

RELEASE IN FULL

Accession # 56-06-33-7 Box # 3 of 7 2-21-01 Climate Change Briefing for  
Sec. O'Neill 1:00-2:00

# Climate Change Briefing

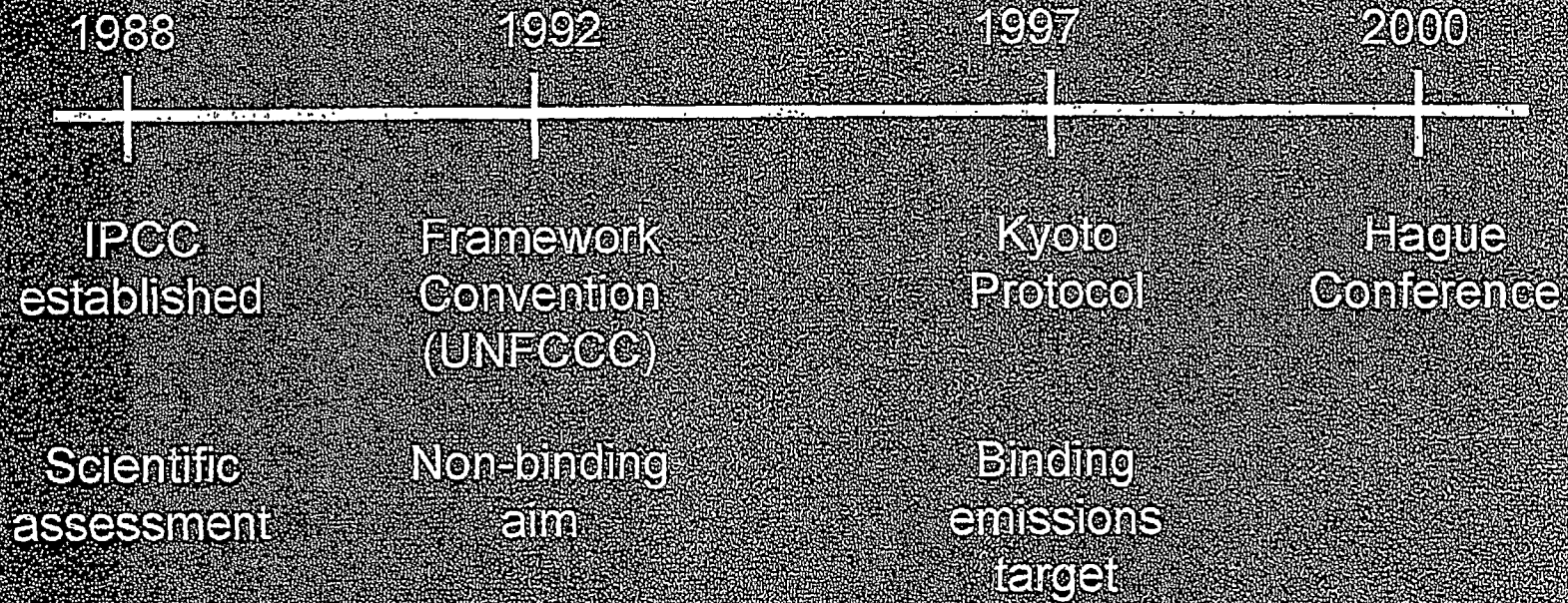
Climate Change Team

Department of State

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REVIEW AUTHORITY: Charles Lahiguera, Senior Reviewer

# Development of International Climate Change Regime



# Option 1: Stay the Course

**Strategy -- Make Kyoto work as negotiated**

- ◆ Pursue cost-effective rules
- ◆ Promote stronger actions by G-77

## **Assumptions**

- ◆ Legally binding targets desirable
- ◆ Kyoto architecture workable
- ◆ Can fix defects through good rules

## **Prospects for Success**

- ◆ Domestic Ratification -- Low
- ◆ International Acceptance -- High

# Option 2: Toughen Positions

## Strategy

- Stretch boundaries without rewriting Kyoto
- Stake out harder line than Clinton Administration
  - E.g. Demand full credit for sinks
  - Allow sector-wide projects in developing countries

## Assumptions

- Same as option 1

## Prospects for Success

- Domestic Ratification -- Uncertain
- International Acceptance -- Moderate

# Option 3: Seek Major Changes

## Strategy

- ◆ Seek to renegotiate treaty

## How?

- ◆ Change targets and timetables and/or
- ◆ Cap cost of compliance (safety valve)

## Assumption

- ◆ Legally binding treaty desirable
- ◆ Kyoto targets and/or architecture deeply flawed

## Prospects for Success

- ◆ Domestic Ratification -- Good
- ◆ International Acceptance -- Low in short run; better over time

# Option 4: Abandon Negotiations

## Strategy

- ◆ No U.S. ratification

## Assumption

- ◆ A multilateral legally binding target not desirable

## Alternatives

- ◆ Pursue national programs (power plants)
- ◆ Propose other international action

## Prospects for Success

- ◆ Domestic Reaction -- Uncertain
- ◆ International Acceptance -- Low, possibly increasing over time

# Continuum of Options

Status Quo

Fundamental Change



Stay the Course

Toughen Positions

Seek Major Changes

Abandon Kyoto

# Criticisms of Kyoto Protocol

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- ◆ Legally binding target a bad idea
- ◆ Cost
  - Target and timetable too ambitious
  - Uncertain and unpredictable
  - Ignores low cost solutions
- ◆ Developing Countries
  - Harm U.S. competitiveness unfairly
  - Environmentally inadequate
- ◆ Russia
  - U.S. too dependent on Russia
  - Russia receives large profits for doing nothing



## COP-6: Hague Conference

- ◆ Target date for completing Kyoto rules
- ◆ Nearly achieved deal with EU resolving major differences:
  - .... But EU got cold feet at last minute and reneged
- ◆ Never closed deal with G-77
- ◆ Talks suspended - will resume in summer

# Fleshing Out Kyoto

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- Kyoto defined the basic architecture
  - ..... But most of the detailed rules still need to be agreed
    - How will market mechanisms work?
    - How to include forests and farmlands?
    - Compliance system?
- US efforts to secure “meaningful participation” of developing countries
- Continued demands by developing countries for money, technology

# Kyoto Protocol Scorecard: EU Targets/US Architecture

- ◆ Tough US emissions target
- ◆ No emission targets for developing countries
- ◆ But US won long-sought-after architecture: flexible, market-oriented
  - Emissions trading
  - Credit for emission reduction projects in developing countries
  - Potential credit for forests and farmlands (“carbon sinks”)

# Kyoto Protocol: Basic Elements

- ▶ Binding emission targets for each developed country
    - US: -7%
    - EU: -8%
    - Japan: -6%
    - Russia: 0%
  - ▶ Applies to five-year commitment period, 2008-2012
- Compared to 1990 levels

# UN Framework Convention on Climate Change (UNFCCC)

- Negotiated, signed and ratified in 1992 under former Bush administration
- Still the only international climate change agreement in effect

# UNFCCC Scorecard

- ◆ US achieved basic goals
  - UNFCCC establishes overall framework for further negotiations
  - No binding emission reduction targets
  - Instead, non-binding aim to return emissions to 1990 levels by year 2000
- ◆ But ...
  - Troublesome precedent: emissions goal applied only to developed (not developing) countries

# Focus on United States

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## “Profligate” Consumers

- U.S. produces about 1/5 of world emissions
- U.S. per capita emissions =
  - » 3-4 times EU
  - » 8 times China

# Negotiating Constants

## US vs. EU

EU: Top-down regulation / Limited flexibility

US: Concern about economic costs → flexibility

- » Domestic choice of policies and measures
- » Market mechanisms (emissions trading)
- » Comprehensiveness (emissions/sinks)

## US vs. Developing Countries

US: developing country participation

◆ Developing countries

- Reject emission targets
- Demand financial and technological assistance



# Getting to Yes Internationally

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## International inertia

- Other parties would resist new U.S. approaches

## To overcome opposition, we need:

- Clear standard for U.S. ratification, if sought
- Strong domestic action

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