

The Road From Bali: Strategies for Post-Kyoto Global Climate Policy

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Resources for the Future

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The Road from Bali: Strategies for Post-2012 Global Climate Policy

- Current International Framework
- Expectations for Bali Conference
- *Architectures for Agreement*
- Harvard Project on International Climate Agreements

Current International Framework

- UN Framework Convention on Climate Change
- Kyoto Protocol
- Lessons Learned from Kyoto Protocol

UN Framework Convention on Climate Change

- Signed at Earth Summit in 1992
- Two key provisions:
 - stabilize GHG concentrations at a level to “prevent dangerous anthropogenic interference” with the climate
 - “Common but differentiated responsibilities”

Kyoto Protocol

- Negotiated in 1997; entered into force in 2005
- Four key provisions:
 - Sets quantitative targets for industrialized countries for 2008-2012: aggregate cap 5% below 1990 emissions
 - Countries have discretion for domestic policies
 - International emission trading
 - Clean Development Mechanism – project-based trades

Lessons Learned from Kyoto Protocol

Strengths

- Market-based approach, potentially cost-effective
- Flexibility for nations to comply with commitments
- “Fair” – focuses on wealthiest countries and those most responsible for current GHG concentrations
- Has come into force

Weaknesses

- Some of the largest emitters were not constrained (examples include China and India)
- US has not ratified
- Potential for “emission leakage”: drives up costs, and pushes developing countries on to more carbon-intensive growth
- Concerns about nature of emission trading, including CDM
- “Short-term” approach for long-term problem
- Compliance mechanisms sufficient?

Expectations for Bali Conference

- Kyoto Protocol may have been a good (or bad) first step; everyone agrees that a second step is required
- Two categories of procedural paths forward
 - UN Process
 - Under Framework Convention on Climate Change
 - Post-Kyoto Successor (Bali, December 2007)
 - Other Processes
 - Big Economies Meeting (Pres. Bush, September 2007)
 - G8 + 5 Gleneagles Process

Expectations for Bali Conference:

Positions Going into Bali

- EU: 1990–30% by 2020 targets for industrialized countries
 - Some interest in pushing developing countries for action
- Developing countries: only industrialized countries should have 2020 targets
 - Some have proposed an avoided deforestation scheme
 - Mexico suggests reconsideration of Annex I composition
- US: long-term stabilization goal with near-term domestic pledges and broader participation
 - Head of States meeting called for in 2008

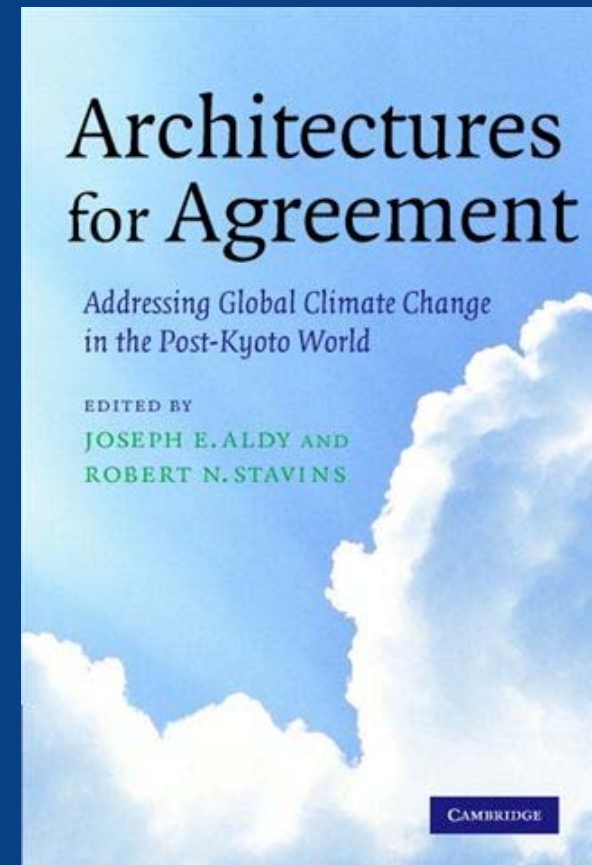
Expectations for Bali Conference:

The Road from Bali

- Two-year roadmap for negotiations – expect/aim for an agreement in Copenhagen in late 2009
 - Goal supported by UN Secretary-General and embraced by all major countries
- Questions:
 - Will a vague roadmap allow for talks to account for:
 - 2008 Presidential election
 - Developing country politics
 - EU politics
 - Will a specific roadmap reflect tough decisions about:
 - Developing country participation?
 - Forms of commitments?

Architectures for Agreement

- Presents six proposals for post-Kyoto climate policy architecture
 - Targets and Timetables
 - Harmonized Domestic Actions
 - Coordinated and Unilateral Policies
- Two commentaries evaluate each proposal
- Foreword by Larry Summers and Epilogue by Tom Schelling
- Introduction of the issue and synthesis of major themes



Targets and Timetables

- Basic architecture underlying Kyoto Protocol
- Set country-level quantitative emission targets over specified timeframes
- Allow emission trading across countries
- Novel ideas presented in proposals
 - Set targets through formulas
 - Developing countries “graduate” into targets as they grow

Harmonized Domestic Policies

- Focus more on policy actions instead of goals
- Countries agree on similar or interlinked domestic policies
- Novel ideas presented in proposals
 - Countries adopt similar national level cap-and-trade programs
 - Promote regional-level “carbon clubs” that could evolve like regional trade agreements
 - Integrate climate policy in development efforts

Coordinated and Unilateral Policies

- Bottom-up approach to climate policy
- Relies on domestic politics to drive incentive for participation and compliance
- Novel ideas presented in proposals
 - Countries pledge actions and undergo periodic review without formal penalties
 - Suite of actions: emission mitigation, adaptation, R&D, geo-engineering

Major Themes from Proposals

- Focus on policy infrastructure instead of goals
 - Get institutions right, then aim for ambitious goals
- Market-based implementation supported
 - Harmonization of emission prices can occur through
 - International cap-and-trade
 - Coordination of domestic cap-and-trade policies
 - Emission taxes
 - Can an international system work without a supranational authority?

Major Themes from Proposals

- Need for a “fair” climate policy
 - Progressive targets for developing countries
 - Integrate with development, trade policies
 - Adaptation merits additional attention
- Promoting participation
 - Engage domestic constituencies
 - Focus on effort, not outputs, through pledge and review
 - Expand negotiations to integrate development, trade
 - Narrow negotiations to small number of key nations

The Harvard Project on International Climate Agreements

- **Starting Point:** *Architectures for Agreement*
- **Goal:** Inform the design of a scientifically sound, economically rational, and politically pragmatic international climate policy architecture
- **Method:** Draw upon research & ideas of leading thinkers from academia, industry, government, NGOs
- **Stages:** (1) Outreach to establish credibility for proposition that a variety of alternative architectures merit consideration;
(2) Research to identify key climate policy design elements;
(3) Explore key design elements with domestic and international audiences

Invitation to Participate in the Harvard Project on International Climate Agreements

To get more information about the Project,
sign up for e-alerts, etc.,
please visit the Harvard Project website:
www.belfercenter.org/climate