

policy

+ **Beyond Kyoto**

Advancing the **international effort**  
against **climate change**

+  
*Joseph E. Aldy*

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*John Ashton*

*Richard Baron*

*Daniel Bodansky*

*Steve Charnovitz*

*Elliot Diringer*

*Thomas C. Heller*

*Jonathan Pershing*

+  
*P.R. Shukla*

*Laurence Tubiana*

*Fernando Tudela*

*Xueman Wang*



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## Climate crossroads

*Elliot Diringer*

*A decade after its launch, the international effort against global climate change stands at a critical juncture.*

With well over 100 countries now committed to the Kyoto Protocol, this landmark agreement may soon enter into force. Kyoto's coming of age would be a major diplomatic accomplishment: a strong declaration of multilateral will to confront a quintessentially global challenge. But against that challenge, Kyoto would be but a first step. With the United States not joining, the Protocol would cover just 40 percent of global greenhouse gas emissions, and only through the coming decade. And that is only if the agreement does enter into force, which for the moment is hardly certain. In either case—with or without Kyoto—the international community faces the same fundamental challenge: engaging all the world's major emitters in a long-term effort that fairly and effectively mobilizes the resources and technology needed to protect the global climate.

The six “think pieces” that follow speak to that challenge. They look beyond Kyoto and consider how best to advance the international effort against climate change. The Pew Center's goal in undertaking these papers, and a series of workshops conducted alongside them, is to stimulate constructive thinking and dialogue. It is hardly too soon to begin. If the Protocol does enter into force, negotiations toward a second round of commitments are to start by 2005. If it does not enter into force, countries must be ready to consider the alternatives. Negotiations aimed at broadening and deepening the international effort will almost certainly prove more difficult than those surrounding Kyoto. Starting now to clarify core issues and explore possible approaches will, hopefully, enhance the prospects for success.

In all, more than 100 experts, officials, and stakeholders from nearly three dozen countries contributed in some fashion to this volume—as authors, as reviewers, or as participants in workshops earlier this year in China, Germany, and Mexico. This overview chapter introduces the six think pieces and highlights key themes that emerge from the papers and the workshops where they were presented and discussed.

### Six Core Issues

*The approach taken here is deliberately open-ended: these papers do not attempt to draw definitive conclusions about the best way forward. Nor do they set out to systematically examine a given set of alternatives. Rather, the papers are organized around six*

core issues central to the design and negotiation of an effective long-term climate strategy. This inquiry is, in a sense, a return to basics. It examines questions that have loomed from the start of the international effort: how best to orient action to the ultimate objective of climate stabilization; how to manage the costs of climate action; how to arrive at agreements that are fair. The papers seek to clarify these core issues and, in a preliminary way, explore a range of approaches that might help address them. They draw on the authors' extensive negotiating experience to suggest what may be not only good policy, but politically viable as well. They aim, above all, to be pragmatic.

Briefly, the papers take up the following six issues:

**A Long-Term Target: Framing the Climate Effort** examines the benefits and difficulties of establishing a more concrete long-term goal to guide and motivate climate action in the near and medium term. It argues that a host of uncertainties make the negotiation of a greenhouse gas concentration target extraordinarily difficult and that alternatives—such as an “activity-based” target or a non-binding hedging strategy—may be more practical.

**Climate Commitments: Assessing the Options** identifies the key variables in designing mitigation commitments, offers criteria for evaluating different approaches, and discusses the merits of several leading alternatives. It argues that the wide variance in national circumstances makes a unitary approach impractical and unlikely, and that future efforts might need to allow for multiple approaches.

**Equity and Climate: In Principle and Practice** explores the fundamental equity concerns that suffuse the climate debate and the challenges in arriving at a fair outcome. It argues that no single equity perspective or formula can be a basis for agreement, and that the goal instead must be a political package that achieves a rough qualitative balancing of competing equity claims. The authors suggest a set of outcomes that together could meet that test.

**Addressing Cost: The Political Economy of Climate Change** examines the challenges of managing cost in future mitigation efforts. It identifies three critical cost dimensions that present themselves in climate negotiations—aggregate cost, relative cost, and cost certainty—and assesses how effectively alternative mitigation approaches address each.

**Development and Climate: Engaging Developing Countries** explores how future climate efforts can help integrate climate concerns with the core development priorities of developing countries. It argues for a fundamental reorientation of climate policy to focus less on emission “outputs” and more on the underlying activities or “inputs” that drive them.

**Trade and Climate: Potential Conflicts and Synergies** explores potential interactions between the international trade regime and climate policies at both the national and international levels. It identifies potential conflicts between the goals of climate protection and trade liberalization, possible measures to avert such conflicts, and ways the trade and climate regimes can be mutually supportive.

In an area of such complexity the issues are not easily segregated, so there are unavoidably overlaps among the papers. There are gaps as well—in particular, while several of the papers recognize the centrality of adaptation and technology strategies to any long-term climate effort, neither issue is treated in depth. Yet taken together, the think pieces offer a broad and, hopefully, constructive introduction to the core challenges in advancing the international climate effort.

### Common Themes: Building Political Will

*At the end of the day, the solution to climate change must take the form of new technology.* Greenhouse gas (GHG) emissions can be dramatically reduced—and economic growth maintained—only by transforming the ways we generate and consume energy. In material terms, then, the challenge is to launch a global technological revolution. There is perhaps no historic precedent for so sweeping a technological transformation. What's more, past technological leaps have been largely ad hoc, while the need here is for deliberate, directed change. The primary medium for this revolution must be the global marketplace; only markets can mobilize capital and technological prowess on the scale needed. Yet no reasonable scenario suggests that the market alone can deliver the needed technology soon enough to avert irreversible climatic change. The direction and imperative must come from governments. How best to fashion policy to turn markets to the task of technological transformation is, then, a critical underlying question. +

But the right policy answers will matter little unless there is sufficient political will to put them into action. So while the climate challenge is ultimately one of developing and mobilizing technology, it is in the first instance one of mustering political will. When and how this elusive quantity materializes will depend on a host of factors, many of them unpredictable: public awareness, media attention, electoral politics, even the weather. It depends as well, though, on the determination, flexibility, and resourcefulness of governments in fashioning common approaches. +

This is, in fact, an important subtext to all six think pieces. Some consider how climate strategies can help remove obstacles to political will—by, for instance, addressing cost worries or equity concerns. Some consider ways to help drive political will—by, for instance, linking to development concerns of more immediate priority to publics and policymakers. But implicitly or explicitly, all the papers speak to the

same question: what types of international arrangements can best capture and motivate political will to achieve the broadest possible participation in an effective, long-term effort against climate change? What follows are neither prescriptions nor firm principles but rather, in broad strokes, some of the answers that begin to emerge.

### ***Uncertainty as Cause For Action***

It is by now well understood that the climate issue is rife with uncertainties—scientific, economic, and others. When faced with such uncertainties, governments by nature have difficulty launching near-term action against long-term risks. But a strong message that emerges from the analyses here is that uncertainty should not be allowed to obscure the urgent need for action. To the contrary, uncertainty is itself a reason to act now.

The scientific uncertainties are most evident in considering the case for establishing a long-term climate target. Here, the authors argue that the many uncertainties in the climate cycle make the negotiation of a quantified long-term target highly improbable, if not counter-productive. Yet they remind us that the full impacts of climate change, while quite distant, “can be averted or reduced only if action to reduce greenhouse gas emissions begins almost immediately and is sustained over the long term.” And they seek other approaches that, by directing attention to the long term, could help drive action in the near term.

Similarly, the paper on cost states forthrightly that our imprecise understanding of the economics makes impossible a true analysis of the full costs and benefits of climate action. “The uncertainties over both are too great at present to allow a reliable economic rendering even with the most sophisticated modeling,” the authors conclude. “The balancing must, in the end, be a political calculation.” Yet the authors resist the notion that these uncertainties are cause for delay. With the potential for climate impacts that are both catastrophic and irreversible, they argue, economic reasoning favors action in the near term to preserve options in the long term. “Rather than a rationale for inaction,” the paper concludes, “uncertainty is in this sense a powerful argument to begin acting now.”

### ***A Question of National Interest***

Climate change is widely understood as a common challenge—in the long run it can be effectively addressed only through collective action. Yet the political reality, as the paper on commitments makes clear, is that “states are likely to address climate change only if they believe it is in their interest to do so.” An international strategy can take shape and succeed only if it satisfies the domestic needs and concerns of its would-be adherents.

The danger of failing to align international climate strategy with domestic politics is perhaps best exemplified by the case of the United States. There arose a fundamental disconnect in U.S. climate policy: the Clinton administration acceded to international pressure for strong commitments without building the

domestic support, or undertaking domestic policies, to meet them. President Bush, instead of seeking a negotiated solution, chose to reject the Kyoto Protocol. The lesson is not to hold international policy hostage to the domestic whims of each and every nation—even to those of the largest GHG emitter. Rather, it is that all parties must seek to better understand their respective domestic concerns, and to build a collective framework that assists each in generating greater political will.

This is, in part, a matter of recognizing that climate is not simply an environmental issue but fundamentally one of economics and development. As one workshop participant put it, the goal for all countries—developed and developing—must be sustainable growth along a low-GHG pathway. The means of demonstrating the necessity and practicality of this goal will vary from country to country. The cost paper, for instance, addresses the concerns of those for whom uncertainty over cost or competitiveness impacts may be paramount. The development paper argues for engaging developing countries by recasting climate policy in ways that are seen as promoting, rather than obstructing, core development priorities such as energy growth and poverty reduction. “Climate-related policies,” the authors state, “are most likely to draw political support within developing countries when they piggyback on and enhance more salient development priorities.”

The broader point, reiterated many times in the workshop discussions, is that a multilateral approach cannot succeed by attempting solely to remold countries’ behavior from the top down. It must at the same time recognize and reflect national circumstances from the bottom up.

### ***A More Flexible Architecture***

A natural corollary of this attention to domestic concerns is the need for international approaches flexible enough to accommodate different types of national strategies. The next stage of climate diplomacy must, in the words of the equity paper, construct a more “variable geometry.”

The Kyoto Protocol provides a degree of flexibility. Emission targets vary from country to country, and each has considerable latitude in deciding how its target will be met. But the Protocol employs only one form of mitigation commitment: fixed targets and timetables. There was a strong consensus among the authors, as well as reviewers and workshop participants, that other approaches are needed. “In moving forward,” states the commitments paper, “it is unlikely that one size will fit all: different mitigation commitments will prove more or less attractive to different countries.” Different approaches are needed for developed and for developing countries, and possibly within those groupings as well. The commitments paper presents an array of possibilities—such as indexed, sectoral, or non-binding targets—and other papers consider these from perspectives of cost, equity, and development.

It was quickly evident in the workshop discussions, however, that the political necessity of greater differentiation poses an entirely new set of policy challenges. If, for instance, multiple approaches are undertaken within a single international framework, some type of metric will be needed to compare

measures so parties can assess relative levels of effort. If, on the other hand, greater differentiation is achieved through multiple frameworks—with different groupings of countries undertaking different types of commitments through parallel regimes—linkages among frameworks will be needed for each to be as cost-effective as possible. In either case, greater flexibility would come at the cost of greater complexity. Kyoto has demonstrated already the technical and institutional challenges of a system with just one type of mitigation commitment. Accommodating multiple approaches will be possible only if it can be made manageable.

### ***Choosing the Forum and Quorum***

Among the most fundamental, and most delicate, issues to emerge is how to define the universe of participation. There are two questions: the grouping of countries needed for an effective long-term effort, and the best institutional forum for this undertaking.

From the start of the climate negotiations, there has been a presumption that the best approach is a global one. The rationales are numerous and persuasive. From an environmental standpoint, the goal of climate protection can be achieved only with broad participation. From an economic standpoint, the broader the participation, the greater the opportunities for cost-effectiveness. And from the standpoint of equity, many if not most players will be reluctant to act without assurance that others will as well. Added to these rationales, at this point, is the *fact* of a global regime. Nearly every nation on earth is party to the UN Framework Convention on Climate Change. It represents a tremendous investment of political and negotiating capital and enshrines principles that most parties would not easily abandon.

Yet the failure as yet to mobilize broad, effective action suggests at least reconsidering the practicality, or even the necessity, of a fully global approach at this stage in the climate effort. A decade of tedious negotiations has led some to question the wisdom of burdening the climate effort with a decision-making structure that requires full consensus on all questions and, therefore, allows a small minority to block progress. Some developed country negotiators complain in particular that parties that have no mitigation commitments hold veto power over issues that bear exclusively or most directly on those that do. Finally, despite the existence of a globally agreed framework, the reality at the moment is one of fragmentation: even if Kyoto does come into force, the United States, Australia, and perhaps others will pursue a separate course.

One possibility, at least for the near term, is a fuller development of parallel regimes. As described in the commitments paper, these could be comprised of “like-minded states [that] are willing to undertake a certain level of commitments and have shared views about international implementation mechanisms.” Such arrangements could be struck within any number of regional or multilateral forums—the OECD is frequently cited as one example—or through new bilateral or multilateral agreements.

It is also possible to envision a different grouping within the existing global framework, something akin to Annex I (listing developed countries) in the Convention but perhaps transcending the framework's present division between developed and developing countries. The idea of a "major emitters" approach surfaced more than once in the workshops. One developed country negotiator noted that just 12 parties (counting the European Union as one party) account for nearly 80 percent of global carbon dioxide emissions. But there is strong resistance within the G77 to any approach that splits this traditional developing country negotiating bloc. (One developing country negotiator said it is "politically more interesting" for G77 countries to stick together. Another suggested it may be economically more interesting not to.) Some also object to any approach that excludes the "victims"—those countries, principally the least developed, that generate the least emissions but are most vulnerable to climate impacts. Others, however, argue that the victims' interests are best served by an agreement that generates strong action, whether or not they are parties to it.

The papers and the discussion around them suggest broad consensus that, in the long run, some type of global approach is not only preferred but necessary. The question is whether at this stage insisting on a global approach is more likely to facilitate, or impede, the generation of political will.

### ***Targeting Action, Not Only Emissions***

The climate effort has sought to drive mitigation through measures mandating specific environmental outcomes. Kyoto's targets, for instance, require quantified emission reductions. Two of the papers in this set argue strongly for an alternative or complementary approach that instead frames commitments in terms of the kinds of *actions* that are required.

As noted earlier, the long-term target paper concludes that a host of scientific uncertainties make it difficult if not impossible to negotiate a quantified long-term climate target. If the international community is to pursue a long-term target, the authors argue, it would be more practical to cast it in terms of the types of actions needed to move economies toward the goal of climate stabilization. They suggest, as examples, developing cost-effective technology to capture and store carbon dioxide by 2025 or, in the transport sector, replacing gasoline with hydrogen from non-carbon sources by 2050. Another option, more a cross between an emissions and an activities approach, is to aim for zero-net carbon emissions in the energy sector by 2060. A target focused on activities, rather than on variables such as GHG concentrations or global temperature, "employs as its metric the variable most amenable to human control," state the authors. "Plus, by casting the goal in terms of the practical challenges to be met, it can help define in the public mind, and build support for, the effort required."

The development paper presents a parallel argument. Particularly in the case of developing countries, the authors assert, mitigation goals should be cast not in terms of "outputs," or emission

levels, but rather in terms of “inputs,” the activities that generate emissions. First, this addresses developing country concerns that, with their future emission trajectories so uncertain, a quantified emissions goal could become an economic straitjacket. Second, a goal cast in terms of energy or transport policy speaks more directly to core development priorities, and therefore is more likely to engage developing countries than would a climate-centric approach.

In both papers, then, activity-based approaches are seen as a way to overcome uncertainty and build political will. There are potential tradeoffs, depending on the type of goal chosen. A commitment to act a certain way—for instance, to adopt a given technology—may sacrifice environmental certainty: there is less assurance as to the impact on emissions. Also, a technology target may be less cost-effective than an emissions target. In allowing governments rather than markets to choose technologies, it risks locking in more costly alternatives. But these tradeoffs may be reduced if an activity-based commitment is framed differently—for instance, requiring a specified level of energy efficiency improvement. This allows greater latitude in the choice of technologies and provides stronger assurance, if not certainty, as to the environmental outcome. To the degree that such tradeoffs are in the end unavoidable, they may be the price paid for achieving broader participation and stronger action.

### ***Reaching Beyond the Climate Circle***

A theme in the papers, and a common refrain in the workshops, is the need to engage actors well beyond the ministries charged with responsibility for the climate negotiations and the experts and stakeholders who seek to influence them. A wider circle is needed both to build domestic support for action and to extend climate-related efforts to non-climate forums such as trade and development.

In many countries, environment ministries have the lead on climate policy but are often trumped by ministries of finance, trade, or industry. This shapes both the positions governments bring to the negotiations and their ability later to deliver on commitments made. The case for engaging other ministries—and their constituencies—is made most explicitly in the development paper. One of the merits of an “input-based” approach, the authors argue, is that it appeals more directly to the government agencies and private sector interests connected with politically salient development priorities. It also helps create a more “positive” agenda, casting climate action less as a constraint and more as a driver or facilitator of goals such as economic growth or energy security. The means might differ in developed countries, but the same political reality holds there as well: stronger action will require broader coalitions both in and out of government.

In the international context, widening the circle might mean extending the climate effort beyond the climate regime to other institutions. The development paper recommends enlisting aid agencies,

multilateral lenders, and export-import banks to recast development assistance and leverage private flows in ways that favor climate-friendly development. The trade paper encourages collaboration between the climate regime and the World Trade Organization both to head off potential conflicts between them and to promote synergies. It suggests a range of options—from simply building stronger institutional ties to actively pursuing climate objectives through the trade regime, for instance by negotiating a phase-out of fossil fuel subsidies. “Reducing trade barriers and greenhouse gas emissions can be complementary objectives,” the paper concludes, “and the trade and climate regimes should be looking for opportunities for mutual supportiveness.”

### ***Avoiding the Minefields***

The climate effort has been marked from the start by a profusion of challenging and sometimes conflicting issues and interests. As the debate has progressed the scope of issues has, if anything, broadened further.

A decade of climate negotiations suggests it will not be possible to forge a consensus that satisfactorily addresses each and every concern brought to the table. Moving forward will require somehow narrowing the field—distinguishing those issues that are necessary or productive to consider from those that are unnecessary or unproductive. These distinctions can in the end be drawn, of course, only through frank exchange and difficult negotiation. However, the papers presented here offer new perspectives on issues that have long dominated the climate debate and, in so doing, identify certain minefields that might best be avoided. In particular, the papers on equity and a long-term climate target challenge some conventional wisdom on these issues and caution against paths that might easily be dead ends.

In the case of a long-term target, the authors warn against a fixation on an ideal outcome whose pursuit could not only be fruitless but squander scarce negotiating energy. In the case of equity, the authors argue persuasively that there can be no agreement unless it is perceived to be fair—or, at the very least, not demonstrably unfair to one party or another. But they counsel against a search for the ideal equity principle or formula. To achieve equity, they suggest, it may not be necessary—or wise—to negotiate equity per se. The goal instead should be a package of specific outcomes offering each party enough to accommodate its own sense of fairness. “This is not, in the final analysis, a quantitative exercise,” the authors conclude. “Rather we must look for outcomes that are robust in a qualitative sense across the many dimensions of equity at play.” Such outcomes will be achieved, they advise, only by “leaving room for politics.”

## Next Steps

*Charting a course beyond Kyoto is an immense challenge.* Real movement within the climate process will not be possible without a good deal more dialogue outside the process. The thinking presented here is but a preliminary contribution to that dialogue. As the conversation deepens, and as it turns to a closer examination of specific options for moving forward, it will be important to bear in mind that no option is flawless. Each requires difficult tradeoffs among goals that may all appear critical: environmental integrity, affordability, fairness, and full participation. The equity authors' advice—to leave room for politics—might well apply across the full range of issues. Science, economics, and policy analysis can all lend essential insights. They illuminate the challenges and help define the range of solutions. But these insights can be converted to political will—and action—only through sound political judgment.

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