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MK 9-17-97

CLIMATE CHANGE  
Points for Briefing of the President

Key Points:

Costing of options:

- It is easy to lose sight of the ultimate objective: stabilization of atmospheric concentrations of greenhouse gases (GHG) in a focus on costs. The assumptions behind the three scenarios is that all will ultimately result in a stabilization of greenhouse gases in the atmosphere at 550 ppm or roughly twice the pre-industrial level. There is no evaluation of the relative probability of this occurring whether the U.S. takes early action, consistent modest action over time, late action, or no action.
- In choosing a low-cost or late action option the risks increase that other actors will fail to take necessary steps to curb emissions of greenhouse gases raising the risks that we will overshoot the target concentration levels with consequent increased risks for the climate system.
- We can cost to some extent actions, it is harder to quantify the costs of inaction.

Global action:

- As the largest producer of GHG emissions, credible U.S. action will be critical to achieving the stabilization target. Achieving this target will require (1) retrofitting of some, or all, existing capacity to reduce emissions; (2) a shift to less dirty carbon fuels; (3) decreased use of hydrocarbons; and ultimately, (3) broad substitution of hydrocarbons in the global economy.
- While the U.S. is the largest emitter of GHG now, China will overtake us early in the next century. In fact, the developing countries currently account for roughly half of all GHG emissions and their emissions will grow rapidly in the next two decades. To succeed in achieving the objective, (i.e. stabilization of GHG) the sooner developing countries begin to meet quantifiable emissions targets the better. The Berlin Mandate promotes continued, voluntary action by developing countries, but exempts them from "binding targets" until Annex I countries have achieved clear progress on emissions reductions.
- Our negotiators have sought to secure maximum action by developing countries by structuring an approach for "voluntary" targets and "automatic" graduation for the general developing country category to an "Annex B" that would ultimately require emissions budgeting and more concerted action by the largest developing countries (China, India, and Brazil) and those at more advanced stages of development (Korea, Mexico, Malaysia, Indonesia, Singapore, Argentina, Chile). We have been told that some variation of our Annex B proposal will be included in the Chairman's draft text which should be available soon. This offers an opportunity to clarify the U.S. position and refine what we believe is essential in any protocol with regard to developing countries. The longer we wait the more we risk "overloading" the negotiation with our "target" and the developing country piece. For the most constructive negotiating stance we need to preview what we will need on developing countries as soon as possible.

Developing Countries

- For any protocol to the UNFCCC to be viable the U.S. must be able to secure ratification. To achieve our goal we must have consistent progress on implementation. While progress toward a measurable

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and verifiable U.S. target will be critical, an acceptable protocol must have a mechanism for ensuring comparable developing country commitments at the earliest possible stage.

- Given this, we cannot miss the opportunity of the UNGA of outlining again what the U.S. will need for a successful protocol. This should mean previewing our two-step approach: that we resolve as much of the structure for Annex I countries as possible by Kyoto and secure a new mandate at Kyoto that will put us on track for negotiating the developing country piece as soon as possible.
- The Secretary has sent you a memorandum outlining her view of the urgency. This is a complex process and will very likely need more time to complete than the time we have between now and Kyoto. At the same time, the risks of inaction rise if we don't engage in a way that sustains momentum and builds confidence in the U.S. commitment to action.
- U.S. leadership requires clarity on what we need for a workable approach. The more we clarify our position before the Bonn meetings the more we are likely to achieve by Kyoto. Even if our target is a modest one, if we take clear actions and make some measurable progress as the post-Kyoto negotiation continues, we will build more momentum for international action on this serious environmental problem.

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