

# Beyond Bonn: Forging a Global Agreement

By Eileen Claussen

Almost a decade ago, the nations of the world gathered in Rio de Janeiro, Brazil, and acknowledged that “the global nature of climate change calls for the widest possible cooperation by all countries” to address this enormous challenge. Over the intervening years, the international effort to live up to these words from the United Nations Framework Convention on Climate Change has proceeded in a series of fits and starts that bring to mind the progress of a run-down car. One of the more tenuous moments came earlier this year after failed negotiations in The Hague and the U.S. government’s unilateral rejection of the Kyoto Protocol. But now, it appears the old car is back on the road and poised to make real progress.

Even without the United States’ participation, the climate change agreement reached by 178 nations in Bonn, Germany, in July marks an important milestone in the global effort to address the most urgent environmental challenge facing the world today. If all goes according to plan, the outcome in Bonn will allow the Kyoto agreement to enter into force in time for the tenth anniversary of the Rio meeting in 2002. First negotiated in 1997, the Protocol requires developed countries to reduce or limit their emissions of greenhouse gases in relation to 1990 levels, with different countries agreeing to different targets.

At the same time that Bonn has breathed new life into Kyoto, there is growing momentum in the United States for domestic strategies to reduce emissions. Indeed, the prospects for action in Congress are stronger than ever—despite the Bush administration’s rejection of Kyoto. The challenge now is to insure that the Protocol stays on the road to ratification and entry into force while the United States begins to pursue good-faith domestic efforts to reduce its greenhouse gas emissions. To the extent that U.S. efforts are compatible with the Kyoto framework, the world can still hold out hope that the two roads will eventually merge, yielding a truly global plan of action.

## **DID U.S. REJECTION SAVE KYOTO?**

In the weeks since the conclusion of the Bonn meeting, some have suggested that the U.S. government’s repudiation of the Kyoto accord actually saved the Protocol from a harsher fate. After the contentious breakup of the negotiations in The Hague in November 2000, many suggested that it was the end of the road for Kyoto, and that disagreements over the details of the accord—particularly between the United States and Europe—were too great to bridge. The rigidly anti-Kyoto stance adopted just three months later by the Bush administration only added to the impression that the process had run its course.

As it turned out, however, U.S. rejection of the treaty served to rally other countries to its defense. After 10 years of hard negotiations, these nations refused to accept that their work had been in vain. And they resolved to take whatever steps they could to revive the Protocol and allow it to enter into force—with or without the United States. If this meant reaching new compromises on issues where nations had previously refused to budge, then so be it. The view began to take hold among these countries that a flawed agreement was better than none, and that the world could not wait any longer to begin taking concrete steps toward a safer climate.

While many details are as yet undecided, the broad agreement reached in Bonn will likely provide countries with a high degree of flexibility in how they use various strategies—from sinks to emissions trading—to achieve their targets for reduced emissions. Largely in response to concerns from Japan, Australia and Canada, the Europeans backed off earlier demands seeking to place onerous limits on exactly how countries could go about achieving their Kyoto commitments. This is a very important and positive development because it will permit countries and businesses to meet their objectives in the most cost-effective ways. And, ironically, it is a

development that the United States had lobbied intensively for during previous rounds of negotiations.

Looking forward, it is critical that the momentum achieved in Bonn be maintained in the months ahead. The parties to the agreement, especially Japan, need to move swiftly to ratify it and bring it into force and demonstrate that the Kyoto process can yield real benefits for the global climate.

### **KYOTO BUT A FIRST STEP**

Still, it is important not to oversell the outcome of the negotiations in Bonn. The Kyoto Protocol is only a very small first step on what will be a long march to a less carbon-intensive world. Its initial targets for emissions reductions take us only to the 2008-2012 period, and they represent just a very small down payment on the level of emissions reductions that scientists say we must achieve in order to have a real effect on mitigating climate change.

In addition, many developing countries, which have no binding emission targets under Kyoto, will have to play larger roles in reducing global emissions in the years ahead. As these nations develop, they will need to do so in ways that are less carbon-intensive and more efficient. This is a challenge they do not face alone—the time has come for all nations of the world, developing or already developed, to consider how best to grow their economies while at the same time reduce the impact of their growth and development on the global environment.

The ultimate impact of the Kyoto Protocol also will be severely limited by the United States government's decision not to be a party to the agreement. Ultimately, no solution to global climate change will be successful without the participation and support of the world's leading generator of greenhouse gases.

It has been suggested that the United States should offer an alternative to Kyoto—something more in line with the Bush administration's priorities. However, this likely would serve only as a distraction and yet another obstacle to real action. Much more important is that U.S. leaders begin to focus seriously on how to achieve real reductions in domestic emissions.

### **NEXT STEPS FOR THE UNITED STATES**

To date, efforts to reduce U.S. emissions have been limited almost exclusively to voluntary activities at the

federal, state, local and corporate levels. While some voluntary efforts have resulted in significant emissions cuts—some companies, for instance, have achieved reductions of 10 percent or more—they have not succeeded in curbing the overall growth in U.S. emissions.

Three decades of experience fighting pollution in the United States have taught us a great deal about what works best. In general, the most cost-effective approaches allow emitters flexibility to decide how best to meet a given, binding emissions limit; provide early direction so targets can be anticipated and factored into major capital and investment decisions; and employ market mechanisms, such as emissions trading, to achieve reductions where they cost least. To ease the transition from established ways of doing business, targets should be realistic and achievable. What is important is that they be strong enough to spur real action and to encourage investment in development of the technology and infrastructure needed to achieve the long-term objective.

A good first step for the United States will be to get its house in order by immediately requiring accurate measurement, tracking, reporting and disclosure of greenhouse gas emissions. However, the long-term emission reductions needed can be achieved only with a far more comprehensive—and binding—strategy. Alternative approaches should be closely studied, and the results publicly debated. But much of the analysis thus far suggests that domestic “cap-and-trade” systems—which set an overall cap on emissions and establish a market in carbon credits—can provide the private sector with the certainty, the flexibility and the incentives it needs to achieve emission reductions at the lowest possible cost.

Ideally, the design of a domestic U.S. program would be compatible with the Kyoto Protocol or any successor agreement. As an interim step, it would be important to explore ways for U.S. companies to have access to the emerging market in emissions credits, even before the United States becomes party to an international agreement. While it might not be possible to engage directly in the trading system established under the Protocol, companies should be provided other ways to receive credit for emissions reductions achieved abroad.

Ultimately, however, the United States must become a full partner in the global effort. From an economic standpoint, a global agreement is needed to achieve

maximum cost-effectiveness by allowing full access to the carbon market; to provide businesses, particularly those operating multinationally, the certainty and consistency they need; and to stimulate worldwide demand for the technology that will allow conversion to a low-carbon economy. From an environmental standpoint, only a global agreement can ensure that all major emitting countries are achieving the emissions reductions that are necessary to avert the worst consequences of global warming.

## THE ROAD AHEAD

Our immediate challenges are to bring the Kyoto Protocol into force, launch real emission reduction efforts in the United States and chart a path for merging these frameworks. At the same time, we must begin developing creative strategies to meet the challenges still ahead. As industrialized countries demonstrate progress in meeting their initial targets, we must find ways to more fully engage developing countries in the global effort. We also must begin working toward international consensus on a long-term environmental objective, both to determine the level of emissions reduction that ultimately will be needed, and to help provide a basis for equitably sharing the burden among developed and developing nations.

The most recent projections from the Intergovernmental Panel on Climate Change indicate that worldwide temperatures will rise by anywhere from 2.5 to 10 degrees Fahrenheit over the next century, and that the rise in temperature will have important and potentially calamitous effects on sea level, weather patterns and more.

As these impacts of climate change become more real to people, and as governments and businesses begin to come to terms with the dramatic effect of climate change on our economies and our communities, I believe that the global effort to achieve real, long-term solutions to this problem will gain even more momentum. And even the United States will not be able to avoid the necessity of taking strong action, both domestically and internationally, to avert a looming environmental crisis. ❄️

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