

# COPENHAGEN CONSEQUENCES

*Analysis of the 2009 Copenhagen U.N. Climate Change Conference*

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## What Americans Need to Know About the Copenhagen Global Warming Conference

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**Abstract:** *In December, the 15th Conference of the Parties to the United Nations Framework Convention on Climate Change will meet in Copenhagen to work on a successor treaty to the Kyoto Protocol. U.S. negotiators should refuse to sign any climate change treaty that does not include meaningful participation by China, India, and other major developing nations or that would harm the U.S. economy or threaten U.S. sovereignty.*

The 15th Conference of the Parties to the United Nations Framework Convention on Climate Change will be held in Copenhagen in December. It is the most important international conference on global warming since the 1997 Kyoto conference that produced the Kyoto Protocol. As the U.S. and other delegations prepare for this conference, the American people need to know that, in addition to harming the U.S. economically and environmentally, a new global warming treaty would threaten U.S. sovereignty.

### Why Is the Copenhagen Conference Important?

The 1997 Kyoto Protocol, which went into effect in 2005, is the major global warming treaty currently in force. Under the treaty, the nations of Europe as well as Japan, Canada, and most other developed countries committed themselves to reducing greenhouse gas emissions—chiefly carbon dioxide from fossil fuels—which are blamed for global warming.

Generally, these nations are supposed to reduce emissions by 5 percent below 1990 baseline levels by 2012. The U.S. has not ratified the treaty. China, India, and other developing nations have ratified it, but are exempted from any obligation to reduce emissions. Notwithstanding questions about the seriousness of global warming, the Kyoto Protocol has failed to reduce greenhouse gas emissions and has had no effect on global warming.

Because the Kyoto Protocol's provisions will expire in 2012, Kyoto proponents have identified the Copenhagen conference as the critical meeting for extending and expanding the treaty's targets and timetables beyond 2012. Copenhagen is also seen, especially by Europeans, as an opportunity to force the U.S. to join the other developed countries required to reduce emissions. Hopes of achieving this end rose considerably when President Barack Obama took office. The President will be under pressure to keep his promises to reduce America's greenhouse gas emissions.



## What Will Be Different in Copenhagen?

The representatives of the nations that signed the Kyoto Protocol and who see it as a success that should be extended have long identified Copenhagen as crucial to the future of global warming policy. Their main objective is to expand the emissions reduction targets set in Kyoto. They also seek to make these stringent targets binding, verifiable, and enforceable and to apply them to the U.S. for the first time. They hope to achieve more meaningful participation from the developing world. However, these goals will make it difficult for many individual nations to agree to any treaty in Copenhagen.

U.S. negotiators should stand firm in protecting American interests and not sign any treaty just for the sake of signing a treaty.

## Is the Kyoto Protocol Worth Extending?

No. Even aside from the growing doubts about the seriousness of the global warming threat—the Kyoto Protocol or any other putative global warming solution is only a solution to the extent that a genuine problem exists in the first place—the Kyoto Protocol has failed to reduce carbon dioxide emissions.<sup>1</sup> Emissions are increasing in several signatory nations. In several more countries, emissions are declining more slowly than emissions in the U.S., which ironically is not a party to Kyoto.<sup>2</sup>

For example, according to U.N. data, the U.S. reduced emissions by 3 percent from 2000 to 2006, while the 27 European signatories increased their emissions by 0.1 percent.<sup>3</sup> Germany's emissions declined by only 1.7 percent, while Canada's emissions rose 21.3 percent.<sup>4</sup> European Environmental Agency data show that

emissions increased in Austria, Finland, Greece, Ireland, Italy, Portugal, and Spain in the decade after the 1997 Kyoto Protocol.<sup>5</sup>

One key reason for compliance difficulties in Europe has been the tremendous cost of reducing emissions, estimated at \$67.75 billion to \$170.84 billion through 2008.<sup>6</sup> Despite these high costs for their inadequate efforts to reduce emissions, these European nations claim to want to enact much tougher targets in Copenhagen. Further, Kyoto's exemption for developing nations has proven a far greater oversight than originally believed because these emissions, especially from China, have increased far faster than had been anticipated in 1997. For example, the Senate Byrd–Hagel Resolution warned that developing-nation emissions would exceed those of the developed world “as early as 2015.”<sup>7</sup> According to the U.S. Department of Energy's Energy Information Administration, it happened in 2005.<sup>8</sup>

## Was the U.S. Correct to Stay out of Kyoto?

Yes. The U.S. was correct to refuse to participate in this demonstrated failure, particularly because it would have damaged the U.S. economy. An analysis by the Energy Information Administration put the cost of U.S. compliance at up to \$400 billion annually.<sup>9</sup>

Beyond the high costs, the Kyoto Protocol has no effective enforcement mechanism: Nothing has happened or will happen to the developed nations that are not in compliance, and developing nations have no obligations. However, U.S. law is unique in that a ratified treaty can have the same status as domestic legislation.

1. Press release, “UNFCCC: Rising Industrialized Countries Emissions Underscore Urgent Need for Political Action on Climate Change,” U.N. Framework Convention on Climate Change, November 16, 2008, at [http://unfccc.int/files/press/news\\_room/press\\_releases\\_and\\_advisories/application/pdf/081117\\_ghg\\_press\\_release.pdf](http://unfccc.int/files/press/news_room/press_releases_and_advisories/application/pdf/081117_ghg_press_release.pdf) (December 11, 2008); U.S. Department of Energy, Energy Information Administration, “International Energy Annual 2006,” Table H.1co2, at <http://www.eia.doe.gov/pub/international/iealf/tableh1co2.xls> (December 11, 2008); Open Europe, “Europe's Dirty Secret: Why the EU Emissions Trading Scheme Isn't Working,” August 2007, at <http://www.openeurope.org.uk/research/etsp2.pdf> (December 11, 2008).
2. U.N. Framework Convention on Climate Change, 2008 Inventory Reports and Common Reporting Formats.
3. *Ibid.*
4. *Ibid.*

5. European Environment Agency, *Annual European Community Greenhouse Gas Inventory, 1990–2007 and Inventory Report 2009*, May 27, 2009, p. 16, Table ES.7, at <http://www.eea.europa.eu/publications/european-community-greenhouse-gas-inventory-2009/european-community-ghg-inventory-2014-full-report.pdf> (November 10, 2009).
6. Matthew Sinclair, “The Expensive Failure of the European Union Emissions Trading Scheme,” *TaxPayers' Alliance*, October 2009, at <http://www.taxpayersalliance.com/ets.pdf> (November 10, 2009).
7. S. Res. 98, 105th Cong., 1st Sess.
8. U.S. Department of Energy, Energy Information Administration, *International Energy Outlook 2009*, pp. 109–117, at <http://www.eia.doe.gov/oiaf/ieo/emissions.html> (November 2, 2009).
9. U.S. Department of Energy, Energy Information Administration, “Impacts of the Kyoto Protocol on U.S. Energy Markets and the Economy,” October 1998, at <http://www.eia.doe.gov/oiaf/kyoto/kyotorpt.html> (November 13, 2009).

Thus, unlike the rest of the world, American businesses would have been forced to comply with U.S. obligations under the Kyoto Protocol.

In fact, the U.S. Senate recognized the pitfalls of this approach even before the Kyoto Protocol. The 1997 Byrd–Hagel resolution, which passed 95–0, warned the Clinton Administration not to sign any treaty that exempted the developing world or would harm the U.S. economy. The resolution clearly stated that the Senate would not ratify any such treaty.<sup>10</sup> The subsequent Kyoto Protocol violated both conditions, which is why the President never submitted the treaty to the Senate for its advice and consent to ratification.

The Senate’s guidelines remain a policy that the Obama Administration should follow in Copenhagen. Given that emissions from developing nations are increasing far faster than emissions in the developed world and that no nation has found a way to reduce carbon dioxide emissions without incurring serious economic harm, the Administration should firmly adhere to these guidelines during the negotiations in Copenhagen.

### What Are the Economic Concerns?

The goal of the Kyoto Protocol, the building block for Copenhagen, is similar to the purpose of the Waxman–Markey global warming bill, which narrowly passed the U.S. House of Representatives in June, and of the Kerry–Boxer bill being considered in the U.S. Senate. All three would set limits on emissions from fossil fuels—the coal, oil, and natural gas that provide America with 85 percent of its energy. Such limits would act as a large energy tax, driving up the energy costs of individuals and consumers, forcing them to use less energy. More stringent emissions targets would require even larger increases in fossil energy prices to further discourage their use.

A Heritage Foundation analysis of Waxman–Markey found that this energy tax would have serious implications throughout the economy. For a household of four, energy costs (electric, natural gas, gasoline expenses) would rise by \$436 in 2012 and by \$1,241 by 2035,

averaging \$829 over that period.<sup>11</sup> Higher energy costs would increase the cost of many other products and services. Overall, Waxman–Markey would reduce gross domestic product by \$393 billion annually and by a total of \$9.4 trillion by 2035.<sup>12</sup> An initial analysis of the Senate bill finds comparable costs.<sup>13</sup>

Beyond the increased costs imposed on individuals and households, the Waxman–Markey bill would reduce employment, especially in the manufacturing sector. The Heritage analysis estimates that net job losses would exceed 1 million on average annually through 2035,<sup>14</sup> even after accounting for the overhyped green jobs. Analyses from the Brookings Institution, National Black Chamber of Commerce, and other institutions found roughly comparable effects.<sup>15</sup>

Assuming proponents of a Copenhagen treaty want targets at least as stringent as those in the Waxman–Markey bill—a 17 percent reduction in greenhouse gas emissions from 2005 baseline levels in 2020 up to an 83 percent reduction by 2050—U.S. compliance costs would be similarly high.

### Would the Environmental Benefits Be Worth It?

No. First, there are growing doubts about whether global warming really is the crisis it was claimed to be

11. David Kreutzer, Karen Campbell, William W. Beach, Ben Lieberman, and Nicolas Loris, “The Economic Consequences of Waxman–Markey: An Analysis of the American Clean Energy and Security Act of 2009,” Heritage Foundation Center for Data Analysis Report No. 09–04, p. 2, at <http://www.heritage.org/Research/EnergyandEnvironment/cda0904.cfm>.

12. *Ibid.*

13. David Kreutzer, “EPA’s Economic Analysis of the Boxer–Kerry Cap and Trade Bill,” The Foundry, October 27, 2009, at <http://blog.heritage.org/2009/10/27/epa%e2%80%99s-economic-analysis-of-the-boxer-kerry-cap-and-trade-bill> (November 10, 2009).

14. Kreutzer *et al.*, p. 2.

15. Warwick McKibbin, Pete Wilcoxon, and Adele Morris, “Consequences of Cap and Trade,” Brookings Institution, June 8, 2009, at [http://www.brookings.edu/~media/Files/events/2009/0608\\_climate\\_change\\_economy/20090608\\_climate\\_change\\_economy.pdf](http://www.brookings.edu/~media/Files/events/2009/0608_climate_change_economy/20090608_climate_change_economy.pdf) (July 9, 2009), and David Montgomery *et al.*, “Impact on the Economy of the American Clean Energy and Security Act of 2009 (H.R. 2454),” CRA International, May 2009. See also Nicolas Loris, “Cap and Trade: A Comparison of Cost Estimates,” Heritage Foundation *WebMemo* No. 2550, July 20, 2009, at <http://www.heritage.org/Research/EnergyandEnvironment/wm2550.cfm>.

10. S. Res. 98.

heading into the 1997 Kyoto negotiations.<sup>16</sup> For example, global temperatures have leveled off since then.<sup>17</sup> However, putting the scientific doubts aside for a moment, the Kyoto approach seems unlikely to slow global warming effectively. One scientific study estimated that, even if the treaty reached its targeted emissions reductions, it would reduce the earth's future temperature by about 0.07 degree Celsius by 2050—an amount too small to make any difference and impossible to verify because natural variability is far greater.<sup>18</sup> Obviously, more stringent targets at Copenhagen would reduce the temperature more, but not by much, especially if developing nations were still exempt from emissions reductions.

### Is U.S. Sovereignty at Risk?

Yes. Kyoto has no international enforcement mechanism with any real teeth. To actually reduce emissions, any successor treaty coming out of Copenhagen would need an effective enforcement mechanism. Domestic U.S. enforcement of the treaty, if ratified, would be problematic enough, but any binding international enforcement provisions would create additional serious problems.

Compliance with such a treaty would require massive changes to the U.S. economy, and U.N. bodies would decide many of the details of those changes. For example, one way to comply with Kyoto or subsequent treaties is to purchase so-called offsets to carbon dioxide emissions. Offsets allow regulated entities to pay others to undertake projects that presumably reduce emissions globally, such as paying landowners to plant trees or bankrolling the installation of solar panels in poor countries. In many cases, companies find offsets cheaper than actually reducing their own emissions.

However, these projects have been subject to fraud. For example, some offset projects have not actually reduced emissions, while others involved industrial facilities with unnecessarily high initial emissions for the purpose of profiting by lowering them later.<sup>19</sup> Currently, the Clean Development Mechanism under the U.N. decides which offset projects are acceptable. Thus, unelected international bureaucracies would control this critical aspect of a climate treaty, which would have significant implications for the U.S. economy.

The largest sovereignty threat is that a subsequent treaty may create an international enforcement authority to determine whether signatories—including the U.S.—are in compliance with the treaty provisions and to deal with perceived violations. For example, a non-U.S.-controlled body could decide whether American companies must shut down coal-fired power plants.

The Administration should avoid signing any such treaty because it would seriously infringe on U.S. national sovereignty.

### What Do China and Other Developing Nations Want from Copenhagen?

Led by China, the developing world clearly prefers the Kyoto approach, particularly the exemption from emissions reductions.<sup>20</sup> Developing nations recognize the tradeoff between economic development and emissions reductions, and they have chosen economic development. These nations want any agreement in Copenhagen to continue Kyoto beyond 2012. While insisting on continued exemptions, the developing world is demanding that the developed nations undertake stringent new emissions reductions beyond Kyoto and provide massive aid to assist poor countries in voluntarily reducing emissions.

### What Will Likely Happen in Copenhagen?

The Copenhagen conference has been billed as the next major global warming deal, with strong new emis-

16. See Craig Idso and S. Fred Singer, *Climate Change Reconsidered: 2009 Report of the Nongovernmental International Panel on Climate Change (NIPCC)*, Heartland Institute, June 2009, at <http://www.heartland.org/publications/NIPCC%20report/PDFs/NIPCC%20Final.pdf> (November 10, 2009).

17. See Craig Loehle, "Trend Analysis of RSS and UAH MSU Global Temperature Data," *Energy & Environment*, Vol. 20, No. 7 (2009), pp. 1087–1098.

18. T. M. L. Wigley, "The Kyoto Protocol: CO<sub>2</sub>, CH<sub>4</sub> and Climate Implications," *Geophysical Research Letters*, Vol. 25, No. 13 (1998), pp. 2285–2288.

19. Open Europe, "Europe's Dirty Secret."

20. David Fogarty, "Senior G77 Members Protest Steps to Change Kyoto Pact," Reuters, October 7, 2009, at <http://www.reuters.com/article/GCA-GreenBusiness/idUSTRE59623R20091007> (November 10, 2009).

sions reduction targets that are binding and enforceable. Yet despite the buildup for more than a year, political and economic realities will likely influence its outcome for the better.

The rift between the developed and developing world is still wide. For the most part, developed nations have recognized that the whole process is futile without meaningful involvement by major developing nations, but China, India, and others have refused to agree to such provisions. The prospect for massive aid packages from the developed world is also proving to be a non-starter among the nations expected to pay the bill.

There is also the growing realization that the Kyoto Protocol is a failure and therefore not a good model for Copenhagen. Finally, the obvious harm of imposing such costly measures in the midst of a global recession has also slowed momentum. Thus, Copenhagen presents an opportunity to change the direction of the post-Kyoto debate.

### **What Should the Administration Do?**

The Obama Administration, although far more in favor of a global warming agreement than the Bush Administration, has acknowledged many of these realities, including the fact that domestic legislation is stalled in the Senate and unlikely to be enacted

before the Copenhagen conference. U.S. negotiators at preliminary meetings have stated that they expect China and other major developing nations to undertake new obligations and that any agreement will not include massive wealth transfers to poor countries. Thus, the distance between the U.S. and developing world positions is still significant. The U.S. team has also admitted that the Kyoto approach has proven problematic, suggesting that climate change policy may need to focus more on domestic provisions enacted by each nation than Kyoto-style multilateral agreements.

At a minimum, U.S. negotiators should comply with the provisions of the Byrd–Hagel resolution and refuse to sign any climate change treaty that fails to include meaningful participation by China, India, and other major developing nations or that threatens to harm the U.S. economy. They should also refuse to sign any treaty that would threaten U.S. sovereignty.

This will likely mean no new treaty from Copenhagen, but negotiators should not agree to provisions that will harm the U.S. solely for the sake of signing a treaty.

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