

## Climate change

## Carry on Kyoto

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## The Kyoto treaty on global warming is about to come into force

## Get article background

LIKE a swamp creature in a bad horror movie, the Kyoto treaty on climate change has risen from the dead. A certain Texan cowboy thought he had killed the Japanese monster. Alas, thanks to a last-minute betrayal by an inscrutable Russian spymaster, the green beast is back.

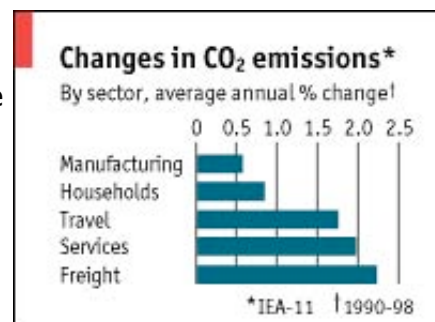
That is only a slight exaggeration of how some people view the revival of the Kyoto protocol. The controversial UN treaty, agreed in Japan in 1997, commits rich countries to cuts in emissions of greenhouse gases by 2012. But it was dealt a near-fatal blow when George Bush confirmed America's rejection in 2001. The EU, Japan, Canada and over 100 others remained in, but Russia wavered. If it did not ratify, the pact would fail.

Vladimir Putin played coy and angled for special favours. The Russians had anyway been bribed with generous emissions targets, which they had expected to sell as credits in the international emissions-trading market envisaged by the treaty. With the departure of America, the biggest emitter, Russia's windfall (mocked as "hot air") largely vanished. Only clever manoeuvring by the EU, including support for Russian entry into the World Trade Organisation, saved the treaty. Mr Putin's cabinet has just formally approved the pact, and the parliament is expected to ratify it shortly.

Not everyone is rejoicing. Kyoto-bashers claim the deal is dangerously deluded, citing environmental and economic grounds. That is unfair. Some insist that the emissions targets will slow the warming trend only slightly. That is true, but Kyoto was always seen as the first step in a decades-long journey—akin to the early GATT trade rounds. Some sneer that there are no legal sanctions for non-compliance. That is again true, but misleading. For example, Kyoto rules have the full force of domestic EU law, so future European offenders can indeed be hauled before the court of justice in Luxembourg.

Others claim that Europeans will choose to buy Russian "hot air" rather than tackle the tougher job of making emissions cuts. But EU countries have agreed to meet more than half of their emissions targets at home. Moreover, it is not in Russia's interest to dump its carbon credits and risk a price collapse. Since credits are "bankable", Russia will do better to hold on and hope that America will enter the market in future, greatly lifting their value. As for costs, the original targets were too ambitious. Economic sense argues for a gentle start to emissions cuts, moving flexibly towards deep cuts in the long term. That would be the surest way to spur the development and adoption of low-carbon energy technologies. These anyway need to be embraced by the Kyoto countries in future if the broader process is to be a success.

The EU's initial rejection of emissions trading (done at the behest of green lobbyists) made it impossible for America to stay in the treaty. But European industrialists then realised that Kyoto might put them at



a disadvantage and so pushed for carbon trading. Ironically, the EU is about to launch the world's first international carbon-trading system. America, which pioneered such trading, is left out. Canada, Japan and maybe even cheeky California will soon join Kyoto-land (see article).

The emergence of this innovative market is the best reason to stick with Kyoto, but to make sure its flaws are fixed. Because climate change is so complex, any sensible response must be market-based—as Kyoto has belatedly become. It is a long-term problem, because carbon dioxide stays in the air for a century. That is why the UN framework on which Kyoto rests (happily, Mr Bush still accepts it) is rightly long-lived.

Negotiations start next year for the next Kyoto commitment period (which begins in 2012). Informal efforts are underway to bring the 20 biggest emitters on board. That will mean widening the treaty's scope to include developing countries such as China and India. Tony Blair intends to use Britain's position as head of both the EU and the G8 next year to woo America.

Even so, it will not be easy. Some European greens are foolishly insisting on another rigid Kyoto round. Rather, negotiators must hold on to the best aspects of Kyoto, such as trading, and leave behind a failed “targets and timetables” mindset. More creative proposals, ranging from emissions targets pegged to GDP growth to fuel-efficiency commitments, are needed to persuade America, and perhaps even China, to agree to meaningful participation. A less aggressive treaty that actually works is surely better than a failed one.