

**BEYOND KYOTO:
ADVANCING THE INTERNATIONAL EFFORT
AGAINST CLIMATE CHANGE**

WORKING DRAFT
JULY 2003

INTRODUCTION

This brief paper introduces six “think pieces” examining core challenges in mobilizing an effective international response to global climate change. The Pew Center welcomes comments on the working drafts of the papers through September 1, 2003. Please forward comments to beyondkyoto@pewclimate.org.



A DECADE after its launch, the international effort against global climate change is moving forward against great odds. With more than 100 countries, including most of the industrialized world, now committed to the Kyoto Protocol, this landmark agreement may soon enter into force. If so, Kyoto's launch will be a strong signal to markets that emissions of greenhouse gases come with costs; and a declaration of multilateral will to confront a quintessentially global challenge. But against that challenge, Kyoto will be at best a tentative first step. With the United States not joining, the Protocol will cover just 40 percent of global emissions, and only through the coming decade. The reality is that whether or not Kyoto comes into force, the challenge ahead remains the same: engaging all the world's major emitters in a longer-term effort that fairly and effectively mobilizes the resources and technology needed to protect the global climate.

This series of "think pieces" speaks to that challenge. From six different perspectives, the papers that follow look beyond Kyoto – or, more precisely, beyond its first commitment period – and consider how best to advance the international effort against climate change. The goal of these papers, and a series of workshops conducted alongside them, is to stimulate constructive thinking and dialogue. It is hardly too soon to begin. Under Kyoto, negotiations toward a second round of commitments are to start by 2005, presenting the first formal opportunity to begin forging a longer-term framework. Negotiations aimed at broadening and deepening the international effort will almost certainly prove more difficult than those surrounding Kyoto. Early efforts to clarify core issues, explore possible approaches, and facilitate dialogue will hopefully enhance the prospects for success.

In their approach, the think pieces are deliberately open-ended: they 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 challenges – issues central to the design or negotiation of an effective long-term 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. Each paper focuses on a particular challenge, exploring its fundamental dynamics, and presenting a range of approaches that might help meet it. The papers draw on the extensive negotiating experience of the authors to suggest what not only may be good policy, but politically viable as well. They aim, above all, to be pragmatic.

Here, briefly, is how the papers approach the six core challenges:

A Long-Term Target: Framing the Climate Effort, *by Jonathan Pershing and Fernando Tudela*, 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, by *Daniel Bodansky*, 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 should instead allow for multiple approaches.

Equity and Climate: In Principle and Practice, by *John Ashton and Xueman Wang*, 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 represents 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, by *Joseph E. Aldy, Richard Baron, and Laurence Tubiana*, examines the challenges of managing cost in future mitigation efforts. It identifies three critical cost dimensions that present themselves in negotiations – aggregate cost, relative cost, and cost certainty – and assesses how effectively alternative mitigation approaches address each.

Development and Climate: Engaging Developing Countries, by *Thomas C. Heller and P.R. Shukla*, 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, by *Steve Charnovitz*, 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 can be sliced any number of ways. They are all interrelated at some level and cannot be neatly segregated. There is, unavoidably, overlap among the papers. For instance, alternatives such as fixed targets, intensity targets, and “no-lose” targets appear in multiple papers. But each evaluates these approaches from a different perspective, whether it is cost, equity, or integrating climate and development. There are, unavoidably, gaps as well. While several papers recognize the centrality of adaptation needs to the climate debate – and to any strategy for moving forward – none treats adaptation issues in depth. (Other work underway at the Pew Center begins to look at adaptation, principally in the context of the United States.) Similarly, while stimulating new technology is of course a principal goal of climate policy, none of the papers focuses directly on this dimension. That, however, is the focus of a parallel effort at the Pew Center to map out the key technological challenges over the next 50 years.

While each paper has a different starting point, common themes emerge. To begin with, there is a recognition that while the ideal outcome is a global approach ensuring adequate effort equitably shared, the present fragmentation resulting from U.S. rejection of Kyoto may be the reality for some time. There is a recognition as well that climate change is largely an economic challenge, and that meeting it requires deeper engagement by key economic actors in both government and the private

sector. Several papers argue strongly for an approach that can accommodate multiple strategies best suited to the needs of disparate countries; and suggest this flexibility can be found within the UN Framework Convention on Climate Change. Some argue that agreement can be most easily reached, and action most effectively motivated, by focusing policies more directly on emissions-generating activities than on the resulting emissions or concentration levels – on “conduct,” as one paper describes it, rather than “result.” Several papers highlight tensions between important goals – such as cost-effectiveness and environmental certainty – and the fundamental challenge of ensuring the broadest possible participation. Finally, the papers return again and again to the point that ultimately the challenge is not designing policies, but mustering the necessary political will.

The six think pieces have evolved considerably over the past year with input from a team of expert reviewers. The Pew Center is releasing them now as working drafts to invite comment from the broader climate community and from others with a stake in the climate debate. In addition, with support from the United Nations Foundation, governments, stakeholders and experts are providing direct input in three workshops on the papers in China, Germany, and Mexico. The papers will continue to be refined and will be published in final form for release at COP 9 this December in Milan. The final volume will include an additional chapter synthesizing and expanding on common themes.

The Pew Center thanks in advance all who contribute to this effort by taking the time to read these working drafts and offer their comments and insights.

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July 16, 2003

ACKNOWLEDGEMENTS

The Pew Center would like to thank the Sustainable Energy Programme of the Shell Foundation for its generous support of the six think pieces in the Beyond Kyoto series.

These working papers benefited greatly from reviewers' comments and insights on earlier drafts. The Pew Center and the authors would like to thank Ambassador Chandrashekhar Dasgupta, Tom Jacob, Frank Loy, Bert Metz, and Michael Zammit Cutajar for their comments on multiple papers, and all the following for their comments on individual papers: Duncan Brack, Ambassador Raúl Estrada Oyuela, Gao Feng, Michael Grubb, Paul Joskow, Luiz Gylvan Meira Filho, Michael Oppenheimer, Cédric Philibert, Gary Sampson, Jayant Sathaye, Youba Sokona, Halldor Thorgeirsson, David Victor, Farhana Yamin, and ZhongXiang Zhang.

The Pew Center is an independent non-governmental organization founded by the Pew Charitable Trusts to bring a new cooperative approach and critical scientific, economic, and technological expertise to the global climate change debate. We continue to inform this debate through wide-ranging analyses that add new facts and perspectives in four areas: policy (domestic and international), economics, environment, and solutions.