

3) "Non chair Non text"

Background Material for Langdon Hall Building the "Kyoto Plus" "Package"

The approach, following Eisenhower, is "The way to solve a big problem is to make it bigger". There are six component categories of elements or courses of action based on the principles of national self interest, gains from trade, and protection against high risk. The six points below, plus a possible declaratory introduction, amount to a series of possible commitments by L-14 leaders which will have the effect, taken together, of building a Kyoto-plus package. The package makes clear there is no desire to invent new bodies for their own sake, and that the thrust of the effort is to re-shape current institutions in a practical way.

1. The L14 could encourage Actions under the Kyoto umbrella

- The L14 could propose a permanent influential bicameral commission be established, including authoritative leaders of science to evaluate what has been, can, and should be done. It should comprise a science commission to evaluate business as usual emission trajectories over time, and to update how urgent the need to reduce emissions based on science and evidence of climate change and impacts; as well as a technology/economic commission to evaluate policies and progress, and identify opportunities for further reductions.
- Long-term targets (for warming or concentrations of GHGs) are necessary, to frame the level of effort that will be required. Targets should be based on the principles of progressivity (poorer nations need more generous targets). Targets should be derived from "business as usual" trajectories. "Growth targets" should be developed that would become more stringent for individual countries as they become more wealthy (a trigger mechanism whereby countries would be obligated to take on binding commitments once their per capita gross domestic product reached agreed levels). Intensity targets should be used in each country (as they are now in China) to frame a sequence of emission targets. A mechanism should be devised for voluntary accession of Intensity targets should be used in each developing country (as they are now in China) to frame a sequence of emission targets. A mechanism should be devised for voluntary accession of developing countries re binding commitments.

- The target should be warming of no more than 2-3 degree C, or concentrations of greenhouse gases no higher than 550ppm of total anthropogenic GHGs.
- To enhance political feasibility, the Kyoto regime should provide a one-time sinks credit adjustment for the US, Countries should retain the option of a "safety-valve system", that is, national tradable permit systems with government promise to sales of additional permits at a stated price (and thereby cost) ceiling, sufficiently high, until an agreed point in the 2020s.

2. Gradual knitting together from the bottom up

We should not attempt an immediate homogeneous system where every country assumes identical approaches. Instead coordination of varied autonomous efforts should be encouraged to avoid the lowest common denominator. Diversity should be promoted in several ways:

- The L14 could task the International Energy Agency to provide a framework to analyze the level of effort in each nation's proposed "package" of mitigation policies and measures, to share understanding and agreement on the comparability of effort and likely impact.
- The IEA and IPCC could be tasked to provide the framework for codifying bilateral agreements on ways to integrate countries' fragmented efforts over time, such as agreements for mutual recognition so that credits from one system would be legal tender in others, or a "most favored nation" provision. In other words, we need a GATT like system analogous to the MFN concept – as a general rule, adopted by all countries, that if they accept coupling with another countries' credit system on specified terms, any other countries can also join and link with those who meet the same terms.
- Countries could agree to rationalize policies in their agriculture, industry, energy, development and finance sectors so to have an overall focus on the concept of energy and environmental security.
- The L14 could agree to work together to task the OECD and World Bank to review policies send credible signals on the need for innovation of new technologies. They could be asked to determine what barriers to clean energy currently exist in our countries and how they might be overcome. They could monitor and review progress and help to focus readjustment of long-term goals. The OECD could design a process of non binding peer review of country-specific studies for each L14 nation within two years.
- Ultimately, countries may decide to use fiscal instruments and implement domestic progressive taxes on GHG emissions, with the revenues accruing to the government of each country where the emissions occur, reinforcing

incentives and the market based targets approach. L14 Finance Ministers, with the assistance of the IMF, could be instructed to devise an intermediate term plan to phase in fiscally neutral GHG taxes, to eventually be harmonized with the design of an internationally agreed tradable permit framework.

A mosaic of local initiatives will confront the “nothing to do with me” syndrome and demonstrate relevance to the local level. Countries might adopt carbon taxes or cap & trade systems or sundry regulations.

3. A New Engagement Strategy

A new strategy is needed to generate enthusiasm for world wide engagement. The CDM must be re energized and re designed , identifying areas of action that align with countries’ development plans and existing interests, while also allowing for deep reductions in CO2.

Trading arrangements should not be used punitively – border tax adjustments (BTAs) should be rejected in all but the most egregious cases. BTAs effect on the world trade system could be severe, so they must not be used or threatened lightly, especially with respect to developing countries. Trade Ministers should be instructed to work together in the WTO to replace food production subsidies with incentives for farmers to grow environmentally beneficial bio fuel crops. The WTO should recommend an offset package (loans, guarantees or other assistance from countries whose companies would benefit from improved market access).

“Deals” should be pursued to:

- Extend commercial nuclear partnerships to developing countries. To guarantee supply of nuclear fuel, the L14 should work through the IAEA on a viable non monopoly scheme for the full nuclear fuel cycle;
- Make gas more widely available in China by an arrangement with Russia to supply large volumes and on complementary supplies of LNG from other countries to the coastline.
- Implement a viable plan for slowing deforestation in Brazil (and other countries whose sylvan balance sheets are shrinking). The plan should include compensated reductions for preventing deforestation (within the UNFCCC logic).

One must anticipate large areas of Bangladesh will become unlivable in a few decades. Focus should be placed on anticipating refugee movements in the long term, by improving flood defenses, researching drought resistant crops, and

preventing building on the seashore. The World Bank and the OECD should advise on actions and policies that will prevent refugee flows destabilizing neighboring countries.

4. Promoting National Efforts

Agreement is required to promote national adoption of measures to harvest “low hanging fruit and eliminate barriers to initiatives that are currently economic. Conservation has an important role to play. Focus should be on a promotion campaign for conservation, applying existing technology (e.g. long life low energy light bulbs, standby hotel key cards). Environment Ministers should be instructed to explore new international standards, to meet best practice levels. Energy Ministers should be directed to propose a schedule of ambitious but practical renewable energy standards, to encourage a high proportion of new electric capacity to come from non-hydroelectric renewable energy by 2012. Ministers of Transport should initiate a process for evaluating the feasibility of quantitative bio fuel standards and targets for transportation. As a fallback, the IEA stockpiling commitments should be extended.

5. Research and technology

Radically new technologies are needed. Finance Ministers should be asked to establish a forum to catalyze key agreements on R&D strategy, charging international organizations with follow-up. The forum could also be charged to discuss barriers to an adequate level of R&D effort —such as perverse tax incentives. Given the large potential in industry savings, they should advise on establishing mechanisms to fund investment in the most effective technology in polluting industries. Finance Ministers should also be asked to coordinate negotiations on investment in new R&D in cases where an international approach is needed —such as with costly programs (e.g., highly advanced and commercially risky coal combustion programs, or advanced nuclear reactors). Precedents are CERN, ITER, the Human Genome project, the Generation IV nuclear reactor program, and the US-led FutureGen program on advanced coal. International task forces on key technologies should be a priority, such as those already established under the Asia Pacific Partnership.

6. International Cooperation

The L14 will need to pursue tasks by instructing their representatives to work together in international agencies. Tasks for the IPCC include reviewing aspects of climate science or advanced engineering that are crucially important for addressing the climate problem. An example is cooperation in the Energy Charter forum to address issues related to gas supply involving Russia. The L14

may also focus their efforts in certain regional organizations—such as APEC, ASEAN or NAFTA—to implement some of the “deals” that could engage critical developing countries.

Declaratory Introduction

White Oak may reach consensus on one or more of the following preambular statements:

1. Ensuring clean approaches to energy is an important global goal and such a process will have a significant impact on the development agenda.
2. Innovation and technology diffusion is critical to provide a sustainable strategy for long-term reduction of emissions and better sources of energy.
3. Achieving a balance between industrialization and protecting the environment is imperative.
4. Attention to cost is essential for politically sustainable options.
5. A long-term approach is difficult but necessary, monitoring and reviewing will allow for progress and adjustments.
6. Focusing on the overall net effect of national programs rather than setting strict goals will produce more flexible and sustainable strategies.
7. We believe there are new ways of reaching fair and effective decisions on international coordinated action.