

Copenhagen and Key Next Steps

A Policy Roundtable

Hosted by

The Harvard Project on International Climate Agreements

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Fifteenth Conference of the Parties

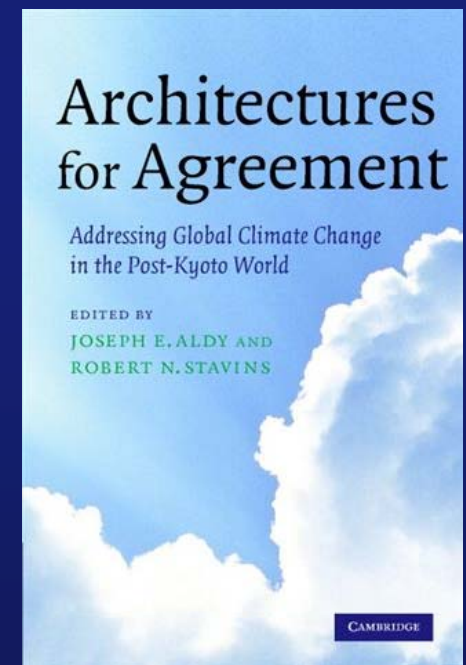
United Nations Framework Convention on Climate Change

Copenhagen, Denmark

December 15, 2009

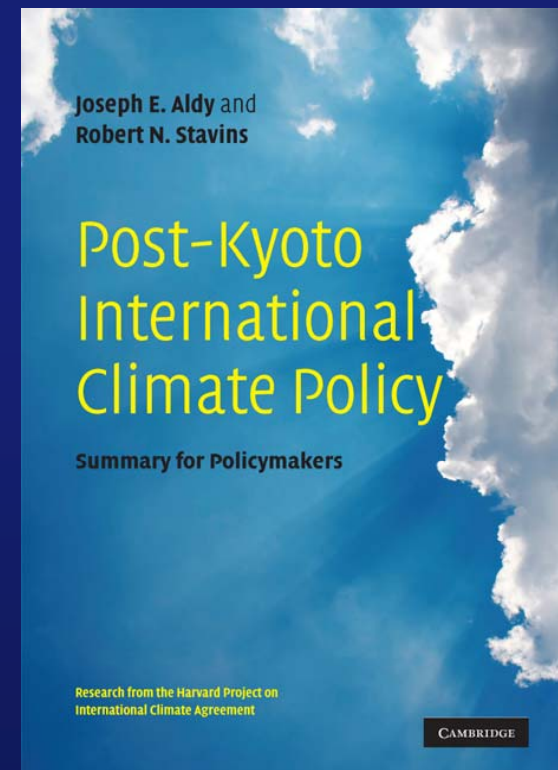
Searching for the Path Forward for Post-2012

- The Harvard Project on International Climate Agreements
- Mission: To help identify key design elements of a scientifically sound, economically rational, and politically pragmatic post-2012 international policy architecture for global climate change
- Drawing upon research & ideas from leading thinkers around the world from:
 - Academia (economics, political science, law, international relations)
 - Private industry
 - NGOs
 - Governments



Developing Insights for Post-2012 Climate Regime

- 35 research initiatives in Australia, China, Europe, India, Japan, & United States
- Outreach with governments, NGOs, and business leaders throughout the world (working with heads of governments & ministers in many countries)
- **Summary for Policymakers** builds upon lessons emerging from research initiatives
 - Key principles for a new international agreement
 - Promising global climate policy architectures
 - Key design issues and elements



Potential Global Climate Policy Architectures

- **Harvard Project does not endorse a single approach**
 - Decision to adopt particular architecture is ultimately political, and must be reached by nations of the world, taking into account complex factors
- **Promising policy architectures under three categories**
 - Targets & Timetables (as in Kyoto Protocol)
 - *1. Formulas for Evolving Emission Targets for All Countries*
 - Harmonized National Policies
 - *2. Harmonized Domestic Carbon Taxes, Cap-and-Trade, or Other Regulations*
 - Independent National Policies
 - *3. Linkage of National & Regional Tradable Permit Systems*
 - *4. Portfolio of Domestic Commitments*

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Session 1: Next Steps After Copenhagen

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Placing Copenhagen in Perspective

- Gloom and doom predictions regarding Copenhagen were/are misguided
- Sensible objective is to make real progress on a sound foundation for meaningful, long-term global action. Why?
 - Scientifically: stock, not flow environmental problem
 - Economically: cost-effective path is gradual ramp-up in target severity (to avoid unnecessary capital-stock obsolescence)
 - Feasibility: technological change is key, hence long-term price signals
 - Administratively: creation of appropriate international institutions is essential
- International climate negotiations will be an ongoing process – much like international trade talks – not a single task with a defined end-point.

What are some possible intermediate steps?

- A *joint-communiqué* on key *principals* underlying next architecture
 - Example: making “common but differentiated responsibilities” meaningful through
 1. All countries recognize their *historic* emissions; *and*
 2. All countries are responsible for their *future* emissions.
 - Various architectures can build on this to bridge divide between industrialized and developing world
- An agreement or communiqué on a “Portfolio of Domestic Commitments”
 - Each nation commits and registers to abide by its domestic climate commitments
 - Support from a diverse set of countries, including Australia, India, and U.S.
 - Key question: would it put world in a better or worse position 2, 5, and 10 years from now in terms of long-term time path of action?

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Session 2: U.S. Domestic Climate Policy & Its Implications for International Action

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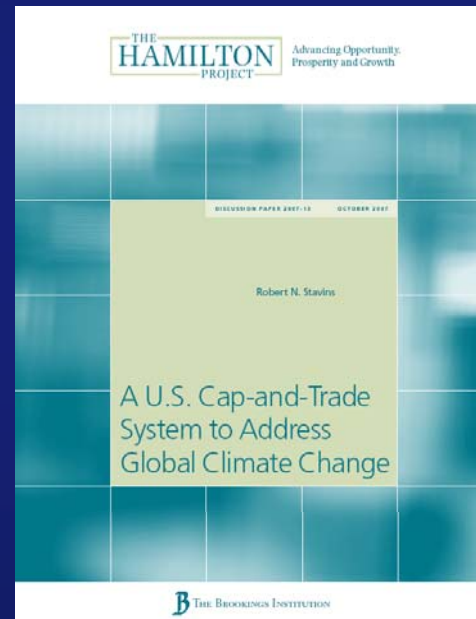
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Core of Likely U.S. Action: An Economy-wide Cap-and-Trade System

- Meaningful legislation (HR 2454/Waxman-Markey) with cap-and-trade passed by House in June by *small margin*
- Senate action
 - Boxer-Kerry and other bills
 - Politics difficult: 60 of 100 votes required
 - Bi-partisan opposition (coal & rural states)
- Major substantive issues remain
 - Ambition, allocation, offsets, cost-containment mechanisms, *international competition protection*, regulatory oversight, nuclear power provisions, offshore oil & gas provisions



Other Important U.S. Climate Policy Developments

- **Carbon Tax** – some real interest and some phony interest
- **Stimulus Package** – \$80 billion for renewables and energy-efficiency
- **Court-Ordered Regulation under the Clean Air Act**
 - U.S. Supreme Court decision & Obama “endangerment finding”
 - Regulation would be ineffective and costly – but will it force hand of Congress?
- **Automobile and Appliance Energy Efficiency Standards**
- **International Domain**
 - Major Economies Forum (MEF)
 - Obama Initiative to Eliminate Fossil-Fuel Subsidies (G20 Pittsburgh)
 - Bilateral Energy and Climate Partnerships (Canada, China, India, Mexico, etc.)
 - Phasing down hydrofluorocarbons

U.S. Political Timing: A Challenge for the International Process

- Relatively new administration
- Recession (and unemployment)
- Other U.S. domestic policy priorities: health care and financial regulation
- Public perceptions
- Congressional deliberation, difficult politics, and challenging numbers
- U.S. mid-term elections (November, 2010) can work *against* bipartisanship, and make it more difficult to vote to raise energy prices

For More Information

Harvard Project on International Climate Agreements

www.belfercenter.org/climate

Harvard Environmental Economics Program

www.hks.harvard.edu/m-rcbg/heep/

www.stavins.com