

## Kyoto Protocol at a Dead End?

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The Kyoto Protocol, the symbol of a global climate protection policy and, since President Bush's brusque termination of U.S. participation in this pact, also a symbol of the rest of the world's ability to act responsibly, is threatening to come to an ignominious end. On 29 September, at the opening ceremony for the World Climate Change Conference, held in Moscow with the support of the United Nations, President Putin buried the hopes of all those who had expected this conference to provide the backdrop for an undertaking by Russia to ratify the Protocol. Without Russia, the Protocol can not enter into force, with Russia's ratification this would be consummated within 90 days, as all other conditions have already been fulfilled. Although Putin has kept all his options open on whether and when to submit the Protocol, originally signed by the Yeltsin-Administration, to the Duma for ratification, Russia is already in default with this procedure, and the World Conference offered an ideal opportunity to send an internationally conspicuous signal. This opportunity has been deliberately allowed to slip away.

Action is needed urgently if the Kyoto process is to be saved from becoming irrelevant. At the 9th Conference of Parties of the Framework Convention on Climate Change (COP9) at the latest, scheduled to be held in Milan from 1 to 12 December 2003, the contours of a modified strategy will have to be discernible. The Protocol, signed in 1997 at the Third Conference of Parties in Kyoto and elaborated in detail at the following four conferences (up to 2001), must satisfy two conditions precedent in order to enter into force: 55 signatories must have ratified it, and it must have been ratified by countries which accounted in total for at least 55% of the greenhouse gas emissions from the industrialised nations in 1990 (Annex-I Parties). This latter clause also

appears plausible if the Protocol is to come as close as possible to a global solution for coping with such a global problem. The aim is to prevent a situation arising in which a minority of emitters are obliged by virtue of having ratified the Protocol to limit their emissions, while a majority is able to draw competitive advantage from being free to continue emitting without limitation. However, this same clause is also having the effect that the two biggest polluters among the industrialised nations, the USA and Russia, are together in a position to veto the whole Protocol, as in 1990 they were responsible for more than 45% of all emissions (USA 36%, Russia 17%) from the industrialised nations. Up to now, Annex-I Parties accounting for 44% of emissions have

ratified the Protocol. With Russia's ratification, the necessary 55% would be achieved. However, by withdrawing from the convention, which their respective administrations have already signed, the USA and Russia can still topple the whole arrangement and thus prevent a *coalition of the willing* among all the other countries of the world, unless these other countries are able to negotiate an amendment to the convention via Article 20 of the Protocol, which provides for amendments by a three-fourths majority in exceptional circumstances. That, however, would amount to watering down the Protocol still further. Without this clause the USA would probably not have signed the Protocol in 1997, with the clause they can significantly influence the further course of multinational climate policy. The coalition of the two unwilling giants, the USA and Russia, harbours the potential to scupper six years of arduous negotiations.

### **Russia's role**

President Bush's rejection of the Protocol seven weeks just after coming into office triggered international concern far beyond the content of the convention itself. But little attention has been paid to Russia, which has been in a unique position since the spring of 2003, in that the entry into force of the Protocol, having by now been ratified by over 100 countries, depends entirely on Russia, and that without any deadline having been set.

At the Moscow conference, President Putin's economic adviser Andrei Illarionov voiced the Russian reservations against the Protocol much less diplomatically than the President himself. He saw no reason to put up with a competitive disadvantage compared to the USA and China, who emitted much more greenhouse gases and were not tied to any restrictions on emissions. Besides, doubling Russia's national product would increase the country's emissions by 104%, and this could not be reconciled with the quota assigned to Russia, if only because Russia intended to much more

than double its national product. Finally, he also indicated that global warming could possibly bring advantages for Russia. Vyacheslav Nikonov, Director of the Moscow Politika Forum, brought into play another argument that enjoys widespread popularity in Moscow: "If the EU demands that we ratify the Kyoto Protocol, it should give us something in return." In this context he mentioned Kaliningrad, Russia's accession to the WTO, and the lifting of visa requirements. Russia has thus made it patently obvious that it is only concerned about its own advantage and not about solving the global problem.

Even at it stands, the Kyoto Protocol makes concessions to Russia (and the Ukraine) that have turned out to be somewhat of a hindrance to the entire process. Although at the time the convention was signed in Kyoto (1997), the collapse of its industry meant that Russia was emitting 35% less CO<sub>2</sub> and correspondingly less of other greenhouse gases than in the baseline year 1990, and although it was obvious that an economic recovery would not necessitate a proportionate increase in emissions, Russia, unlike the Western industrialised nations, was not required to reduce its emissions by comparison with 1990, but only to ensure zero growth (the figures in the following are based on Hans-Joachim Ziesing, *Treibhausgas-Emissionen nehmen weltweit zu*, DIW Wochenbericht 39/03, 25.9.2003). As a result, Russia is allowed to emit about 50% more CO<sub>2</sub> per capita than Germany and about 80% more than the EU average in the target period 2008–2012, although its per capita economic product will be significantly lower. In its own interest, Russia will not take full advantage of these emissions ceilings, as an improvement in its pathetic energy efficiency is essential anyway if the country wants to achieve sustained economic growth and maintain its energy exports capability. The concession that this high emissions cap implies was granted at least to some extent under pressure from the USA, which in this way wanted to ensure that there would be a

quantitatively significant bidders market for tradable emissions certificates. This brought the system of tradable emissions rights, which is in principle expedient because of its inherent efficiency, into discredit, particularly in Europe (“hot-air indulgence trading”), and this has added to the growing disgruntlement between the USA and EU in the context of the Conference of Parties. Russia for its part has at no time in the talks shown any gratitude for this preferential treatment; instead it has endeavoured at the successive conferences to negotiate, via details of the Kyoto Protocol, other advantages that have contributed to the further adulteration of the Protocol.

### **Current status**

Global CO<sub>2</sub> emissions rose by 8% between 1990 and 2000. Even the OECD countries were above the world average, with an 11% increase. This was even more true of the countries of Asia (without Japan and China), with about 60% growth, and Latin America (39%). It was only thanks to the almost 40% drop in CO<sub>2</sub> emissions in the transforming countries between 1990 and 2000 that the global increase did not turn out much higher. However, the transforming countries have now passed through the lowest point of their CO<sub>2</sub> output; as a result, global emissions have returned to a faster growth rate.

The progress made in the Western industrialised nations is alarmingly far removed from the targets of the Kyoto Protocol. In 2000, the USA and Australia, who have revoked their participation in the Kyoto Protocol, emitted 14.2% (USA) and 18.2% (Australia) more greenhouse gases than in 1990. Canada and Japan, both of which had committed themselves to a 6% reduction, were 19.6% and 11.2%, respectively, above their 1990 figures. Though the EU can boast a slight reduction of its emissions by 2.2%, it still has to achieve a further reduction by almost 6% in the second decade in order to deliver on its 8% commitment. With Russia continuing to delay the convention’s entry

into force, it is becoming more and more unlikely that the Western countries will live up to their commitments. Only the EU, which plans to introduce emissions trading as an additional instrument within the community as of 2005, can realistically hope to achieve its target. Japan and Canada can be expected to use the uncertainty about Russia’s ratification of the Kyoto Protocol as an excuse for failing to live up to their own commitment. Global emissions are certain to increase further, with growth rates of way above 10%, in the decade 2000–2010. However, a slow-down at least in the growth rate and, in the long term, a reduction in the absolute emission figures are prerequisites for any climate policy that can hope to do justice to the commitments undertaken in Article 2 of the Climate Convention.

### **Options for a future climate policy**

Whichever way Russia ultimately decides – it will no longer be able to rescue the Kyoto process as it was originally intended. The USA’s dropping-out means that the emissions of the OECD countries will rise by about 20% in the Kyoto time frame (between 1990 and 2008–2012), instead of declining by 5%. As a result, the industrialised nations will not be able to set an example to the developing countries by pointing out that they alone have taken a step in the right direction in the first phase. Russia’s cunctatory policy is serving only to unwrap a package that had taken extreme efforts to tie up. This diagnosis makes it urgently necessary to look for alternative courses of action.

The poorest option would be to go on begging and waiting for Russia to ratify the Protocol. On the contrary, thought should be given to whether, in the EU’s ongoing dialogue with Russia, for example in the energy sector, a robust express of dissatisfaction with Russia’s irresponsible posturing might even exert a more positive affect than all the concessions made in the past. Even concessions outside the Kyoto process

(for instance on Kaliningrad) are likely to steer Russia's approach to global accountability in the wrong direction.

Instead, what is important for a sustainable global climate policy is to identify the common ground shared by all those who are really essential to the process. Russia is only important because of the 55% proviso of the Kyoto Protocol and the veto capability that this has engendered; it is less crucial to an efficient climate policy, because the country is going to stay below the emissions cap assigned to it for the 2008–2012 period, regardless of whether or not the Protocol comes into force. On the other hand, the USA, China and India are of pivotal importance. Their share in global CO<sub>2</sub> emissions grew from 36.6% to 39.5% in the decade from 1990 to 2000, with a continuing upward trend. The USA is not only the biggest emitter, but without a commitment on the part of the USA it will not be possible to involve China and India in a regime based on mutual commitments.

What the Europeans have in common with these three large and with many medium-sized and smaller countries is the obligation under Article 2 of the Climate Convention to avert serious detriment to the climate and the availability of the annual Conference of Parties as a forum. The aim must now be to accelerate development of a new conceptual approach. This would on the one hand have to take the U.S. desire to solve the problem with the aid of a technological breakthrough more seriously. In this context we Europeans still have too many ideological reservations, without being able to put forward any better solution of our own. Nuclear fusion and carbon dioxide sequestration are being prematurely rejected as potential solutions. That said, it takes time to demonstrate economic viability and to refute objections by means of research and development. In particular, the risks posed by these technologies have to be balanced against the risk of not finding a solution. On the other hand, it is also important to take advantage of the growing willingness of India and China

(and possible also Brazil and Indonesia) to join in shouldering global responsibility. For this purpose, a dialogue is needed especially with these countries and the USA on the topics of

- ▶ a long-term target – for example not to allow the greenhouse gas concentration in the atmosphere to increase beyond twice the natural level;
- ▶ joint research and development efforts on the non-carbon-based generation of electric power and on finding substitutes for carbon-emitting automotive fuels;
- ▶ incentives for developing countries to join in improving their energy efficiency and in superseding the carbon era, far beyond the instruments mentioned in the Kyoto Protocol.

As of 2005, these topics will be on the agenda of the talks for Phase 2 after the year 2012 anyway. The important point is to repair the bridges between those who have ratified the Kyoto Protocol and those who have not done so or who are not committed to any emission caps and to return as soon as possible to addressing the communal responsibilities established in Article 2 of the COP. In the long term, of course, Russia, too, will be needed for this dialogue, but in the short term Moscow has discredited itself so thoroughly that it should be made perfectly clear of the consequences. The 9th Conference of Parties in Milan should demonstrate a common determination to make real progress in the three points mentioned. There are hopeful signs that the countries which are really important can be won over to this goal.

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