

KP and OPEC

The global response to the problem of climate change, since the US rejection of the Kyoto Protocol (KP), has been fragmented. At the international level, there is fragmentation between industrialized countries that continue to support the global architecture of the KP (EU, Japan, etc.) and those that reject it (US, Australia) – the Kyoto and non-Kyoto worlds. One result of the shrinking Kyoto world, even as developing countries ratify the KP (now at 52 countries), is greater uncertainty about long-term acceptability of the global architecture embodied in the KP. Without US engagement, it is uncertain how a second commitment period (beyond 2012) might be agreed upon without raising trade and economic competitiveness issues, thus pitting climate change squarely against economic interests.

A smaller, shrunken Kyoto world raises many questions. Does the Kyoto Protocol provide an effective, significant first step response to climate change? Are future generations being compromised? Will the global process and partnership forged under the UNFCCC survive a shrunken Kyoto?

The US pullout from the KP puts economic issues at the forefront of the climate change challenge. The US alleges that GHG emission reductions called for under the KP will damage the US and world economy. This raises the issue of whether or not the world can take actions now that reduce existing and planned pollution without adversely affecting the world's economies? Is this a shift from challenging the science to questioning the economics of climate change?

The economic concern motivating the US pullout is the same concern expressed in Articles 4.8 and 4.9 of the UNFCCC and Articles 2.3 and 3.14 of the Kyoto Protocol¹, to protect developing countries from the impacts of policies and measures taken to reduce GHG emissions in industrialized countries, and to address the concerns of “disadvantaged” countries facing the adverse effects of climate change such as the least developed countries (LDCs). The current negotiations on these issues are reflected in Decision5/CP.7 of the Marrakech Accords². In the case of the former, the decision highlights the need to further study the possible impacts of climate change policies and measures. In the case of the latter, the decision promotes actions to develop the capacity of LDCs and small island states, by creating funds and mobilizing international institutions.

The Marrakech decision lists a number of areas for cooperation (from information sharing, capacity-building, technology transfer, to economic diversification efforts) to begin to address the possible impacts of policies and

¹ See Annex.

² http://maindb.unfccc.int/library/view_pdf.pl?url=http://unfccc.int/resource/docs/cop7/13a01.pdf

measures and the adverse effects of climate change. These “action points” apply to both dimensions of the issue – (a) impacts of policies and measures and (b) adverse effects of climate change. It does not squarely refer to “countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products”, such as OPEC countries.

The bundled issue championed by the OPEC countries is now clearer in its geopolitical distinction. “Adverse effects of climate change” refers to small island states, LDCs, etc. while “impacts of policies and measures” refer to countries like the OPEC countries. With regard to latter, Parties have not answered the question of whether or not there are negative impacts. Thus the Marrakech decision focuses on information and reporting, research and additional discussions.

The status of the Kyoto Protocol

The “double trigger” for entry into force of the Kyoto Protocol requires 55 Parties to the Convention to ratify (or approve, accept, or accede to) the Protocol, including Annex I Parties (industrial countries) accounting for 55% of that group’s carbon dioxide emissions in 1990. As of 4 June 2002, 84 countries have ratified the Protocol - 52 developing countries and 22 Annex I countries. The latter represent 35.8% of greenhouse gas (GHG) emissions from Annex I Parties, and include Japan and the EU. The USA (36.1%) and Australia (2.1%) have declared their rejection of the KP. Thus, in order for the KP to enter into force, Russia (17.4%) needs ratify as well as other countries that account for another 2.8% of all Annex I emissions, such as Canada (3.3%) or Poland (3.0%).

Official pronouncements suggest that Russia is on track to ratify the KP. Canada is undergoing intensive consultations with domestic stakeholders and is expected to make its decision in the coming months.

Annex

Article 4.8, UNFCCC

In the implementation of the commitments in this Article, the Parties shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures, especially on:

- a) Small island countries;
- b) Countries with low-lying coastal areas;
- c) Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;
- d) Countries with areas prone to natural disasters;
- e) Countries with areas liable to drought and desertification;
- f) Countries with areas of high urban atmospheric pollution;
- g) Countries with areas with fragile ecosystems, including mountainous ecosystems;
- h) Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products; and
- i) Land-locked and transit countries.

Further, the Conference of the Parties may take actions, as appropriate, with respect to this paragraph.

Article 4.9, UNFCCC

The Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.

Article 2.3, KP

The Parties included in Annex I shall strive to implement policies and measures under this Article in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4.8 and 4.9 of the Convention, taking in to account Article 3 of the

Convention. The Conference of the Parties serving as the meeting of the Parties to this Protocol may take further action, as appropriate, to promote the implementation of the provisions of this paragraph.

Article 3.14, KP

Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above in such a way as to minimize adverse social, environment and economic impacts on developing country Parties, particularly those identified in Article, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of Parties serving as the meeting of Parties to the Protocol shall, at its first session, consider what actions are necessary to minimize the adverse effects of climate change and/or impacts of response measures on Parties referred to in those paragraphs. Among issues to be considered shall be the establishment of funding, insurance and transfer of technology.