

United States

The Kyoto Protocol: The Road to Ratification



United Nations Framework Convention on Climate Change
Third Session, Conference of the Parties
UNFCCC-COP3
Kyoto, 1-10 December 1997
地球温暖化防止京都会議

The Kyoto Protocol



United Nations Framework Convention on Climate Change
Third Session, Conference of the Parties
UNFCCC-COP3
Kyoto, 1-10 December 1997
地球温暖化防止京都会議

The Kyoto Protocol: The Road to Ratification

Climate change is the premier environmental challenge of the 21st century. The United States is committed to meeting this challenge, both through domestic actions to reduce greenhouse gas emissions and by helping shape an environmentally sound, cost-effective response under the United Nations Framework Convention on Climate Change (UNFCCC) and its 1997 Kyoto Protocol. Simply put: the United States is committed to completing work on the Kyoto Protocol and to its ratification and entry into force as soon as possible.

In the view of the United States, three broad issues must be resolved to achieve this goal:

■ *Environmental Integrity.* The Protocol exists to serve an environmental purpose: to begin to reduce the emissions of the gases that contribute to global warming. Any elaboration and implementation of the Protocol must assure the world that the reductions and removals of greenhouse gases from the atmosphere required by the Protocol actually occur. Toward this end, the United States has taken the lead in proposing comprehensive, effective, and binding rules to monitor and report emissions, to track trades, and to encourage compliance with the obligations of the Protocol. The United States supports legally binding consequences for exceeding emissions targets, and believes that these consequences should be agreed upon in advance.

■ *Cost Effectiveness.* Predictable cost-effective reductions will allow for the greatest environmental benefit possible for every dollar, euro, or yen devoted to addressing climate change. In a world of limited resources, it makes little sense to deliberately design a system that makes removing a ton of greenhouse gases from the atmosphere more expensive than necessary.

Cost-effective action is possible only if the Kyoto mechanisms and sinks can be implemented as simply as possible while preserving the environmental integrity of the Protocol. Overly bureaucratic requirements or artificial limits on these important tools will only restrict the ability of the Parties to act and thereby undermine support for the Protocol.

■ *Developing Country Participation.* Climate change is a global problem that requires a global solution. Industrialized countries must take the lead, but other countries must also contribute in ways that promote their sustainable development.

Many developing countries are already making significant strides to improve energy efficiency, expand the use of renewable energy, slow deforestation, and otherwise stem their emissions growth. The Clean Development Mechanism will provide an economic incentive for many countries to take additional action. In addition, the United States believes that those countries willing to accept binding limits on their emissions should be allowed to do so. With the economic incentives provided by emissions trading, developing countries can slow the rate of growth in emissions dramatically while growing their economies.

These three overarching issues emerge in a variety of specific contexts throughout the Protocol, including those outlined below.

Emissions Trading

The Kyoto Protocol combines ambitious environmental targets with innovative market-based mechanisms to help Parties achieve those targets at a reasonable cost. Recognizing that the cost of reducing greenhouse gas emissions is many times greater in some countries than in others, the Protocol allows each country with a binding target (an Annex B Party) to use “emissions trading” and other flexibility mechanisms (such as Article 4 “bubbling” of emissions from several countries, Joint Implementation, and the Clean Development Mechanism) to meet its commitments.

In an emissions trading system, Annex B Parties and their authorized private entities will be able to buy and sell emission allowances from one another. Countries that can reduce emissions relatively inexpensively will be able to sell excess emission allowances to those countries where reducing emissions is more expensive. The cost differential between the two countries in reducing emissions ensures that both will benefit from the trades. Thus, trading will allow the overall reduction required by the Kyoto targets to be achieved at a lower cost. In fact, in the United States emissions trading in sulfur dioxide—a key pollutant in causing acid rain—has allowed emissions to be reduced 30 percent more than required over the first four years of the program, at less than half of the expected cost.

Greenhouse gas emissions trading will:

- *Promote ratification of and global compliance with the Protocol* by making reductions less costly;
- *Cut the cost of reducing greenhouse gases* by allowing the marketplace to identify the most cost-effective reductions, thereby making efficient use of scarce global resources; and

- *Quicken the pace at which countries address climate change* by creating a market for innovative ways to reduce emissions cost-effectively and fostering the rapid development and diffusion of new technologies that reduce emissions.

In order to provide real environmental benefits, a trading system must have strict mechanisms for verification, reporting and accountability. The rules of an emissions trading system need to be clear, enforceable, and predictable—ensuring the integrity of the process while avoiding restrictions that would burden the market and impose unnecessary costs. To participate in trading, a country must take on a binding target under the Protocol and meet the high standards of the Kyoto Protocol for verification and reporting.

Land Use Change Issues

Carbon “sinks” such as farmland, rangeland, and forests can make a great contribution to reducing net greenhouse gas emissions. Activities such as planting trees on marginal lands, restoring degraded soils, and adopting best management practices that improve water and soil quality and protect habitat, also have the added benefit of absorbing carbon.

The Kyoto Protocol recognizes that sinks must be included as part of an economically and environmentally sound approach to climate change. Specifically, Article 3.3 of the Protocol requires certain forestry activities—afforestation, reforestation, and deforestation since 1990—to be counted toward a party’s reduction commitments. Article 3.4 allows the Parties to the Protocol to add additional sink activities, such as those related to agricultural soils.

In the past year, the Parties have moved forward with a process to define those sinks activities that will be included under the Kyoto Protocol. In May 2000, the Intergovernmental Panel for Climate

Change (IPCC) issued a *Special Report on Land Use Change and Forestry*, which provides the necessary scientific information and analysis for sound decisions on sinks at COP-6, and on August 1, 2000, the Parties submitted their views on the elaboration of Articles 3.3 and 3.4.

In its submission, the United States outlined its support for:

- **Broad and comprehensive inclusion (based on sound science) of land use, land use change, and forestry activities;**

- **Inclusion of forest management, cropland management and grazing land management under Article 3.4;**

- **Rules—including definitions of key terms such as “reforestation”—that help protect forests and avoid creating “perverse incentives”** (for example, to log old-growth forests);

- **A strict accounting system** that looks at the total impact of land management on carbon stock changes, including both emissions and removals, and that requires Parties to be able to accurately monitor and verify emissions and removals.

To address the concerns of some countries about the effect of comprehensive greenhouse gas accounting on the first budget period targets, the United States is willing to consider a “phase-in” during the first commitment period (2008-2012), under which countries would be allowed to count only a portion of the total amount of carbon they sequester.

The United States believes that a comprehensive, broad-based approach to sinks provides a critical long-term incentive to protect existing carbon reservoirs, increase carbon removals, and reduce greenhouse gas emissions through better land management practices. A comprehensive approach will also be easier to monitor and verify than narrow practice-based accounting and minimize leakage and double counting.



Compliance

The Kyoto Protocol contains numerous compliance-related elements, such as stringent reporting requirements and an expert review process to assess implementation and identify potential cases of non-compliance. The Protocol also calls for further elaboration of the procedures to determine and address cases of non-compliance, as well as the consequences for non-compliance. Since Kyoto, the Parties have been working to develop an effective compliance regime by COP 6.

The United States strongly supports a compliance system that is **transparent, credible, and provides reasonable certainty** in terms of consequences.

The United States also favors a regime that incorporates not only facilitative features (to help prevent non-compliance), but also **enforcement features to address non-compliance** with emissions targets and to ensure that Parties are meeting the eligibility requirements for using the Kyoto mechanisms.

Finally, the United States supports **binding consequences for exceeding emissions targets**. Such consequences should be restorative (rather than punitive) and should be agreed to in advance.

The Clean Development Mechanism

At Kyoto, industrialized and developing nations came together to shape an innovative, market-based approach to promoting sustainable





development and providing cost-effective reductions of greenhouse gas emissions. The Clean Development Mechanism (CDM) is a win-win proposition: it allows industrialized countries or their authorized private entities to earn emission credits through projects that contribute to the sustainable development of developing countries.

The potential benefits of CDM are many. It will:

- **Encourage the transfer of technology and capital to developing countries;**
- **Promote sustainable development;** and
- **Help meet the costs of adaptation** (since, under the Protocol, a “share of the proceeds” from qualifying projects is to go towards assisting countries in meeting the costs of adapting to the impacts of climate change).

The United States is committed to working with the international community to develop operational rules so that CDM activities can begin at the earliest possible date. In the view of the United States, these operational rules should reflect the following key principles:

- The CDM should assist developing countries in achieving sustainable development;
- The CDM should be a flexible, market-based mechanism that ensures cost-effective reductions through public and private sector investment in clean energy and carbon sequestration projects;
- The CDM should assist industrialized countries in complying with targets and be based on principles of efficiency, transparency, and accountability; and
- Wherever possible, the CDM should use existing institutions to streamline the process and minimize administrative costs.

Developing Country Participation

The United States strongly believes that the COP needs to foster a new, constructive dialogue about developing country efforts to



address climate change. In particular, the dialogue should address ways that developing countries can address greenhouse gas emissions while promoting economic growth.

Many developing countries have begun making impressive progress toward cutting their greenhouse gas emissions below “business as usual,” while maintaining strong economic growth. A few developing countries have announced or stated their intention to announce emissions targets, which could help provide resources for development through emissions trading and otherwise.

The Parties need to build on these successes and to establish mechanisms that enable developing countries that voluntarily limit their emissions to reap all of the rewards (in terms of technology and investment) that will come from full participation in the emissions trading system. The COP should make it a priority to explore the progress that has already been made and how developed and developing countries can cooperate to broaden and strengthen this encouraging trend.

Technology Cooperation

In support of its obligations under the UNFCCC, the United States implements a range of technology cooperation activities designed to promote the transfer of climate-friendly technologies to developing and transition countries worldwide. In the view of the United States, technology cooperation extends beyond the simple sale or transfer of hardware. Successfully establishing a program of technology transfer requires the development of in-country enabling conditions and capabilities that support the sustained flow of technologies and expertise.

Because the private sector is the source of most climate-friendly technologies and the vehicle for their transfer, U.S. technology cooperation activities often include public-private partnerships that directly engage the private sector to accelerate the development

of markets by removing barriers to investment and facilitating the commercial deployment of technologies. Specific activities focus on policy reform, institutional strengthening, capacity building, information dissemination, technology assessment, and technology demonstration and research.

Conclusion

The United States is committed to doing its part to protect our climate and pass on a livable world to our children and grandchildren. Awareness is growing throughout U.S. society that global warming is a serious problem and that serious action is required. Most important, specific, concrete actions by citizens, businesses, and federal, state, and local governments are yielding tangible results. In fact, recent data show that growth in U.S. greenhouse gas emissions has begun to decline, even as the U.S. economy grows at an unprecedented rate—an important measure of progress in the fight against climate change.

Internationally, the United States is strongly committed to working in concert with other nations—both within and outside of the Kyoto Protocol—to meet this epic challenge. Shaping the rules and procedures of the Kyoto Protocol is a highly complex and complicated process. But it is one at which we must succeed, relying on science to guide our negotiations and taking strength in our common commitment to protect this Earth for future generations.

The United States has taken strong and proactive positions on the Kyoto Protocol to help shape the best possible agreement—one that has environmental integrity, economic integrity and is fair to all. The United States is fully committed to making this a reality.



