Outlook for the international climate policy regime – revolution or reform?

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Axel Michaelowa[1], Richard S.J. Tol[2]

[1] Hamburg Institute of International Economics, Neuer Jungfernstieg 21, 20347 Hamburg, Germany, a-michaelowa@hwwa.de
[2] Hamburg, Vrije and Carnegie Mellon Universities, ZMK, Troplowitzstrasse 7, 22529 Hamburg, Germany, tol@dkrz.de

After the declaration by U.S. president Bush not to ratify the Kyoto Protocol, researchers and policymakers all over the world stepped up their thinking about alternatives. To focus this process, the Programme "International Climate Policy" of the Hamburg Institute of International Economics and the Research Unit Sustainability and Global Change of Hamburg University organised a conference "International climate policy after COP 6" in September 2001. The conference started with an overview of the theoretical foundations of an efficient global climate regime and compromise solutions for international climate policy. It focused on novel policy instruments while also looking at the integration of developing countries into long-term climate policy. This special issue features selected papers on the latter two subjects.

Game-theoretical analysis (e.g. Barrett 1994, 1997, Carraro 1997, Endres/Ohl 2001, Finus/Rundshagen 1998, Tol, 2001) usually comes to the conclusion that it is not possible to have a global agreement to mitigate climate change that leads to a strong deviation from a business-as-usual emission path. To get any agreement, side payments are indispensable. This would lead to the assumption that the Kyoto regime does not go far beyond the business-as-usual path and operates with side payments. The Bonn Agreement and Marrakesh Accords considerably weakened emissions targets and recent estimates see little emission reduction at all due to "hot air" from countries in transition (Jotzo/Michaelowa 2001). The CDM and transfers to developing countries as well as the availability of hot air amount to side payments for several groups. The hypothesis would thus be confirmed. Still, the Kyoto regime could be supplemented by several regional agreements, e.g. a weak one in North America. and a stronger one in the EU.

The discussion whether a quantity- or price-based regime is preferable has resurfaced from time to time (Endres/Ohl 2000). At the outset of international climate negotiations, several parties opposed harmonisation of instruments; so that the quantity route was chosen. Recently, more and more policymakers and researchers (Kopp et al. 2000) have been in favour of a hybrid price-quantity approach, at least at the national level. The weaknesses of this hybrid have been addressed by Mueller et al. (2001).

A strongly contested issue has been how to allocate emission caps to developing countries to achieve a closed global regime that would avoid transaction costs linked to calculation and verification of project-based emission reductions. In this issue, Torvanger and Ringius discuss criteria to allocate targets. Olsen and Painuly discuss whether the Clean Development Mechanism remains attractive to developing countries if they expect a global trading regime in the long run. Bohm assesses ways to incrementally change the current Kyoto regime to achieve a stronger participation of developing countries.

One paper deals with more detailed questions of Kyoto implementation that would also be relevant in a world of several regional climate change agreements without a global umbrella treaty. Van der Gaast discusses whether Joint Implementation or international emissions trading is more attractive for the countries joining the EU. He concludes that the acquis communautaire, i.e. the introduction of EU regulations, plays a major role in determining the JI potential of the accession countries.

Even if with the Marrakesh Accords the probability of entry into force of the Kyoto Protocol has risen considerably, the questions assessed in the papers of this volume will remain relevant for the development of the regime beyond the first commitment period. We hope that policymakers will take our recommendations into account.

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