

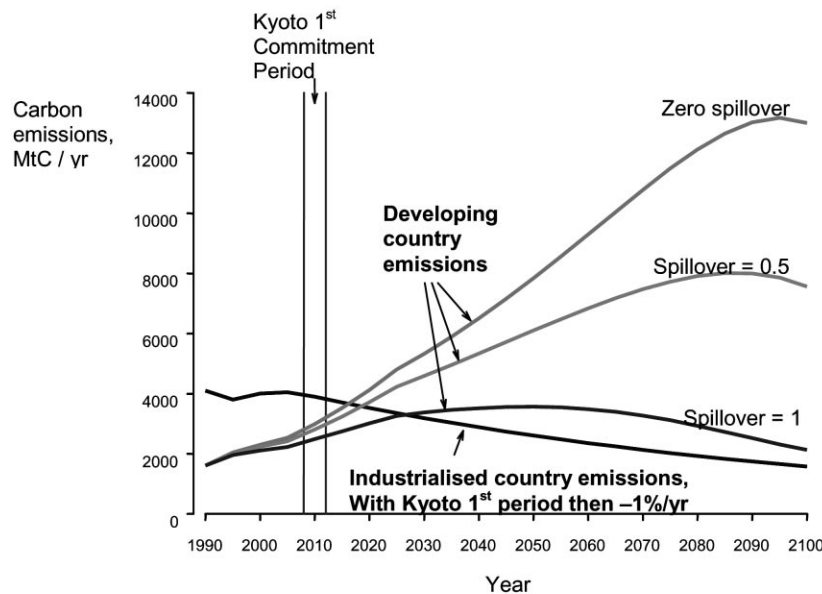
Viewpoint
The Seven Myths of Kyoto

The suspension of The Hague talks, followed by President George W. Bush's public rejection of the Kyoto Protocol, has thrown the ongoing climate change negotiations into uncertainty and confusion. Comments surrounding these events have reflected and fostered numerous myths about the Protocol, which this article seeks to dispel. We identify seven such myths, and argue that a fuller understanding of the realities of the Protocol suggest that it should — and could — remain the basis for ongoing global negotiations and action on climate change.

Myth 1. The Kyoto Protocol's emission targets are environmentally ineffective: The reality is that the Kyoto Protocol provides the potential for a dynamic, evolving regime, with the current set of emission targets for the first commitment period being only the first step in a much longer-term process of tackling climate change. The Protocol establishes a structure of rolling commitment periods, with negotiations on second period commitments (generally assumed to be another 5-year period, centred on 2015) to start by 2005. The current first period emission targets are intended to meet the Convention requirement that industrialised countries should take the lead in tackling climate change by modifying their emission trends; they were never intended to provide the definitive solution to climate change.

Much greater emission reductions will be needed over time to stabilise atmospheric concentrations of greenhouse gases. The Protocol is based on the premise that the second and subsequent periods are likely to require more stringent emission commitments, and for a wider group of parties, thus gradually “ratcheting up” the Protocol and its resulting environmental effectiveness. Similarly, the Montreal Protocol's initial CFC emission target of a 50% cut was far from being environmentally effective, but was progressively tightened over time to greatly increase the treaty's environmental impact. Fig. 1 shows Kyoto's first period commitments in context and shows how the Protocols ultimate impact will depend upon the degree and scope of follow-up to this initial action.

Myth 2. Developing countries are not involved: The reality is that the Kyoto Protocol is very much a global agreement, and so is the Framework Convention on which it is based. All parties, including developing countries, have a general commitment to adopt climate change mitigation policies and to report on the action they are taking. The Kyoto Protocol also establishes the Clean Development Mechanism (CDM) to promote globally sustainable development, especially through partnership with the private sector. By ratifying the Convention, 186 parties have agreed to its principle of ‘common but differentiated responsibilities’, including leadership by industrialised countries that generally have much greater wealth and per capita emissions.



Note. The figure shows emissions from industrialized (Annex 1) countries, up to 2010 assuming that they meet the Kyoto 1st period commitments and then follow with reductions averaging 1%/yr in subsequent Kyoto periods. Emissions from developing countries are modeled in terms of the assumed degree of economic, technological and political spillovers, the latter including expansion of the commitments to include more countries over successive negotiating rounds. A value of spillover=1 means that aggregate developing country emission intensity (per unit GDP) tracks that of industrialized countries and converges over the century.

Fig. 1. Global CO₂ emissions trajectories if industrialized countries meet their Kyoto 1st period commitments: dependence upon follow-up and spillover.

Establishing quantified commitments for countries in earlier stages of development would be premature and inequitable, as well as impractical, given the huge uncertainties in their emissions data and growth trends. However, there is a clear understanding that, as industrialised countries start to move their economies onto a less carbon intensive path, the developing countries will follow. This understanding is built into the Protocol, which stipulates that its provisions must be reviewed not more than 2 years after its entry into force. Along with the above-mentioned requirement for negotiations on second period targets to commence in 2005, there is a virtual guarantee that the issue of developing country quantified commitments will be on the agenda if the Protocol enters into force.

Myth 3. Kyoto commits industrialised countries to impossible targets: The reality is that Kyoto is a flexible agreement with feasible commitments. The Kyoto targets were negotiated as a package along with the various flexibilities in the agreement, including the market-based mechanisms of joint implementation, the CDM and emissions trading, as well as carbon sinks, multiple gases and a 5-year commitment period, all of which the US fought hard to get agreed in the Protocol. These flexibilities make compliance feasible even for countries that have taken little domestic action so far and are facing a large gap between domestic

emissions and their Kyoto ‘assigned amounts’, providing they undertake appropriate investments through the mechanisms. In fact, the collective –5% target for industrialised countries has already been achieved due to emission reductions in the former Soviet Union. The difficulty of meeting the targets for individual countries will depend on the rules governing the flexibilities — which is what will be on the negotiating table at COP 6 part II in July.

Myth 4. The costs of meeting the Protocol’s targets would be draconian: The reality is that, if it becomes the foundation for effective global action, the Kyoto Protocol appears cheap at the price. The IPCC reviewed results from global modeling studies, and found that the costs of complying with Kyoto for different OECD regions was estimated to be in the range 0.1–1.1% GDP by 2010; these results were from models that assume full emissions trading but without other Kyoto flexibilities (multiple gases, sinks or CDM), which would further lower costs over the next ten years, this equates to between 0.01 and 0.1% reduced annual GDP growth rate in the richest countries of the world, far smaller than the standard uncertainties in economic growth projections that governments routinely use as the basis for policy-making. The IPCC also notes that poor climate change policies to implement the Protocol’s targets could raise costs, whilst smart implementation (e.g. that harnesses cost-effective efficiency improvements, co-benefits, and ‘double dividends’ from shifting taxation) would lower them; some European studies even show net economic benefits.

Myth 5. The best bits can be kept and the rest rejected: The reality is that Kyoto is a carefully-crafted and integrated package that cannot be “mixed and matched”. Some have argued that the Protocol’s mechanisms should be retained, but that the legally binding targets should be abandoned or substantially revised. However, the agreement was negotiated as a package with the targets as they stand a fundamental part of the deal. As with any multilateral agreement, different parties place value on different provisions; remove one pillar of the Kyoto Protocol package, and the whole edifice is likely to crumble. Most developing countries were already unhappy with what they saw as weak targets in the Protocol; weaken them still further and the prospects for enticing developing countries into a global regime of quantified commitments will grow ever more distant. More fundamentally, it is the targets themselves that drive the Protocol’s mechanisms: if all Parties could meet their targets without trying, there would be no emissions trading, no joint implementation and no CDM. It is the gap between projected emissions and ‘assigned amounts’, and the room that opens up for the market-based mechanisms, which forms the engine of the whole Protocol.

Myth 6. Kyoto could be ditched in favour of global target negotiations: The reality is that the most credible route towards global quantified commitments is through expansion over several rounds of commitment periods, as provided for under the Kyoto Protocol. Agreeing how to distribute emission commitments amongst 39 industrialised countries in Kyoto was hard enough. “Going global” at this stage would be immensely complex — as a careful read of the paper by Philibert and Pershing in this issue indicates — as well as politically explosive. As discussed above, international efforts since the inception of the climate change negotiations have been founded on the principle that industrialised countries must lead. The best hope for global target negotiations is if they are founded on such leadership, and upon several years’ experience of operating an international targets-and-trading system. That is the intention behind Kyoto’s first period commitments. Abandoning the massive international efforts and painstakingly negotiated agreements developed over the past decade will not build the experience or foster the cooperation

needed to solve the climate problem; quite the contrary. It is likely to throw the climate change regime into a lengthy wilderness of animosity, confusion and stalemate.

Myth 7. Kyoto is dead: The statement by President Bush that he opposes the Kyoto Protocol has been widely interpreted as sounding its death knell. However, it remains the only viable negotiating process, enjoying almost unanimous support among the 186 parties to the climate change regime. Thirty-three countries have already ratified the Protocol, including Mexico and Romania. Most industrialised countries have preferred to wait until negotiations on the details of the Protocol's mechanisms and other flexibilities have been concluded. Nevertheless, almost all industrialised countries have signed the Treaty, which in international law indicates their intent to ratify, and at the Okinawa G8 summit in 2000, all members except the US and Canada affirmed their intent to ratify by the 'Rio + 10' summit in 2002. Moreover, at the recent ministerial consultations on climate change (New York, April 2001), which brought together representatives from a wide range of industrialised and developing countries, all other participants reportedly reaffirmed their support for the Kyoto Protocol, and the US was the lone opposing voice.

It is easy to forget the "blood, sweat and tears" that went into the Kyoto Protocol negotiations, which eventually reconciled widely divergent interests, while pioneering a set of market-based mechanisms aimed at maximising cost effectiveness and involving developing countries. Since Kyoto, negotiators have continued to work hard at agreeing rules for the Protocol's innovative market-based mechanisms and its other flexibilities. Private sector interest in Kyoto and its mechanisms has mushroomed, with many companies launching emissions trading schemes, for example. Indeed, Tom Jacob, in his review of The Hague conference in this issue, notes some convergence in transatlantic industrial attitudes towards the problem, with both embracing the Kyoto mechanisms. Continued negotiation to address the concerns of the US and others over the Protocol's implementation details at COP 6 part II in July remains by far the most attractive way forward.

If the US cannot ratify the Protocol, it can nevertheless be brought into force so long as the EU and Eastern European Accession countries, Japan and the Russian Federation go ahead; in fact, the Chairman of the Kyoto Protocol negotiations presciently insisted on the current entry into force requirements to prevent any single country from exerting a veto over entry into force. The Protocol can then be developed further (including perhaps the move towards second period negotiations) until conditions have changed sufficiently to enable US ratification. The Kyoto Protocol is far from perfect — what international agreement ever is? — and it can certainly be improved, developed, and built upon, starting at COP 6 part II in July. But it is not dead. The reality is that Kyoto is alive and kicking, and it should, and can, remain so.

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