

DRAFT
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Commonly Asked Questions About the Kyoto Protocol on Climate Change

Does this agreement satisfy President Clinton's standard of meaningful participation by key developing countries?

While important progress was made with developing countries in Kyoto, the agreement does not include the meaningful participation envisioned by the President and Vice President.

Accordingly, the Administration will work closely with key developing countries in the coming months and years to secure such participation and will not submit the Kyoto Protocol to the Senate for ratification until further progress has been achieved.

Developing countries did agree to a Clean Development Mechanism under which U.S. firms can invest in emissions reducing projects abroad and receive credits against emissions caps at home. This provision is very similar to the U.S. joint implementation proposal and represents an important step in ensuring that emissions cuts are made globally, wherever they are most cost-effective.

Furthermore, developing countries also agreed to advance the implementation of their existing commitments under the 1992 Framework Convention on Climate Change. Already, many developing countries have taken a series of steps, such as eliminating fossil fuel subsidies, which have slowed their emissions growth.

How significant are the additional emissions reductions for the United States in this agreement, beyond President Clinton's proposal to reach 1990 emissions levels by 2008-2012?

The reductions agreed to by the U.S. are fairly close to the President's initial proposal. The Kyoto Protocol calls for the U.S. to reduce emissions 7 percent below 1990 levels in the period 2008-2012. Europe must reduce 8 percent, Japan 6 percent.

More than half of the 7 percent cut reflects changes in accounting for three of the six greenhouse gases and for so-called "carbon sinks" such as forests, which absorb carbon from the atmosphere. When these accounting changes are considered, the U.S. target reflects real reductions that are no more than 2-3 percent below 1990 levels.

The U.S. also succeeded in blocking efforts of other countries to begin the binding emissions reduction period in 2005 or earlier, a move that would have increased costs to the United States.

Does the Kyoto agreement threaten U.S. sovereignty in some way?

No, it does not. The U.S. successfully blocked the proposals of other countries to impose mandatory policies and measures that would have prescribed the specific means for each country to meet its emissions target.

The Kyoto Protocol relies instead on the free market to provide nations the maximum flexibility to achieve emissions reductions wherever they are most cost-effective.

Are international emissions trading and joint implementation included in the agreement?

Yes, they are. The U.S. was able to enshrine the right to trade emissions with other countries as well as to conduct specific emissions reduction projects abroad for which U.S. firms would gain credit at home.

The rules and procedures for both these provisions need to be worked out. It is the intention of the U.S. to make every effort to complete negotiations on these rules and procedures in time for the next major climate change meeting to occur in Buenos Aires in November.

Will the agreement hamper U.S. military operations or domestic readiness?

No. The Kyoto Protocol includes several provisions sought by the Department of Defense dealing with bunker fuels and so-called "surge" operations.

Due to the success of the U.S. in opposing mandatory policies and measures, we have complete discretion in deciding whatever domestic measures are necessary to meet our target. Accordingly, issues related to emissions from military sources (which comprise only a tiny fraction of overall U.S. emissions) can be handled through domestic means, entirely independent from the Protocol.

Will the agreement lead to a \$40 billion U.S. payout to Russia?

The Kyoto Protocol enshrines the right of nations with emissions targets to participate in emissions trading. Under emissions trading, firms may decide that it is cheaper to purchase excess emissions from another country than to reduce them at home. The idea is to make sure that emissions reductions are taken as cost-effectively as possible.

Russia is likely to have emissions credits to sell. It is quite possible that U.S. firms -- as well as firms in other countries -- may find it cheaper to purchase these credits than to undertake more costly efforts at home. This is the free market being allowed to work, not a foreign aid program.

As for the actual amount of trading that may take place with Russia, that is to be determined by the market as well as by exactly how many credits Russia has to sell. Also, it is important to remember that other countries in addition to the U.S. will have the ability to purchase these credits.