FACT SHEET ON THE KYOTO PROTOCOL

At a conference held December 1–11, 1997, in Kyoto, Japan, the Parties to the UN Framework Convention on Climate Change agreed to an historic Protocol to reduce greenhouse gas emissions by harnessing the forces of the global marketplace to protect the environment.

Key aspects of the Kyoto Protocol include emissions targets, timetables for industrialized nations, and market-based measures for meeting those targets. The Protocol makes a down payment on the meaningful participation of developing countries, but more needs to be done in this area. Securing meaningful developing country participation remains a core U.S. goal.

Emissions Targets

A central feature of the Kyoto Protocol is a set of binding emissions targets for developed nations. The specific limits vary from country to country, though those for the key industrial powers of the European Union, Japan, and the United States are similar—8 percent below 1990 emissions levels for the European Union, 7 percent for the United States, and 6 percent for Japan.

The framework for these emissions targets includes the following provisions:

- Emissions targets are to be reached over a five-year budget period rather than by a single year. Allowing emissions to be averaged across a budget period increases flexibility by helping to smooth out short-term fluctuations in economic performance or weather, either of which could spike emissions in a particular year.

- The first budget period will be 2008–2012. The parties rejected budget periods beginning as early as 2003, as neither realistic nor achievable. Having a full decade before the start of the binding period will allow more time for companies to make the transition to greater energy efficiency and/or lower carbon technologies.

- The emissions targets include all six major greenhouse gases: carbon dioxide, methane, nitrous oxide, and three synthetic substitutes for ozone-depleting CFCs that are highly potent and long-lasting in the atmosphere.

- Activities that absorb carbon, such as planting trees, will be used as offsets against emissions targets. "Sinks" were also included in the interest of encouraging activities like afforestation and reforestation.

Accounting for the role of forests is critical to a comprehensive and environmentally responsible approach to climate change. It also provides the private sector with low-cost opportunities to reduce emissions.

International Emissions Trading

The Kyoto Protocol allows nations with emissions targets to trade greenhouse gas allowances. Using this mechanism, countries can achieve reductions at the lowest cost. Emissions trading was developed in the United States to reduce sulfur dioxide that causes acid rain and has been successful beyond expectations.

Under an emissions trading regime, countries or companies can purchase less expensive emissions permits from countries that have more permits than they need (because they have met their targets with room to spare). Structured effectively, emissions trading can provide a powerful economic incentive to cut emissions while also allowing important flexibility for taking cost-effective actions.

The Kyoto Protocol established emissions trading. Rules and guidelines—in particular for verification, reporting, and accountability—will be developed.

The inclusion of emissions trading in the Kyoto Protocol reflects an important decision to address climate change through the flexibility of market mechanisms. The Conference rejected proposals to require all Parties with targets to impose specific mandatory measures, such as energy taxes. A number of countries, including Australia, Canada, Japan, New Zealand, Russia, Ukraine, and the United States, reached a conceptual agreement to pursue, through an umbrella group, the implementation of a trading regime. Such a group could further contribute to cost-effective solutions to this problem.

Joint Implementation Among Developed Countries

Countries with emissions targets may obtain credit toward their targets through project-based emission reductions in other such countries. The private sector may participate in these activities.

Additional details may be agreed upon by the Parties at future meetings.

Clean Development Mechanism

Another important market-based component of the Kyoto Protocol is the so-called Clean Development Mechanism (CDM). The CDM embraces the concept of joint implementation for credit in developing countries. With the Clean Development Mechanism, developed countries will be able to use certified emissions reductions from project activities in developing countries to contribute to their compliance with greenhouse gas reduction targets.

This Clean Development Mechanism will allow companies in the developed world to enter into cooperative projects to reduce emissions in the developing world—such as the construction of high-tech, environmentally sound power plants—for the benefit of both parties. The companies will be able to reduce emissions at lower costs than they could at home, while developing countries will be able to receive the kind of technology that can allow them to grow more sustainably. The CDM will certify and score projects. The CDM can also allow developing countries to bring projects forward in circumstances where there is no immediate developed country partner.

Under the Clean Development Mechanism, companies can choose to make investments in projects or to buy emissions reductions. In addition, Parties will ensure that a small portion of proceeds are used to help particularly vulnerable developing countries, such as island states, adapt to the environmental consequences of climate change.

Importantly, certified emissions reductions achieved starting in the year 2000 can count toward compliance with the first budget period. This means that private companies in the developed world will be able to benefit from taking early action.

Developing Countries

Various Protocol provisions, taken together, represent a down payment on developing country participation in efforts to reduce greenhouse gas emissions.

Developing countries will be engaged through the Clean Development Mechanism noted above.

The Protocol advances the implementation by all Parties of their commitments under the 1992 Framework Convention on Climate Change. For example, the Protocol identifies various sectors (including the energy, transport, and industry sectors as well as agriculture, forestry, and waste management) in which national programs should be developed to combat climate change. The Protocol also provides for more specific reporting on actions taken.

Securing meaningful participation from key developing countries remains a priority for the United States. The Administration has stated that without such participation, it will not submit the Kyoto Protocol to the Senate for advice and consent to ratification.

Compliance and Enforcement

The Protocol contains several provisions intended to promote compliance. These include requirements related to measurement of greenhouse gases, reporting, and review of implementation.

The Protocol also contains certain consequences for failure to meet obligations. For example, a Party that is not in compliance with its measurement and reporting requirements cannot receive credit for joint implementation projects.

Effective procedures and a mechanism to determine and address noncompliance are to be decided at a later meeting. For both environmental and competitiveness reasons, the United States will be working on proposals to strengthen the compliance and enforcement regime under the Protocol.

Entry Into Force

The Kyoto Protocol opened for signature in March 1998. To enter into force, it must be ratified by at least 55 countries, accounting for at least 55 percent of the total 1990 carbon dioxide emissions of developed countries. U.S. ratification will require the advice and consent of the Senate.

Buenos Aires Action Plan

At the Fourth Session of the Conference of the Parties (CoP-4) held November 2–13, 1998, in Buenos Aires, Argentina, the Parties to the UN Framework Convention on Climate Change agreed to a two-year action plan for advancing the ambitious agenda outlined in the historic Kyoto Protocol.

CoP-4 also saw a significant breakthrough on the issue of developing country participation in international efforts to address climate change. Argentina became the first developing country to announce its intention to take on a binding emissions target for the 2008–2012 time period. Kazakhstan announced that it intended to do so as well.

During the Buenos Aires conference, on November 12, 1998, the United States signed the Kyoto Protocol at the United Nations in New York. Signing reaffirms the United States' commitment to work with other nations to meet the Protocol's ambitious environmental goals and ensures a continued strong U.S. role in settling issues left unresolved at Kyoto. Signing does *not* impose an obligation on the United States to implement the Kyoto Protocol. (The Protocol cannot become binding on the United States without the approval of the United States Senate.) The President will not submit the Protocol to the U.S. Senate for approval without the meaningful participation of key developing countries in efforts to address climate change.