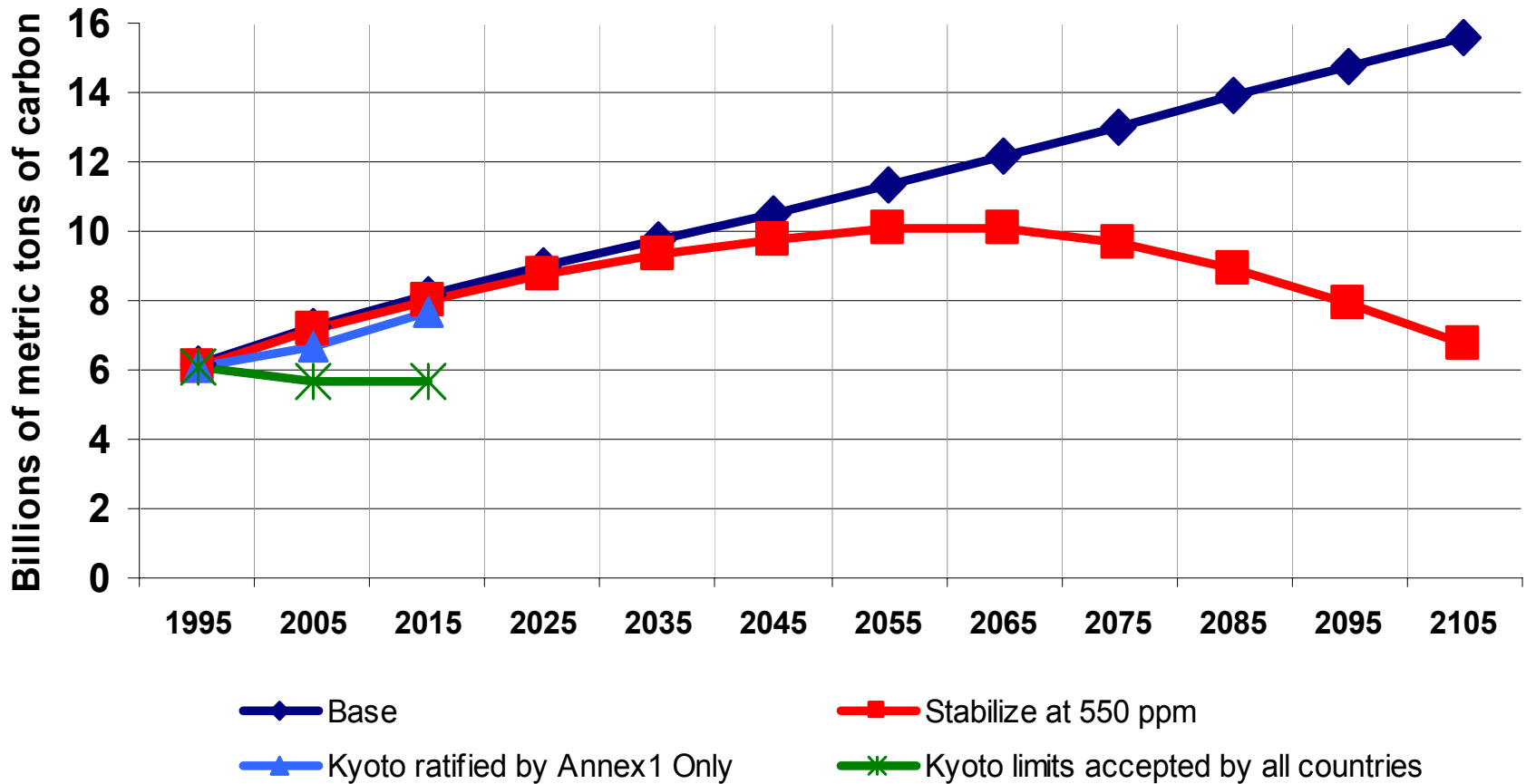


The Negotiations on Climate Change After Kyoto

Professor Anil Markandya
FEEM, Italy and University of Bath, UK
International Conference on Climate Change
Bilbao, April 23rd 2007

Urgent: We Must Have Some Agreement After Kyoto

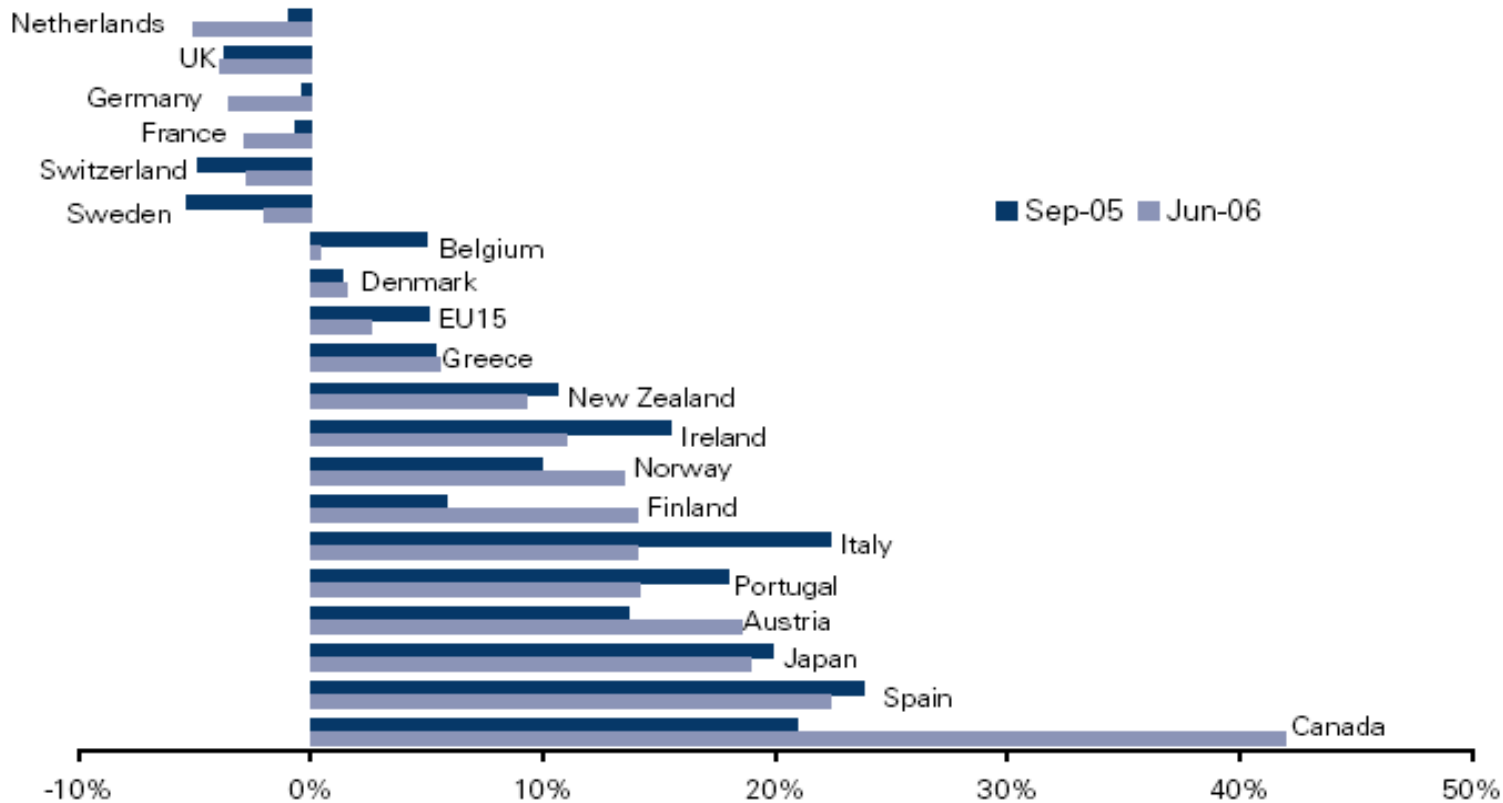
Emissions without a follow-up treaty are too high!



Kyoto Gap. Some Countries Are Finding It Hard to Meet the KP Targets

Figure 3 . Winners and sinners

Relative distance to Kyoto target for countries covered in this study



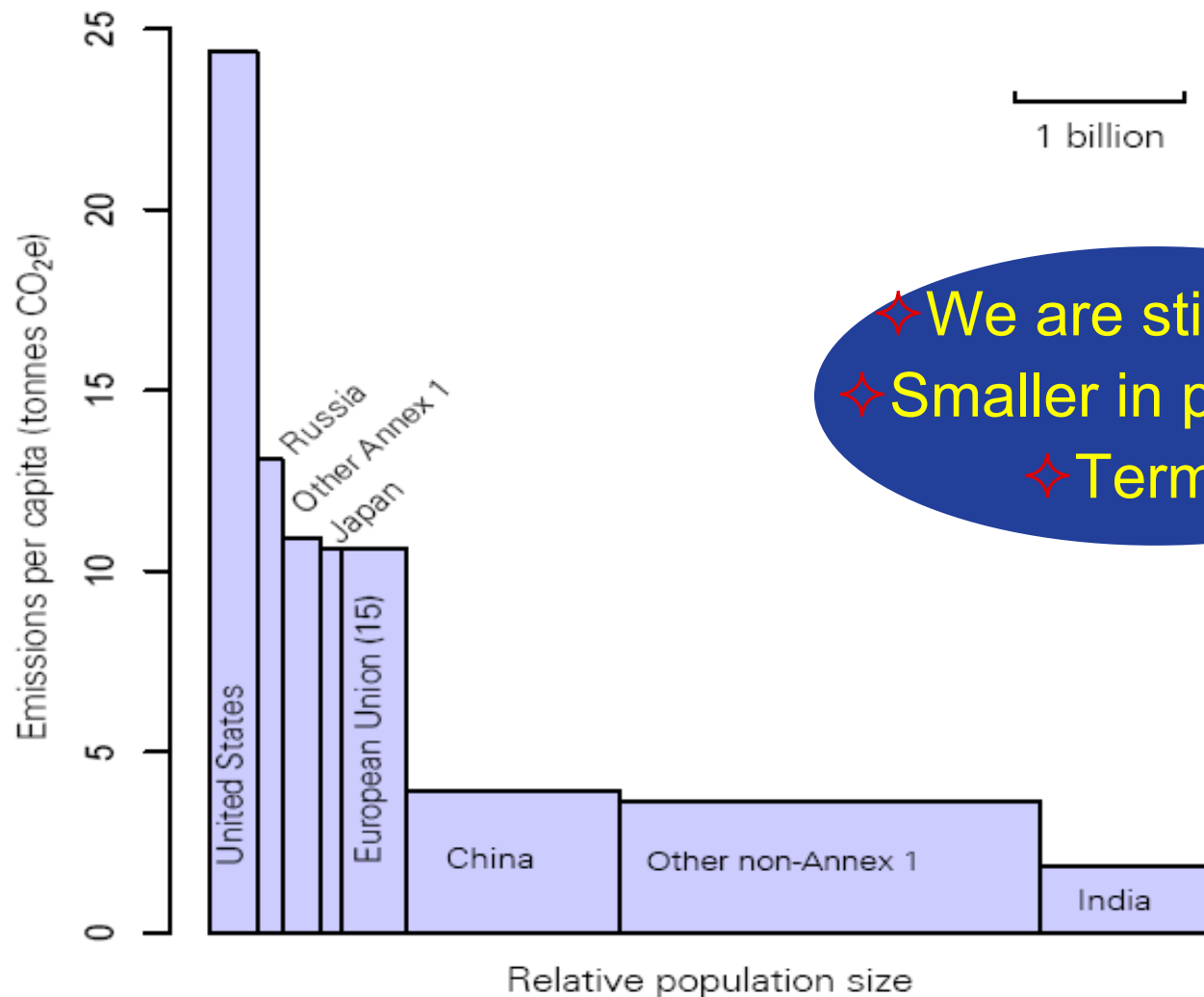
Source: Point Carbon

Negotiations Post Kyoto

Differences of Views Persist Between Rich and Poor

- **168 countries have ratified the KP under which they are obliged to negotiate targets for successive 5 year period; 2013-2017; 2018-2022 and so on.**
- **There is general agreement that major cuts are necessary to avoid global catastrophe**
- **But there are major difference of opinion as to who should make the cuts:**
 - **Developing countries still feel that the developed countries should do more.**
 - **Developed countries say that major polluters like China and India must make cuts on their own account.**
 - **Both make a partly valid point**

The Point that Developing Countries Make



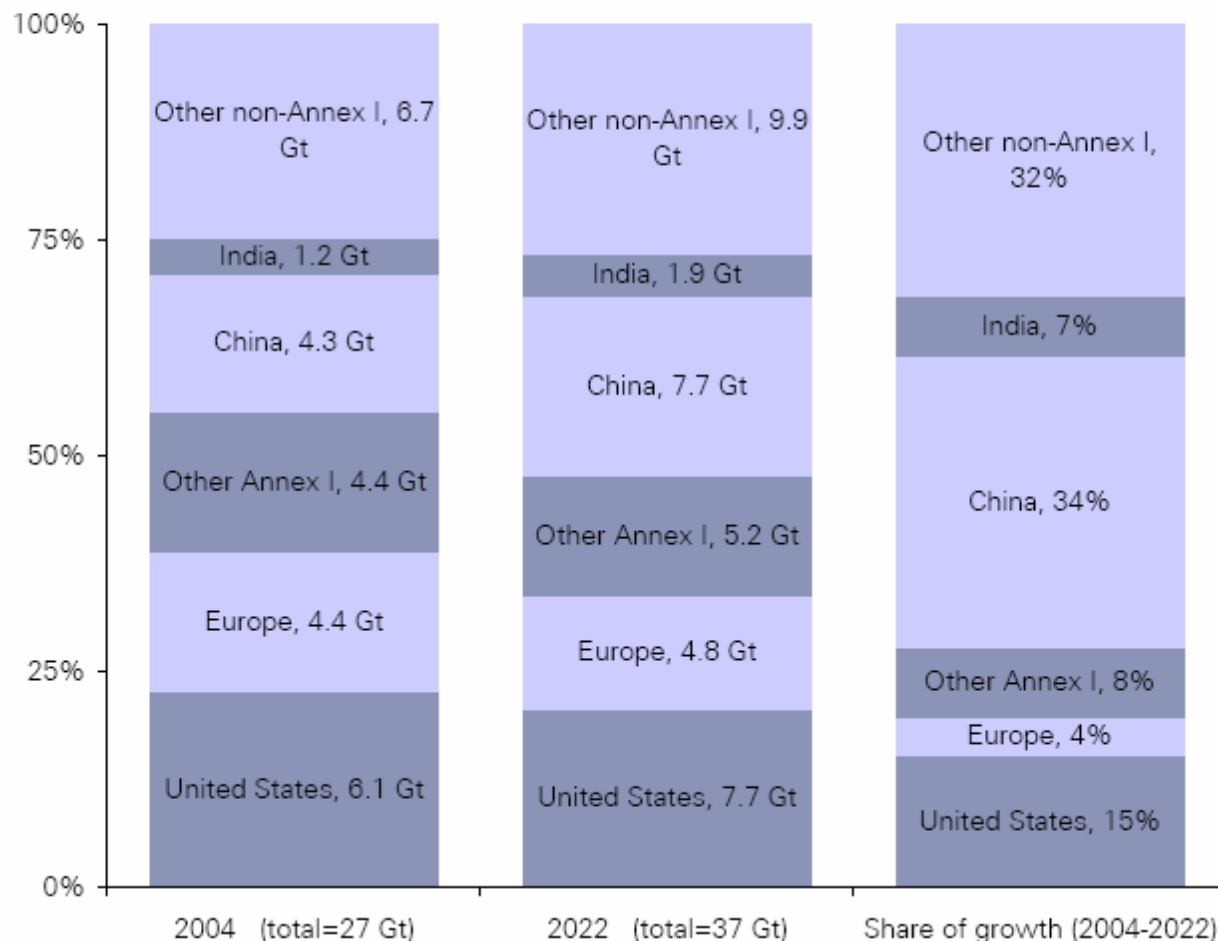
◆ We are still much
◆ Smaller in per capita
◆ Terms!

- **Your emissions are growing faster than ours.**
- **Without you adopting a target we cannot achieve the major cuts in GHGs that are needed!**
- **See next slide...**

Figure 2: The view from the Annex I countries

Emissions from in 2004, projected emissions in 2022 and breakdown of growth 2004-2022 by country or region. All numbers represent CO₂ from energy production only.

Source: Climate Analysis Information Tool Version 4.0, World Resources Institute (EIA Reference Case)



Position of the Different Countries Vis-a-vis Post Kyoto

Table 1: Country positions in negotiations over new targets for Annex 1 countries

Submissions under Article 3.9 of the Kyoto Protocol regarding new targets for Annex 1 countries. The US has not submitted any positions because it is not party to the Kyoto Protocol.

Party	Target	Non-Annex 1 commitments	Length of commitment period
EU	Maximum 2°C rise this century. Suggested 20% cut on 1990 in next commitment period, 30% if international agreement is struck.	Weak push	Open for discussion
Canada	Against absolute targets. Opens for other types of targets (intensity/ technology)	Strong push	Open for discussion
Japan	No Kyoto-like commitments without "full participation" ie. including China, India, Brazil & US.	Strong push	Emphasis long term
Russia	To be set after 2012. Also suggests registry of voluntary efforts by non-Annex 1 countries	Calls for voluntary commitments	Not mentioned
China	Deeper cuts than Kyoto	Calls against it	Not mentioned
India	Deeper cuts than Kyoto	Not mentioned	Longer period

- **Without a US commitment the developing countries will not agree to any target.**
- **But without some agreement on the part of the developing countries it is difficult to see the US agreeing to an international treaty either, although there are strong moves to make some contribution to reducing GHGs in the US**
- **The expectation is that the US will introduce a national ETS after the next election (following state level efforts in this direction).**
- **This is most likely to be in place after 2009, perhaps in the 2010-2015 period.**
- **But not in time for the 2013-2017 commitment...**

Likely Scenarios Post 2012 – End of the KP

Table 4: Point Carbon's main political scenario, 2008-2032

Major features of the international climate regime from the first Kyoto commitment period onwards. "Annex 1" here refers to the developed countries (Annex 1) that have ratified the Kyoto Protocol, and thus excludes the US and Australia.

Period	Annex 1	US	Non-Annex 1	Market
2008-12	<ul style="list-style-type: none"> - Post-2012 negotiations - Reductions from EU ETS, Japanese utilities/industry 	<ul style="list-style-type: none"> - New president 2009 re-enters negotiations, but new Protocol not ratified in time for 2013-17. - US ETS 2010-15. - RGGI trading from 2009 - Voluntary deals 	<ul style="list-style-type: none"> - Maintain refusal of caps - CDM produces over 2 bn tonnes CO₂e reductions. - Chinese efficiency drive 	<ul style="list-style-type: none"> - EU ETS and Japan underpin CDM/JI market - Strong CDM/JI demand from governments - Illiquid AAU market
2013-17	<ul style="list-style-type: none"> - New Protocol similar to Kyoto - Aviation, marine added 	<ul style="list-style-type: none"> - US ETS links with EU ETS and global trading - US policy parallel with global regime 	<ul style="list-style-type: none"> - OECD members ++ take on targets - New focus on forestry 	<ul style="list-style-type: none"> - US boosts CDM/JI demand - A spread between CERs and domestic credits possible
2018-22	<ul style="list-style-type: none"> - Comprehensive regime 	<ul style="list-style-type: none"> - Full participation in international regime - Weaker targets than other Annex 1 	<ul style="list-style-type: none"> - China takes on targets 	<ul style="list-style-type: none"> - CER supply \ reduced - Boosted trade in AAU-backed credits
2023-32	<ul style="list-style-type: none"> - Caps tightened to meet 2050 goal 	<ul style="list-style-type: none"> - Caps tightened towards Annex 1 average 	<ul style="list-style-type: none"> - Most excl. Africa take on targets 	<ul style="list-style-type: none"> - Gradually rising carbon prices - Most countries and companies trade carbon



Thank You and Lets Hope We Are Right!

- **Scientific Front: Most important is recognition that CC is almost certainly an anthropogenic phenomenon and we have to take action to prevent serious consequences (WGI)**