

# **Negotiating Commitments for Further Emission Reductions**

**Expert Meeting on Climate Change and  
Sustainable Development**

**Seoul**

**November 19-20, 2002**

**Erik Haites**

**Margaree Consultants Inc.**

# Outline

- Premises
- Possible features of a future agreement
- Proposed negotiating strategy
- Summary

Based on work in progress with Lavanya Rajamani and Jürgen Lefevere

# Premises

Stabilization of atmospheric concentrations, regardless of the level considered to be dangerous, will require large reductions in global GHG emissions

Large reductions in global emissions will require the U.S., Kyoto Protocol Annex B Parties, and developing countries to reduce, limit emissions

# Premises

Emission reductions of the desired scale will have a cost, so countries will need to agree to the costs they will bear and commitments will need to be differentiated

The US and developing countries currently are reluctant to negotiate commitments to limit their GHG emissions. Climate change impacts and changes in government could change this situation in the future.

# Features -- Coverage

Emissions limitation commitments by more countries will be needed

Many proposals for types of commitments by developing and developed countries.

None likely to be acceptable to all countries

Agreement most likely with differences in the type, stringency and timing of commitments across countries

# Features -- Coverage

MOUs with non-Parties to implement specified emissions limitation actions

Separate strategies to reduce emissions of some gases (e.g., HFCs, PFCs) similar to Montreal Protocol

Global agreements with industries to limit emissions (deals with competitiveness concerns)

# Features -- Economic Risk

Countries may accept more stringent commitments if the economic risk is lower

Some types of commitments have lower risk -- growth related, budget

Safety valve price caps compliance cost

Shorter commitment periods with less negotiating lead time involve less risk

# Features -- Economic Risk

The Kyoto mechanisms reduce costs and hence risks -- improve them as necessary

Sanctions, such as trade measures, applied to non-parties reduce risks for parties

Saudi Arabia, Qatar and Japan have made submissions to WTO on Kyoto, energy subsidies and taxation of energy products in relation to climate change



# Negotiating Strategy

Preferred strategy is to negotiate new agreement on future commitments under the Convention. This may not be possible due to current reluctance by US and developing countries to negotiate.

If Kyoto Protocol comes into force it could be amended to reduce economic risk and expand coverage in various ways

# Negotiating Strategy

Protocol can be amended by 75% of Parties  
so difficult for a few countries to block

Given current reluctance to negotiate future  
commitments amendments could focus on  
reducing economic risk first

Protocol is flexible enough to incorporate  
other types of commitments

# Summary

Future agreements should incorporate various strategies, in addition to country commitments, to expand coverage of GHG emissions subject to emission limits

Future agreements should incorporate means of reducing the economic risk associated with commitments, thus making it easier to accept emissions limits

# Summary

Negotiate new agreement under the Convention if possible otherwise negotiate under the Protocol

Given current reluctance to negotiate future commitments Protocol negotiations could focus on reducing economic risk

Success there should make negotiation of future commitments easier