



Saving Kyoto Graciela Chichilnisky November 05, 2009

The carbon market can be used to avoid a stand-off between the major emitters at Copenhagen and forge a consensus among nations. Graciela Chichilnisky sets out her proposal.

As nations get ready for the climate-change showdown at Copenhagen in December, the pieces are falling into place for a major confrontation between the two largest emitters: China and the United States.



"The United States can buy rights to reduce Chinese emissions in the future, thus obtaining what it wants, while providing "compensation" to China as is required by the UNFCCC."

The stand-off between them is reminiscent of the cold war between the Soviet Union and the US in the middle of last century.

Many think that China is no longer a developing nation and must be treated differently, because of its enormous economic strides since 1997, when the Kyoto Protocol was adopted.

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The UNFCCC became international law in 1992 (the United States itself ratified it that year), so breaking the convention rules is breaking the law.

I propose a solution that overcomes this stand-off and does not require that China breaks ranks with the developing world.

The Kyoto Protocol was the first international environmental agreement based on a global market solution - one that changed the value of the global commons.

The formula I propose uses the Kyoto Protocol's own structure and updates it to overcome the impasse and forge a consensus between rich and poor

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Professor Graciela Chichilnisky played a central role in designing and negotiating the carbon market of the Kyoto Protocol.

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nations. It has two aspects: *financial* and *technical* assistance.

The financial part is an extension of the carbon market – engineered so that both sides get what they want – and the technological aspect makes sure that the carbon reductions are feasible and developing nations receive funding for clean development. The former extends the carbon market and the latter the Clean Development Mechanism (CDM).

The UNFCCC does not say that China and the developing nations should never have limits: it says they should have no limits *unless they are compensated*. This is quite different. What we need is a form of “compensation” that fits the bill, and eliminates the opposition from both sides. Here I suggest trade – a term the United States is more comfortable with – rather than unilateral compensation. Nobody needs to be the first mover: a simultaneous financial solution makes this possible.

The United States can buy rights to reduce Chinese emissions in the future, thus obtaining what it wants, while providing “compensation” to China as is required by the UNFCCC. At the same time, China can secure a minimum price for the credits, ensuring that they would not be selling economic growth for a pittance.

This “one-two punch” reduces the overall monetary exchange while giving each party what they want; it can be a modest extension of the carbon market and sold in secondary markets to provide liquidity and stability for the carbon market.

The new financial mechanism allows the United States and China to save face by each saying at home, truthfully, that they are sticking to their original position – while at the same time both countries may also say, truthfully, that they got what they want from the other. Two simultaneous transactions based on the carbon market would do the trick. The entire transaction could involve little in terms of monetary exchange, but it would set emissions limits on both nations at the same time. Secondary markets can trade the corresponding options, thus providing liquidity and stability to the carbon market and its Clean Development Mechanism.

At the G8 meeting in July 2009 developing nations were loath to accept any obligation without specific commitments of financial and technical assistance – and failed to agree on a formula. The formula proposed here provides financial and technical assistance that should work for both sides.

Compensation can also take the form of export credits for **negative carbon** air capture technologies, which make it possible to reduce carbon from the atmosphere. This is the technological part of the proposal. The extension of the Clean Development Mechanism that we propose here could certify these new technologies. When used in Africa, these carbon negative technologies can help the region reduce more carbon than it emits, meaning the continent can attract significant CDM funding that was not possible until now. The same works for island nations. For rich nations, this would involve US\$200 billion per year in technology exports – the right size to stimulate today’s world economy – creating technology jobs and stimulating trade, all funded by the Kyoto Protocol.

Oil nations could benefit from the technological innovation proposed here: Saudi Arabia is **on the record** espousing a commitment to become a leader in solar power in this century. Significantly, a representative of the China delegation at a recent United Nations Conference on Trade and Development (UNCTAD) meeting of experts **agreed** to this proposal in principle.

Copenhagen is the “do or die” mission for the climate negotiations. The price of failure could be catastrophic but there is a solution available. Now it’s up to the international community to step up to the plate and save Kyoto.

*Professor **Graciela Chichilnisky** played a central role in designing and negotiating the carbon market of the Kyoto Protocol. She is the director of the Columbia Consortium for Risk Management and professor of economics and statistics at Columbia University, New York. Chichilnisky acted as lead author on the Intergovernmental Panel for Climate Change from 1996 to 1999. From 1996 to 2008, she was UNESCO professor of mathematics and economics at Columbia University.*

*Her book, **Saving Kyoto**, co-authored with Kristen A Sheeran, is available now from **New Holland**.*

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TOMORROW -- Simon Zadek responds

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碳补偿不仅浪费时间和金钱，且反助于(环境)罪犯

用钱和“发展中”国家交换继续污染、排放和奢侈消费的权利，何其愚昧？！除非这些国家能充分证明抵消项目是多余配额且自身已按规定完成减排任务，否则他们没有资格得到这笔钱。如果他们未达到，这些钱应被支付者和预期受益者没收。

如果不是主要发展中排放国(巴西，中国，印度，印度尼西亚，俄罗斯)的腐败问题如此严重，借促进碳市场效率为名挪用款项，那么现有清洁能源机制的投入或许已实现大规模的转型。

国际刑警称(关于“减少伐林和林地退化造成的碳排放”)犯罪者(包括银行业)很可能恰恰是碳补偿的主要受益者。最近发生在巴布亚新几内亚的事例再次证实了这一点。

我们必须加速并简化耗能下降的过程。世界经济急需减排，其迫切性远超过碳市场的期望。

Translated by Li Huan

Carbon offsets a waste of time & money - except for criminals

Giving money to "developing" countries in exchange for permission to continue polluting, generating greenhouse gases, and profligate consumption is foolhardy - unless those countries can ONLY gain access to that money AFTER they have credibly demonstrated that the offset project is additional and has itself reduced emissions by the stipulated amount. If they have not, then the money will be forfeit by BOTH the provider and the intended beneficiary.

Most if not all of the leading developing emitters (Brazil, China, India, Indonesia, Russia) are so corrupt that that money would probably be misused, particularly given that - for carbon markets to be effective - the scale of transfers would dwarf the sums which have been disbursed so far under the Clean Development Mechanism.

Interpol has stated that (concerning REDD) criminals (including in the banking industry) are likely to be the primary beneficiaries of offsets. Evidence to date in Papua New Guinea tends to confirm this.

Far quicker and simpler to reduce consumption. The world economy must decarbonise more urgently than carbon markets anticipate.



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乌托邦

作者拯救京都的议定书的期望让我想起了托马斯摩尔的乌托邦。美国不可能从任何一个国家那里购买配额来降低在中国的排放。过去几年，美国一直在往中国出口高污染的东西。怎么可能他们现在会愿意去资助清洁项目？只要收益能继续增加，污不污染于美国有何干？

Utopie

Your wish saving the Kyoto protocol reminds us the Thomas Moore's utopie. There is no country where United States may buy righthts to reduce chinese emissions. For years United States have been exporting to China dirty jobs. Why on earth would they accept at present financing clean jobs? clean or dirty jobs would they not less jobs for the USA?
Meleze



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拯救京都议定书

从1996年开始，我就在联合国贸易和发展的会议上参与有关排放交易政策的制定。然而我发现，对碳交易政策的理解存在一个严重的空白，即土壤、水、植物和空气是全球唯一的资产，这个关键却往往被忽略。交易需要实质上的减排。中国在支援发展中国家的进程中发挥了独特的作用，对世界做了特殊的贡献。中国也像其他所有国家一样，资产遭到破坏。C4植被可以减缓沙漠化，吸收二氧化碳，开辟新的农田和储存雨

Saving Kyoto

I sat on UNCTAD from 1996 setting Emission Trading policies. There is a serous void in understanding Carbon Trading. The point missed, the only globally assets are soil water vegetation air. Trading needs physical emission reduction. PRC stand uniquely placed to serve the world and aid developing nations. PRC like all has asset

水并使之循环。它可以在全球市场上自由销售,而不需考虑清洁能源机制。中国不仅可以拯救那些陷入金融危机的国家,还能一展保护资产底线的手段。(查阅Robert Vincin谷歌中文)

damage. Reversing deserts with C4 CO2 compliant sinks she opens up old farm land, restarts rain fall. She sells Voluntary market credits global no CDM. China will save nations in Banking trouble and show how to restore the baseline assets. Robert Vincin Beijing Foreign expert guest (See Robert Vincin Google Chinese



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