the second effect — facilitating the emergence of new actors and networks —

globalisation produces shifts in the nature and form of global political organisation, which in turn affects the nature of global environmental governance. Globalisation creates new sites of political action outside the state-centric decision-making forums by 'shrinking' global political spaces and 'speeding up' processes of communication and interaction (Giddens, 2002; Ostrom, 2010a). Globalisation enables social and economic actors to interact, network, and under certain circumstances govern. Thus, the expansion of global market networks strengthens the power of multinational corporations but where business success depends on maintaining corporate reputation transnational activism by consumer groups and political activists can provide a countervailing source of global social power. In this sense, globalisation is as much part of the solution as it is part of the problem in global environmental governance.

### 2.2 Technological change

The second driver of global change is the underlying process of technological change that underpins economic globalisation and global politics. While this is a continual process, technological changes in the late 20th century have accelerated the separation of international politics from nation states and the growth of multi-actor networks. Critical technological changes include the growth of modern information and communication technologies, particularly the internet but also international telephony, which has become an indispensable tool for transnational networking. The ease and low costs of using such technologies have contributed to the growth of non-state actor involvement in global environmental governance.

Although states also benefit from such technological change, it is non-state actors that benefit most. ICT allows them to transcend national boundaries easily and reduces the ability of the state to act as a gatekeeper for domestic access to international politics. Furthermore, easy and cheap communication across boundaries is an essential ingredient in the creation of transnational governance arrangements. Satellite imagery, internet databases, e-mail and telephony enable environmental NGOs to monitor state and corporate behaviour and to measure their adherence to international or transnational environmental standards. ICT has thus become an integral element of transnational governance beyond the state system.

### 2.3 Information asymmetries

The third driver behind the transformation of global governance can be found in the growth of **information asymmetries** between states and non-state actors. The expansion of global collective action problems and the increasing complexity outlined above limits the ability of states to provide solutions. The growth of complex, transnational interactions and networks between a myriad of actors, increasingly overwhelms the capacity of states to steer, direct, and change environmentally relevant behaviour.

Climate change provides a dramatic illustration of such information asymmetry. The root cause of man-made greenhouse gas emissions includes not just the use of certain fossil fuels as energy inputs but also the decisions of millions of economic actors and billions of individual consumers. Moving the global economy towards a low carbon future involves governance on a grand scale: initiating technological change to replace fossil fuels with alternative energy sources; redirecting infrastructure investments in industry, energy networks, transport systems and urban planning; reengineering production processes in industry to enhance energy efficiency; and changing incentive structures for consumers to promote more environmentally friendly forms of consumption. This governance challenge cannot be met by states alone. Neither do they have the information needed to understand and steer developments at such a scale, nor do they have the capacity and authority to impose such changes and enforce them throughout the global economy.

As is clear in the case of climate change but also with respect to other complex environmental issues such as biodiversity, marine pollution, air pollution and technology risk, it is non-state actors that possess critical knowledge and the capacity to initiate change at appropriate levels of social and economic activity. Several types of information asymmetry can be identified. Non-state actors may have an advantage in holding the scientific knowledge to establish causal relationships between human activity and environmental damage and to identify appropriate forms of intervention (e.g. pistemic communities and their scientific advice on climate change through the IPCC). They may hold greater technological knowledge to design and implement industrial change programmes (e.g. the phase-out of ozone-depleting substances in the Montreal protocol, c.f. Falkner, 2005). They may also have political knowledge of levers of

influence in managing global supply chains and establishing industry-specific norms and standards (e.g. the creation of the Kimberley Process for blood diamonds).

## 2.4 Ideational change

The fourth driver can be found at the conceptual level. Although technological change and economic globalisation are powerful forces that seemingly push ahead without human control, changing political ideas and norms must also be taken into account. The shift in global governance towards greater involvement of non-state actors reflects not only the reality of their increase and greater prominence but also changing conceptions of the relationship between politics and the market, and the state and non-state actors. As a result of these changes, the scope of authority and governance has broadened to include locations outside the narrowly defined state-centric realm.

The idea that there can be 'governance without government' (Rosenau and Czempiel, 1992) and that states are merely one type of actor among many that can enact change on a global scale has now become common currency. This has led, at the domestic level, to the emergence of new types of regulatory policies, such as voluntary agreements, and at the international level, to the growth of transnational governance.

This ideational shift is widely assumed to have progressed through several stages, starting in the 1970s with the rise of neoliberal thinking in politics and economics, progressing in the 1980s with large-scale political reforms in the United States and the United Kingdom, and expanding worldwide in the 1990s with the adoption of liberalising policies by an ever growing number of developing countries.

In a certain sense, the rise of neoliberal thinking with its emphasis on self-regulating markets, the free association of individuals in society and limits on the power of the state, can be seen to have fed this ideational change. It would be misleading, however, to reduce the greater acceptance among states of non-state actors in global governance to the rise of neoliberalism. In its extreme form, the neoliberal ideology is opposed to both the state and regulation. In contrast, the ideational shift that underpins the rise of new forms of global governance is pragmatic in recognising the need to reform and redefine the nature and scope of global governance: making it more inclusive, basing it on network models, rendering it more flexible and adaptable, and extending it from the global to the local. In many ways, therefore, multi-actor governance promotes not deregulation but a form of reregulation of the global economy. Markets are governed by different types of standards, rules, legal norms and social pressures, initiated and maintained by states as much as by non-state actors (c.f. Levi-Faur, 2009).

## 3 Future developments and uncertainties

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The preceding discussion identified four underlying drivers of global change that have promoted the rise of non-state actors and a transformation in global environmental governance. Although these drivers can be expected to continue operating for decades to come, the outlook for the future of global environmental governance is uncertain. This chapter seeks to identify some of the key uncertainties that cloud future predictions and to sketch the main challenges and opportunities.

### 3.1 Uncertainties regarding the drivers of change

First, **economic globalisation** is likely to continue into the future. It is a well established process with strong political and institutional support in the global political economy. Certainly, there have recently been setbacks on the path towards greater economic integration, most notably in the context of the global financial crisis and protectionist responses to the economic recession. Rising economic nationalism in times of economic crisis can never be ruled out and globalisation remains a fundamentally fragile process in need of political and economic support. However, the current global political climate differs fundamentally from the global reaction to the economic depression of the 1930s, when major economies retreated into competitive economic nationalism and global trade and finance disintegrated. Today's world economy rests on more robust institutional foundations, in the form of a much denser web of legal, political and corporate connections that tie major economies together.

Likewise, **technological innovation** is set to continue unabated into the foreseeable future, even if its path and outcomes cannot be predicted. Current technological trends that facilitate greater transnational communication, interaction and networking are likely to intensify, thus further promoting the growth of non-state actor involvement in global politics. The information revolution heralded by the internet is constantly lowering costs and barriers to gathering and

distributing of policy-relevant knowledge. At the same time, new 'disruptive' technologies (e.g. biotechnologies, nanotechnologies) with the potential to reshape a wide range of global industrial processes, are likely to create new demand for global policy to minimise risks. Accelerating technological change is thus likely to increase, not minimise, the complexity of global environmental politics.

From this follows that existing **information asymmetries** are set to increase in the future. A more interdependent global economy with more diverse actors interacting within a transnational social and political space will increase the demand for global policy solutions. In this respect, the demands on states and other actors to create and strengthen global environmental governance is bound to grow. Rising issue complexity as a consequence of continuing technological change will make it inevitable for global governance to be structured around inclusive, multi-actor constellations at different levels.

The outlook for **ideational change** in the global system is less clear, not least because its manifestations are more fluid and more difficult to measure. The neoliberal revolution in economic policy has brought about fundamental changes in the role of the state over the last three decades. Yet, the degree to which different countries have followed neoliberal ideas varies considerably. In fact, global crises such as the 1997 Asian financial crisis and the 2008 global financial crisis have provoked a re-evaluation of the state-market relationship in emerging economies. China's success in particular is widely considered to provide an alternative model to straightforward neoliberalism, one that retains a strong and intrusive state role and combines state led industrialisation with controlled market liberalisation. China is not alone in advocating state capitalism. Other emerging economies, too, rely on a more activist state, as is the case in Russia's model of resource nationalism. Thus, the peculiar mix of ideas that has given rise to new forms of regulatory and self-regulatory capitalism continues to evolve globally. Indeed, established principles of global governance and transnational norm setting are being

challenged by emerging-economy multinationals, as has been noted in the case of Chinese companies investing in Africa.

### 3.2 Opportunities and challenges

Given the inevitable uncertainty surrounding the long-term trends described above, an alternative way of thinking about long-term trends and uncertainties is to identify some of the opportunities and challenges that global change is likely to create in the foreseeable future.

Several **opportunities** arise from the growth of a more diverse set of actors in global environmental governance. First, where international policymaking has failed to create global governance mechanisms (e.g. in the area of deforestation and forest management) or is unable to overcome fundamental differences in interests and power in the search for a strengthened global regime (e.g. in international climate negotiations), the growth of transnational environmental governance bears the hope of alternative governance arrangements that may at least in part compensate for the absence of state-led initiatives.

Second, even where states remain active in environmental policymaking, the deepening complexity of many environmental issues will require the continued engagement of non-state actors with relevant technological, scientific, economic and political knowledge. The continued growth of transnational networks can thus be expected to enhance the informational environment of policymaking.

Third, where engagement with non-state actors allows states to use governance mechanisms that exist in the global economy, the continued growth of multilevel transnational governance is likely to increase global capacity for problem solving. In some areas, private governance mechanisms can help diffuse environmental norms and standards more easily and more widely, reaching into the domestic realm of states that may not have the capacity or intention to achieve this effect.

Fourth, the expansion of non-state actor engagement in international processes can help enhance the legitimacy of global environmental governance. Although states remain the sole legitimate representatives of nations, increased global interdependence and greater issue complexity has created a wider range of relevant actors or stakeholders that perform necessary and legitimate

roles in a global context. Their involvement in international political processes and governance arrangements can thus create a wider legitimacy for global governance initiatives, by broadening participation and strengthening the effectiveness of global environmental governance.

On the other hand, the transformation of global governance is likely to create **challenges** and further complicate the search for effective global policy responses in several important ways. First, the proliferation of actors, networks and governance mechanisms, as well as the growing diversity of global approaches outside the legal framework of interstate cooperation, increases the political complexity of global governance. Be multiplying the number of international processes, forums and governance institutions, the rise of multi-actor governance could further fragment global policymaking (Biermann et al., 2009). Fragmentation can lead, at best, to an unnecessary duplication of effort or lack of coordination and integration of related but separate governance mechanism. At worst it can create rival, contradictory and counter-productive political processes and institutions.

Second, the growth of transnational governance may strengthen the inertia in current intergovernmental processes. The growth of self-regulation, it is feared, would let states 'off the hook', by allowing them to delegate governance roles to non-state actors. For example, the creation of hundreds of public-private partnerships at the 2002 World Summit on Sustainable Development, against the background of the Summit's failure to create new international commitments for environmental protection, can be seen as such a form of inertia-fuelled governance delegation. In this sense, a future strengthening of transnational governance could go hand-in-hand with a weakening of interstate institutions.

Third, the growing number of non-state actors and transnational networks is a highly uneven process, which creates inequalities in representation and power. In both the economic and social spheres, non-state actors from industrialised countries are by far the most prominent and powerful transnational actors. In global business, multinationals from the United States and Europe still dominate the field, despite the slow but persistent rise of emerging economy MNCs. In global civil society, levels of transnational organisation and representation are also highest in industrialised countries. To some extent, therefore, the transnationalisation of global environmental politics reproduces global power

inequalities that already exist in interstate relations. These inequalities may not be as pronounced and entrenched in the non-state world of global politics as in the UN system but their persistence into the foreseeable future will be a serious challenge to policymakers who wish to ensure that global environmental governance is more fully representative (Clapp, 1998; Dingwerth, 2008). More effort will therefore be needed to encourage broad-based participation in global governance by non-state actors from around the world in order to counter the creeping marginalisation of smaller developing countries in particular.

The case of climate change offers an insightful illustration of these long-term opportunities and challenges (Pattberg and Stripple, 2008). As mentioned above, the complexity of decarbonising the global economy and increasing resource efficiency will require the broadest possible participation of relevant stakeholders. Creating multilevel climate governance with the help of civil society, business and science is, therefore, a necessary ingredient in a successful global climate strategy. Countries have already sought to tap into the technological, economic and political knowledge of non-state actors by creating carbon markets that mobilise private sector investment and

innovation. Indeed, the Kyoto Protocol sits at the centre of a growing web of governance mechanisms that perform different functions (e.g. the Clean Development Mechanism, emissions trading, certification of carbon offsets, carbon disclosure and transparency). In this sense, global climate governance can benefit from the transnationalisation of governance.

At the same time, however, the stalling international process risks undermining the global effort to create a comprehensive and coherent global climate regime. Continued disagreement between states over the goals and means of climate policy could derail efforts to integrate the existing multilevel initiatives and build them up to a more effective overall governance structure. A move towards a more decentralised international effort may already be under way. Some now speak of the emergence of a 'building blocks' strategy to rescue the international negotiations. This would refocus the talks on partial agreements that can be joined up to form a larger governance structure, which could also seek to integrate transnational initiatives and mechanisms. Such an approach will remain second-best, however, as it carries the risk of further disintegration of global climate governance (Falkner et al., 2010).

## 4 Concluding reflections for European policymaking

Having outlined the main drivers of global change and the uncertainties surrounding these trends, we now turn to concluding reflections on the implications for European policymaking. In pursuing its global ambitions, the EU will increasingly have to consider how it can achieve its objectives within the changing context of global environmental politics. Three questions, in particular, emerge from the above discussion:

- how can Europe's external policies be designed to better reflect the changing reality of global governance?
- which are the most effective strategies for engaging with novel global governance arrangements?
- what would an overall strategic outlook for the EU look like?

The first point to note is that **the European Union is in a peculiar and privileged position within global environmental politics**. Its position is peculiar due to its unique nature as a supranational body representing sovereign nation states but having the quality of an international actor in its own right, largely due to its extensive competencies in the field of environmental protection and climate change (Vogler, 1999; Ostrom, 2010b). Internally, the EU can be seen as a multilevel governance system in itself, comprising European, Member State, and subnational governance levels (Marks et al., 1996). The EU is thus a prime example of how environmental protection is increasingly being negotiated and delivered in complex and overlapping decision-making structures.

The EU is also in a privileged position because of its reputation as a global environmental leader. It has long pioneered stringent and innovative environment regulation and has exported environmental standards through various means of norm diffusion. The EU thus has considerable 'soft power', or 'normative power', in global politics, based on its own multilevel governance structure and its leading role in promoting environmental standards (Manners, 2002). Where it speaks with one voice and is able to deliver on its international

commitments and policy promises, the EU is likely to continue to play an important role as an international agenda setter. Questions remain, however, over the very notion of 'normative power' as a distinctive and credible strategic vision for European foreign policy in the environmental field (Falkner, 2007).

In the light of the changing conditions for global environmental governance, **the EU's continued global environmental leadership needs to be redefined to take into account the wider networks and governance structures** that increasingly characterise many environmental issues. Traditionally, EU leadership has been conceived in terms of its impact on other states. Increasingly, however, this notion needs to be broadened to include a wide range of global actors and institutional environments that shape international outcomes.

As is increasingly acknowledged in research on transnational governance, states can act as catalysts for the growth of non-state forms of governance. Where the involvement of non-state actors enhances global governance capacity, **the EU can assist in the emergence and legitimisation of new forms of transnational interaction and environmental governance** (Rosenau, 2000). As can be seen in the case of global carbon markets, state-sponsored initiatives such as the Kyoto Protocol or the EU emissions trading system have spurred a flurry of related activities in the private sector that build on, relate to or are independent of the core intergovernmental mechanisms (e.g. the Chicago climate exchange and voluntary emissions trading within MNCs). The EU should thus consider how it can maximise its impact on global environmental governance by stimulating the engagement of non-state actors in designing and implementing multi-actor governance mechanisms.

One important avenue for stimulating such non-state actor activity is the **promotion of self-regulatory practices among European multinationals** that are operating in global markets. Promoting corporate social responsibility has

already become part of the EU's Lisbon Strategy, Sustainable Development Strategy and Europe 2020 but a clearer strategic focus on the international implications of CSR is warranted.

Another opportunity lies in **more comprehensive efforts to encourage, enable and support multistakeholder initiatives through a European multistakeholder diplomacy approach**. The EU has already moved towards greater and earlier consultation with and involvement of domestic interest groups in trade policy (Hocking, 2004). The multistakeholder model aims to encourage consultation and information flows between EU representatives and non-state actors and seeks to move foreign policymaking from its traditional hierarchical model to a network model of international and transgovernmental policymaking (e.g. Slaughter, 2004). This model would be particularly relevant in the context of the newly created European External Action Service (EEAS), which is still being built. Embedding multistakeholder processes in the EEAS, in terms of its composition, staff training and strategic outlook, would help to equip the EU foreign policy

machinery with a wider range of tools to pursue European objectives in a multi-actor and multilevel governance environment.

In addition, the question of **institutional coherence needs to become more of a strategic priority in promoting transnational environmental governance**. The proliferation of different international and transnational institutions does not necessarily follow a coherent logic and may require additional efforts to create the required synergy effects. As a site of multilevel governance, the EU needs to afford greater importance to creating interinstitutional and interregime links in the international realm. This therefore concerns the question of how emerging public-private partnerships and multistakeholder initiatives can be brought into closer contact and coordination with the established intergovernmental institutions. In climate change, for example, the creation of an international framework for harmonising standards in areas such as carbon accounting, measurement of abatement efforts and verification of reporting systems, would help to promote better coherence between different governance mechanisms.

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