

Looking beyond Kyoto
By Vanessa Houlder
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The United Nations is on the brink of achieving a cherished ambition. Despite its near-fatal rejection by the US, the Kyoto Protocol on climate change is likely to come into force within months.

The protocol has been described by one government as, "*probably the most comprehensive and difficult agreement in world history.*" But policymakers are now beginning to debate the design of what could be an even more comprehensive and difficult agreement: a successor to the Kyoto Protocol that could embrace the US and developing countries.

The impact of implementation

Achieving the protocol's targets for greenhouse emission cuts is likely to spark controversy by requiring countries to transfer billions of dollars to the former Soviet Union.

Formal negotiations are due to begin in three years' time to decide what will happen in the post-Kyoto period after 2012. But already, a number of radical proposals with far-reaching economic and political implications are being discussed within governments. Substantial reports on the issue by organisations such as the International Energy Agency, the New Economics Foundation and the World Resources Institute have been published in recent weeks.*

It is a formidable challenge: a new agreement needs to avoid causing economic disruption and allow developing countries to rise out of poverty, while promising sharp, long-term reductions in the greenhouse gases that are a ubiquitous by-product of industrialised societies. Those cuts could be as much as 60 times deeper than those likely to be achieved under Kyoto, according to a recent speech by Tony Blair, UK prime minister. Mr Blair lamented the fact that Kyoto, while not radical enough, "*is at present the most that is politically doable*". Getting 185 countries to agree on a fair way to share the burden of curbing climate change is a political minefield, especially as the worst impacts of climate change are expected to affect future generations, rather than today's voters.

The magnitude of the task has provoked demands that new strategies be considered. "*The fact is that alternative approaches have not had a serious hearing among natural scientists or among policymakers,*" says William Nordhaus, a Yale University professor.**

Prof Nordhaus proposes a globally harmonised carbon tax as an alternative approach. Another radical option under discussion is a technology-based successor to the Kyoto Protocol, in which countries would contribute to a collaborative R&D effort. Yet another mooted approach would shift the short-term emphasis away from carbon dioxide towards other global warming culprits such as soot and methane, which might yield faster results.

But most of the designs for a post-Kyoto agreement involve amending rather than replacing its framework. Many of Kyoto's sternest critics applaud some aspects of its framework, such as its use of "emissions trading", which allows emission cuts to take place where they cost the least, and the so-called clean development mechanism, which promotes "green" investments in developing countries.

However, a radical overhaul of the Kyoto framework may be needed if it is to succeed in its next phase. *"The challenge is to find a formulation that builds on Kyoto but is sufficiently different to get the major players into it,"* says Eileen Claussen, president of the Pew Centre on Climate Change, a US non-profit organisation. *"You have to rethink all the parts of it."*

A new agreement might not involve Kyoto-style quantified, absolute targets for reducing greenhouse gas emissions. It could, for example, use the "emissions intensity" approach adopted by the US, which would limit greenhouse gas emissions per unit of output. A more promising approach might involve setting tough, quantified targets subject to a "safety valve" that would prevent them from becoming excessively costly to implement.

Perhaps the single most difficult challenge is to design a framework that could prove acceptable to both the US and developing countries. Even the strongest advocates of the Kyoto Protocol acknowledge that it is an inadequate basis for future agreements unless more countries are drawn in. Less than 35 per cent of the world's global emissions are controlled by the protocol.

This issue will be enormously difficult to resolve. Limiting the emissions of developing countries, which by 2030 will replace the industrialised world as the largest group of energy consumers, is widely seen as crucial and may be a condition for US involvement. Yet poor countries are adamant that they will not take on commitments until the industrialised world, most notably the US, has shown leadership by cutting emissions.

Will the US return to the negotiating table? Some experts believe that now it has shrugged off the onerous obligations of the Kyoto Protocol, it may well re-engage in an international agreement later this decade. *"The door is completely open for the US in the second budget period to shape a protocol that it could call its own,"* says Philip Clapp, president of the National Environment Trust, a US environmental organisation.

If the US participated in the agreement, developing countries might agree a timetable by which they would become involved, possibly dependent on their stage of development and possibly not involving quantitative commitments.

New Delhi conference

India on Wednesday highlighted the growing tension between rich and poor countries over climate change when it criticised calls for developing countries to curb greenhouse gas emissions.

But many developing countries - particularly India - fundamentally object to any agreement that lacks a reference to long-term emissions entitlements. As they bear little responsibility for the global warming problem, they believe it

would be deeply unfair to accept emissions limits that are many times less than those of developed countries.

The developing countries have put forward radical proposals to redress the balance. Brazil has argued that the burden of emissions reductions should be distributed according to countries' cumulative contribution to the rise in global temperature from 1840 onwards. This formula would give the UK - the birthplace of the industrial revolution - the toughest target; the US target would be relatively light.

Another idea, which was forcefully promoted during the 1997 Kyoto negotiations by India, China and African countries, would require the right to emit greenhouse gases to be allocated equally to every world citizen or at least offer the prospect that these rights would be allocated equally at some point in the future.

This proposal, dubbed "Contraction and Convergence", would involve sharing out each year's ration of a global emissions budget so that every country converges on the same allocation per inhabitant by an agreed date. An international trading scheme would allow countries to buy and sell unused allocations from other countries.

This concept, which has been developed and promoted by the London-based Global Commons Institute, has won widespread support. In 2000, it was endorsed by Jacques Chirac, president of France, who declared that it would *"durably ensure the effectiveness, equity and solidarity of our efforts"*.

But there are potential drawbacks. One concern is that it would be unfair. Different countries have different needs: people in cold countries need more energy to keep warm, while those in sparsely populated countries need more energy for transport.

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Another concern is that it would give a large share of emissions permits to a very small number of countries - those with the largest populations - which could potentially collude to maintain an artificially high price.

The system might also encourage corruption. *"It would probably become common practice for dictators and corrupt administrators to sell part of their permits, pocket the proceeds, and enjoy first-growths and song along the Riviera,"* says Prof Nordhaus.

Another more fundamental drawback of using a formula of this sort is that it would be resisted by many countries, particularly those required to make rapid, dramatic cuts in emissions.

An unwanted agreement could not be enforced. Countries that opted out of the agreement would suffer few penalties, although consumer boycotts, exclusion from international events such as the Olympic Games and, possibly, trade sanctions might be considered.

