



# Climate Change Diplomacy: The Next Step

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Talks at the world climate conference held this past November in The Hague stalled because the draft treaty on the table—the Kyoto Protocol—tries to do too much too fast. When the talks resume this spring in Bonn, negotiators will need to address deep-seated differences between the United States and Europe about how to implement a broad array of fundamental changes.

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**A**s negotiators work toward the resumption of the world climate conference this May, they will first try to mend the breach between the United States and Europe. The goal is to work out international rules for reducing the emissions of the greenhouse gases that, most scientists now believe, are warming the Earth's climate.

Beneath all the intricate technical issues, this dispute is a collision between deep-seated social traditions. On the American side, there is a strong reluctance to impose rapid and severe cuts on energy consumption, especially by individual consumers. On the European side, there is profound mistrust of the market mechanisms that the Americans propose to reduce the cost and impact of reductions. Developing countries, which form a third bloc, are warily watching this negotiating process to see that it offers them help in coping with climate change without threatening their own hopes of economic growth.

The conference in Bonn this spring will be a continuation of the conference last November in The Hague where, after two weeks of intense discussion, the world's governments were unable to come to agreement. While it has been widely denounced as a failure, the Novem-

ber conference was, in one crucial respect, a success—it kept the negotiating process going.

The decisions on which the Hague talks foundered have only been postponed, for the rise in the global average temperature continues and appears to be accelerating. The negotiators are working under the pressure of accumulating evidence that human activity—chiefly the burning of coal, oil, and gas—is changing the world's climate.

The conference at The Hague broke down—at least temporarily—because the draft treaty on the table, the Kyoto Protocol, tries to do too much too fast. The Kyoto structure would require the efficient operation of international institutions that have not yet been established, under rules that have not yet been written. It would impose rapid and substantial changes in energy use at a cost that no one can clearly foresee.

The purpose of the conference at The Hague was to work out the rules implementing the often vague and general language of the Kyoto Protocol. The precise details of those rules could make huge differences in the way that the Kyoto provisions would actually work and in the impact they would have on both industrial and develop-

ing economies. With those rules remaining in doubt, no major industrial country has yet ratified Kyoto. Supporters of the treaty, especially in Europe, had hoped that this conference would result in the Kyoto treaty's going into force in 2002. That would require ratification by at least 55 countries, including countries that in 1990 produced 55% of the industrial countries' emissions of carbon dioxide, the most important of the greenhouse gases.

The issues in the next round could be somewhat different, for the negotiators will soon have to acknowledge that there may not be enough time, as a matter of practical politics, to meet the goals and timetables set down in the present Kyoto text. As it now stands, Kyoto would impose binding limits on the emissions of industrialized countries beginning in 2008, requiring deep cuts in many countries, including the United States.

As the conference at The Hague ended on a note of dissonance, negotiators told the press that it had been moving toward agreement until, at the last moment, a compromise on "sinks" fell apart. (Sinks are the repositories in which natural processes store carbon; growing plants, including trees, and soils are considered carbon sinks.) This is a puzzling claim, because apart from sinks there is a long list of issues that one party or another considers crucial and that remain unresolved.

### 'Crunch' Issues for Negotiators

In the United States, the Clinton administration has said that it will not send a climate treaty to the Senate for a vote on ratification unless it provides for "meaningful participation" by the larger developing countries. The present Kyoto text puts no legal limits on the greenhouse gas emissions of the developing countries. While there was discussion at The Hague of the developing countries' role, the question of what might constitute meaningful participation never came into focus. Similarly, the Clinton administration has said that it wants explicit rules on international trading of emissions permits before it ratifies, but the trading rules also remain unclear.

Jan Pronk, the Dutch minister of the environment and president of the conference, outlined early in the talks four clusters of what he called "crunch" issues.

The first were the issues of greatest interest to the develop-

ing countries. The Kyoto text promises to facilitate the transfer of clean technologies to them and to provide aid to help them adapt to climate change and develop the capacity to track their own emissions. But the developing countries want to know exactly how much money will be provided and how it will be allocated—by whom and under what conditions. During the conference, the United States and several other countries proposed a new fund of \$1 billion a year to help poor countries cope with climate change, but this idea was never clearly defined.

Even if the Americans and the Europeans had managed to work out an eleventh-hour deal on sinks, the long list of unresolved issues concerning the developing countries would have prevented any final agreement on the Kyoto text.

Pronk's second category of open issues was sinks. The primary question is how much credit a country ought to get for its land use and forestry practices. The dispute here came to dominate the public discussion during the closing days of the November conference. The United States argued that it would need rules giving it wide access to credits for its sinks in order to meet the large reductions from business-as-usual emissions trends that Kyoto would impose. Without those credits for sinks, the U.S. negotiators declared, they would never have agreed to Kyoto in the

first place. But the European governments, and environmental organizations on both sides of the Atlantic, denounced the American proposal as a gigantic loophole that would undercut the integrity of the whole Kyoto regime.

Sinks, the most arcane of the major issues, are well understood only by the specialists. For that reason a disagreement here is, as a matter of politics, more easily repaired than, say, an ideological breach between the developed and developing countries, or a public quarrel between the United States and Europe over what the European Greens see as American consumers' wasteful and destructive habits. (France's President Jacques Chirac tried to open that subject when he addressed the conference, but none of the negotiators pursued it.)

The third cluster in Pronk's list was the Kyoto mechanisms—the trading of emissions permits and the two programs, Joint Implementation and the Clean Development Mechanism, which

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would permit one country to earn additional emissions permits by investing in reductions in another country. Progress is being made in understanding and developing the technical procedures for these mechanisms, but a number of fundamental policy questions remain unanswered.

Chief among them is the issue of supplementarity—the extent to which a country can buy permits abroad to supplement its domestic action to cut emissions. The Europeans entered the negotiations arguing that, on principle, no country should be allowed to buy permits to cover the bulk of its required reductions. The United States replied that it doesn't see why a country shouldn't buy as much as it wants, if cuts are cheaper overseas than at home. That's another one that remains unresolved.

Pronk's fourth category of "crunch" issues involved compliance—how to measure it and how to enforce it. Here again the November conference supplied no clear answers. Because complying in good faith with the Kyoto targets for emissions reduction will impose substantial costs on industrial economies, quite possibly affecting the terms of international trade, governments are likely to want assurance that their competitors can't simply ignore their commitments.

The Kyoto text makes no provision for enforcement. During the talks, Pronk himself at one point proposed that a country's shortfall in emissions reductions in one five-year commitment period should be added to its reduction target in the next, with a penalty of an additional reduction. But that invites the question why a country, once in default, might not simply continue rolling up shortfalls and penalties or refuse to accept tighter future targets in the negotiations. Until there's a persuasive answer to that question, the U.S. Senate is unlikely to proceed with ratification.

### Changing Circumstances

The high hopes for the November conference—that it could resolve enough of these issues to result in widespread ratification and entry into force of the treaty within two years—were probably unrealistic from the beginning. When the date for the conference was first set, a year earlier, the Americans warned that it would fall in the lame-duck period after the U.S. presidential election. While no one could have foreseen the degree of confusion that in fact followed the election, it would have been a very difficult time for the United States to negotiate effec-

tively in any case. The Europeans brushed those warnings aside and, over American protests, went ahead with a conference as scheduled. It appeared that some Europeans saw the conference as an opportunity for European governments to show leadership and initiative.

That prospect changed suddenly in September, with the furious public protests throughout western Europe to the rising prices of gasoline and oil. Governments were thrown on the defensive. The French government immediately gave truckers a substantial cut in fuel taxes, and, before long, the British promised to do the same. With that, the prospect of any broad surtaxes or restrictions on fuel use evaporated. With neither the Europeans nor the Americans capable of taking the lead in a serious attempt to reduce emissions, the prospects for a comprehensive agreement on climate change began to fade well before the conference opened. The public quarreling among several of the European ministers, as the conference ended, also suggested that any common strategy within the European Union had broken down.

### Looking Ahead

But while the conference at The Hague was a setback, the longer future looks more hopeful. Throughout the world, public opinion is increasingly taking note of the accumulating evidence of global warming. References to warming are becoming frequent in news accounts of storms and droughts, for example. In developing countries, officials are beginning to consider the possibility that a world climate agreement might not be merely a crude attempt to cut off their economic growth, but rather a possible source of help in dealing with the air pollution that is emerging as a major menace to public health.

Progress toward a world climate agreement is likely to be incremental, not the sudden dramatic leap that the Kyoto Protocol's supporters had hoped. But there was some slow progress at The Hague, and there is likely to be more when the conference resumes in Bonn this May. Should a final agreement ever be reached, it is quite likely to be very different from the present Kyoto text. What counts is whether the world can work out a long-term response to a threat that will rise gradually through the coming century.

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