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Protocol is a Waste of Energy
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Warwick McKibbin argues that Russia's apparent embrace of the Kyoto Protocol is not a magic-bullet solution to environment problems.

The weekend announcement by Russian President Vladimir Putin that "we will speed up Russia's movement towards the Kyoto Protocol's ratification" in return for European support for World Trade Organisation accession is being hailed as a breakthrough.

The wording of Putin's statement is important because it has now been nearly seven years of Russia promising, but failing, to deliver ratification.

Speeding up something that has stopped does not necessarily mean as much as many people are hoping.

Russia is in a key position as the country that has the power to revive or kill the Kyoto Protocol.

It was clear that Russia could extract a large price for Kyoto ratification because the European Union had sunk enormous political capital in the Kyoto approach and Russia was the country that could meet the threshold requiring participation by countries accounting for 55 per cent of 1990 emissions.

This may indeed be a turning point for the Kyoto Protocol but there is still a great deal of doubt about whether it is still in Russia's economic interest to ratify.

Meanwhile, Japan has announced that it is unlikely to meet its Kyoto targets and other countries are increasingly worried about reaching their Kyoto goals.

There is much at stake for the global environment if nothing is done on climate change.

The persistence of so many special interests with getting Kyoto to become law in some countries has meant that the world has done little in effective policy action for the past seven years while it waits for the ratification of a dysfunctional agreement.

Even if Russia ratifies the Kyoto Protocol, the agreement as it now exists is very different to the agreement that was negotiated in 1997.

Increasing allowance for so-called carbon sinks for many countries but particularly Japan, Canada and Russia (effectively relaxing targets) to encourage ratification has diminished the extent of carbon abatement in the treaty for the period to 2012 .

Complete uncertainty about what costs are implied for countries after 2012 is still worrying most countries particularly developing countries that do not yet have targets.

There are many similarities between the Kyoto Protocol and the Stability and Growth Pact that underlies the single currency in Europe in which countries committed to a target for fiscal deficits. When the crunch came to meet the deficit targets, major countries (coincidentally some

of the key Kyoto players) first used creative accounting but then just violated the targets without any penalties.

There is nothing to stop the Kyoto Protocol going the same way and being completely ineffective.

There is also nothing to stop it from swinging in the opposite direction and becoming extremely expensive depending on the relative political power of various coalitions of future participants.

It is clear, given our current knowledge and the enormous uncertainty surrounding climate change, that countries should implement policies to begin to reduce future emissions (as distinct from playing Kyoto politics) and a lack of consideration of alternatives to Kyoto by various countries has made taking action more costly.

In Kyoto countries, the promotion of alternative approaches leads to abuse and the blind assertion that "Kyoto is the only game in town".

In Australia and the United States the lack of any real action by governments has meant that a vacuum has been created for Kyoto and even worse alternatives, to revive at regular intervals.

There are better alternatives to Kyoto and it makes sense to consider them now rather than after Kyoto is implemented and then collapses under the weight of its fundamental inconsistencies.

There is no doubt that Kyoto supporters will use the Russian announcement as they have done for the many past Russian announcements, to argue for Australian ratification of the Kyoto Protocol.

Environmentalists would be doing more for the global environment if they argued instead for a system with all major emitting countries committed to a credible and sustainable system with a very long-term horizon, very clear property rights and real incentives to reduce carbon emissions rather than applauding a political position on climate change that excludes 80 per cent of future global emissions.