

Kyoto Protocol: A Development Perspective

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Agenda

- What is Kyoto protocol
 - and why it is so important (in one slide)
- What I am not going to talk about
 - scientific evidence on climate change
 - conspiracy and special-interest theories
- Current debate in Russia
 - economic estimates
 - stakes involved (WTO etc.)
 - why debate is not actually relevant
- Impact on developing countries

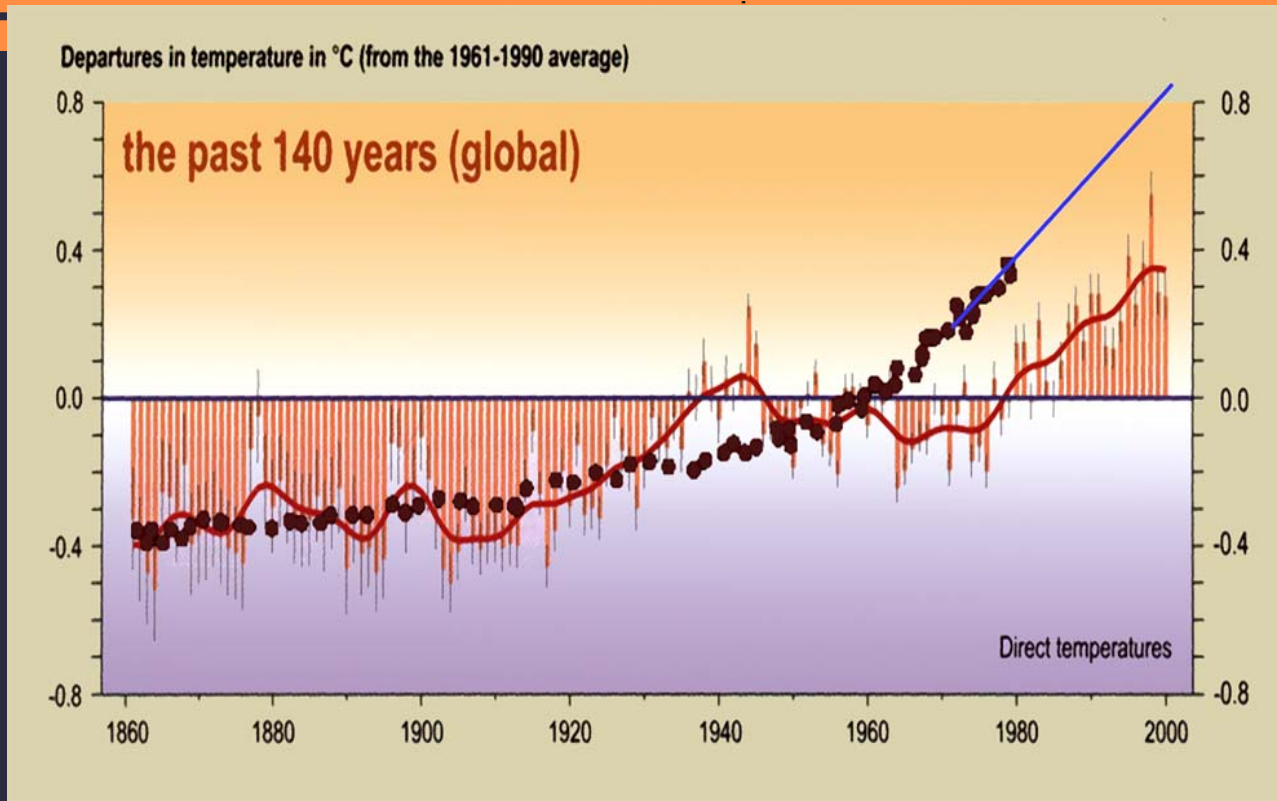
What is Kyoto?

- International mechanism to limit CO₂ emissions
- Why CO₂?
 - which is invisible, harmless, mostly caused not by industrial production, and only marginally linked to global climate change
 - first, it is easy to measure emissions
 - second, impact is world-wide, so Kyoto mechanism might become a blueprint for future cooperation
- Mechanism
 - quotas for individual countries

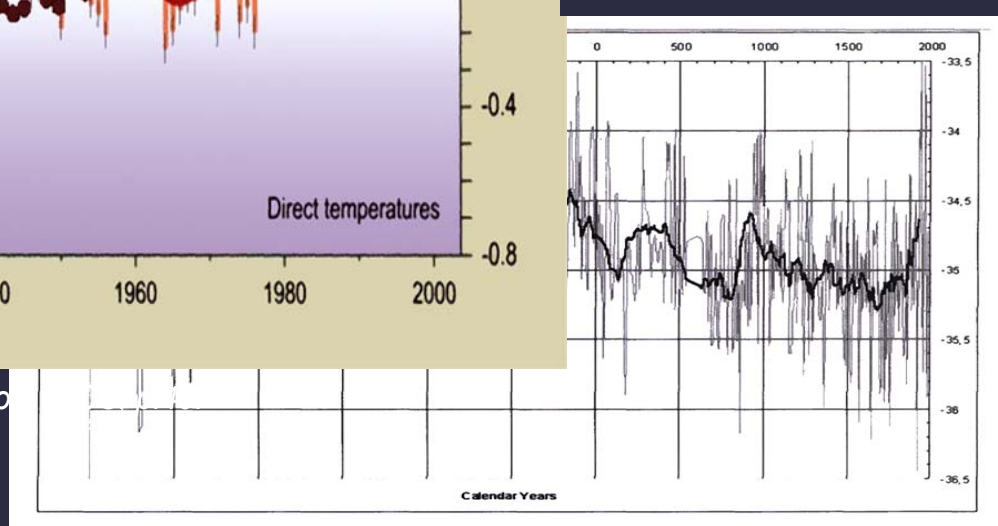
Background

- 1. Climatology discussion**
- 2. Special Interest (Conspiracy) Politics**

Climate Change



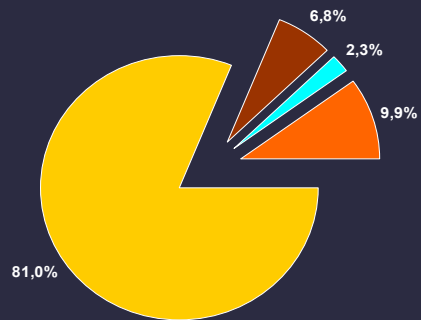
Climate Change 2001 Synthesis Report



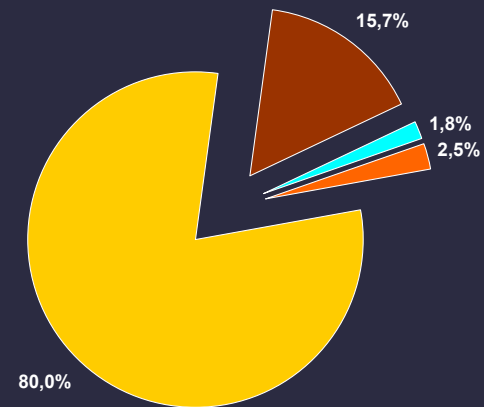
Groote, P.M., Stuiver, M., White, J.W.C., Johnsen, S.J., Jouzel J.,
Comparison of oxygen isotope records from the GISP and GRIP Greenland ice
cores. *Nature* 366, 1993, pp.552-554

Special Interests?

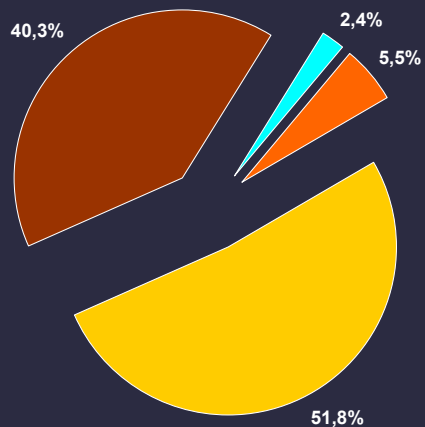
World



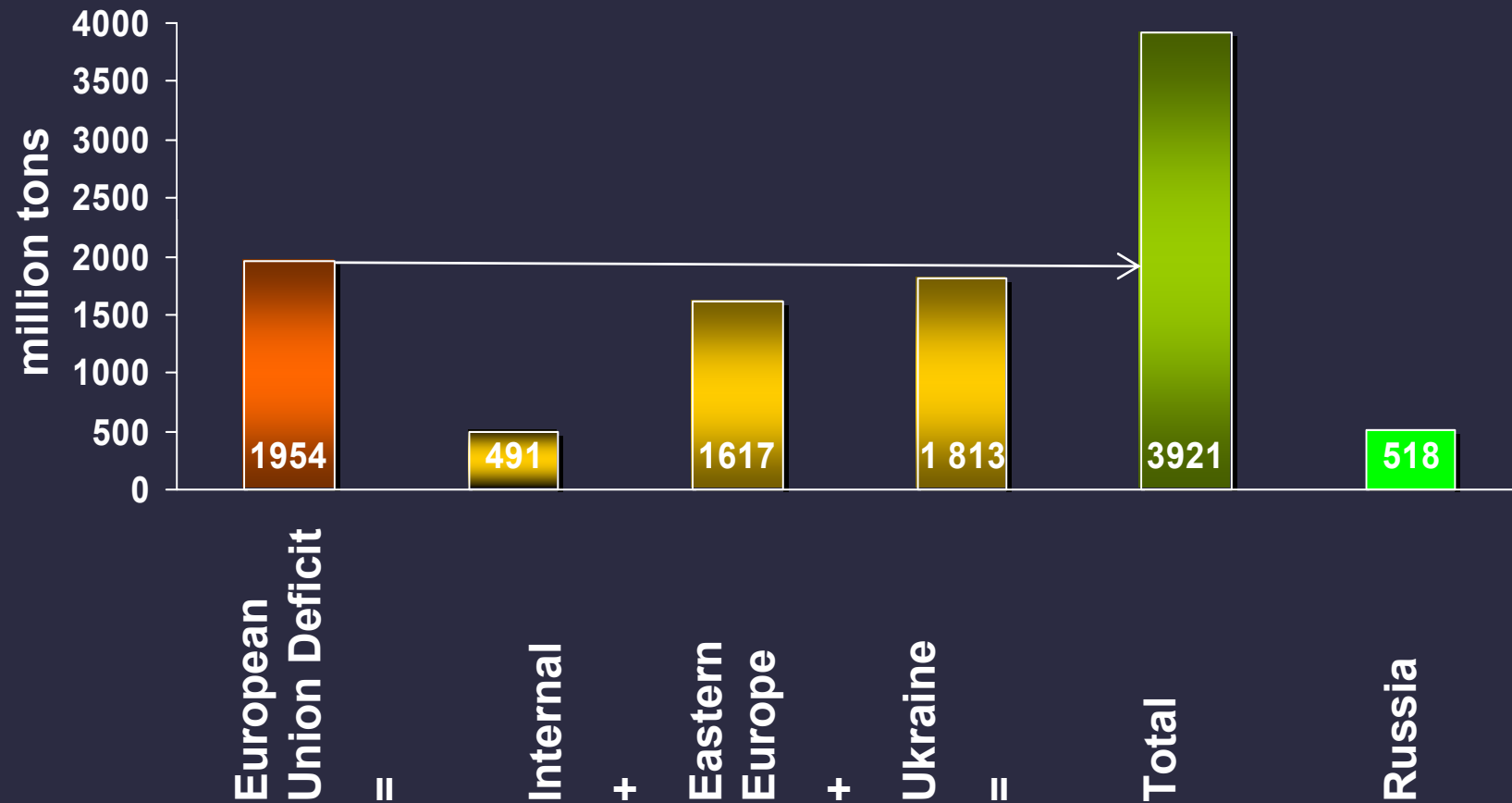
EU



France



Special Interests-2?

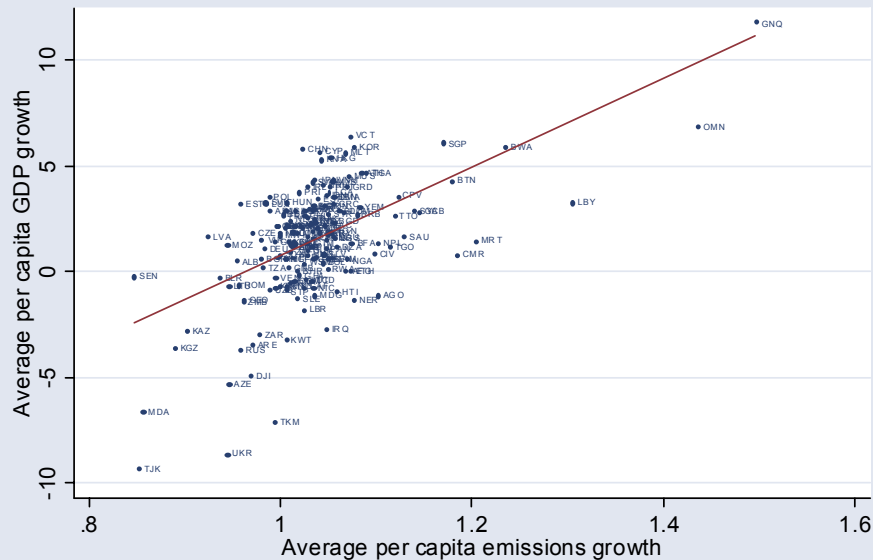


EU Regulation 22/07/03

The Development Issue

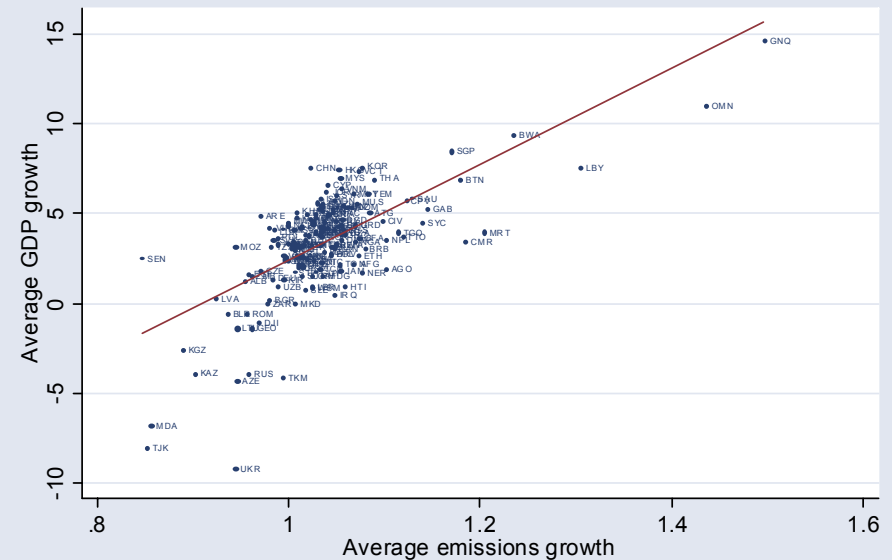
1. Growth and CO₂ emissions
2. Simple theory
3. Evidence
4. Implications

Economic Growth and Emissions



• Average per capita growth — Fitted values

per capita

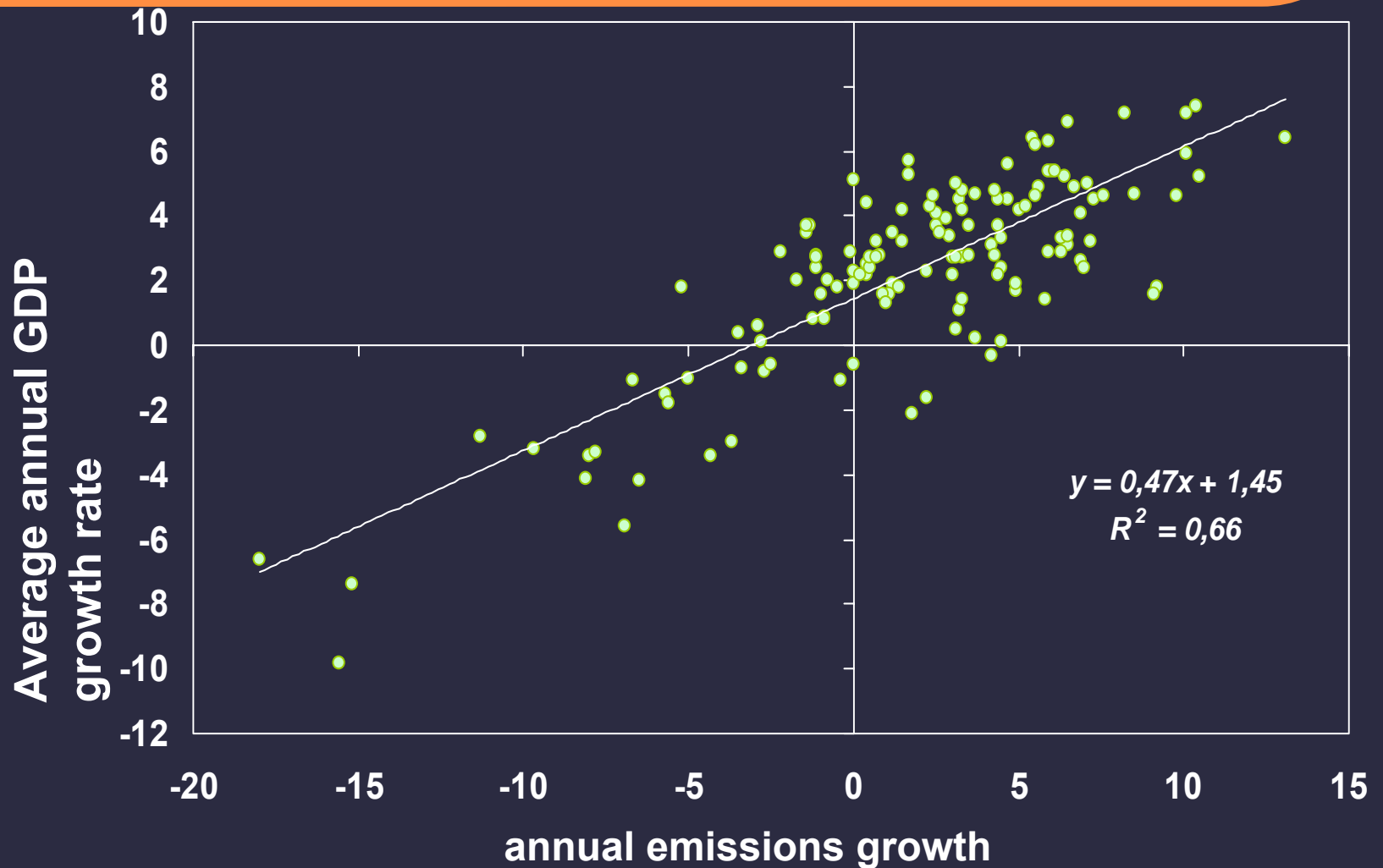


• Average GDP growth — Fitted values

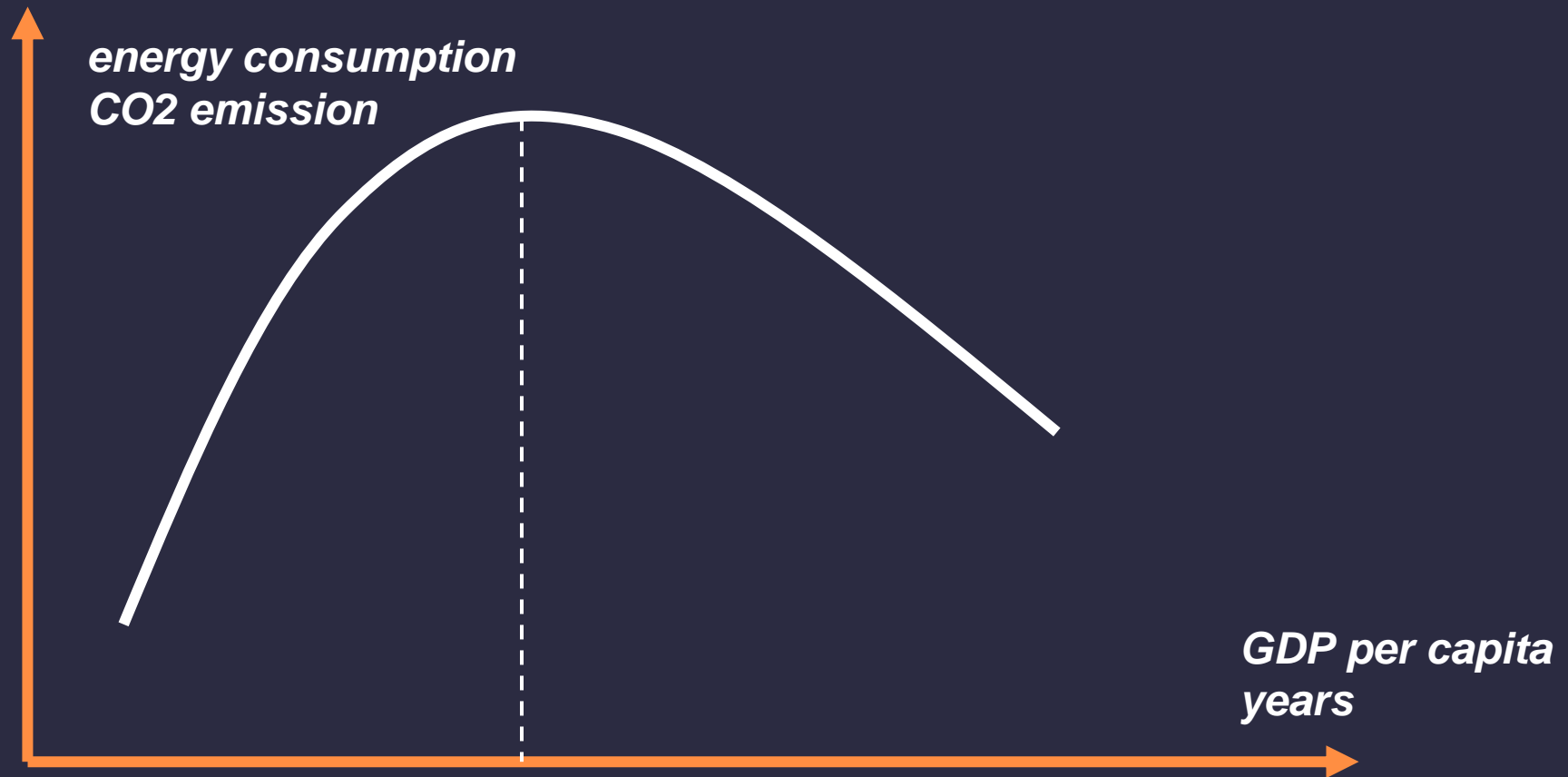
gross

- WDI indicators, 1961-2001

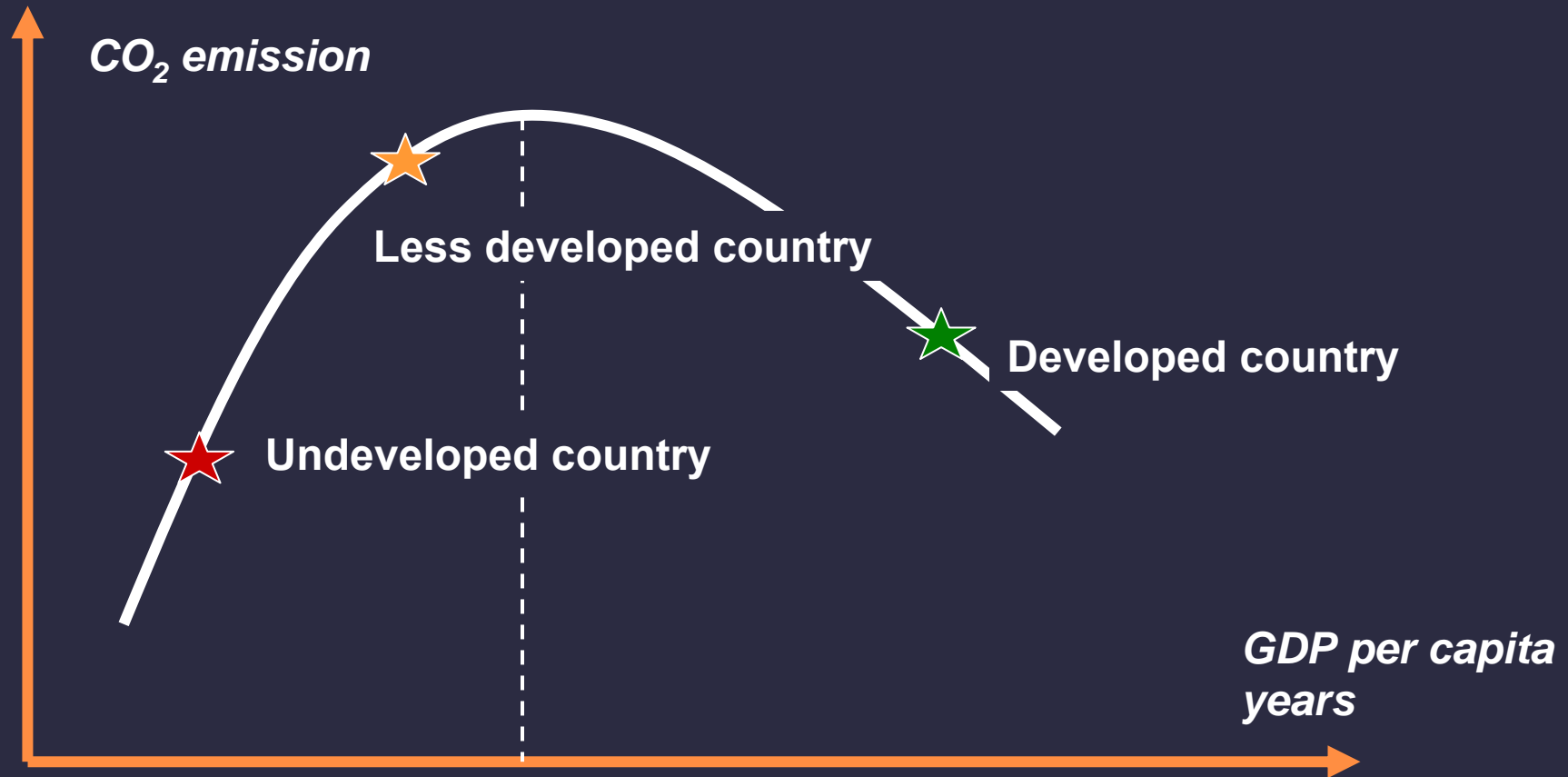
Growth and Emissions, 1991-2001



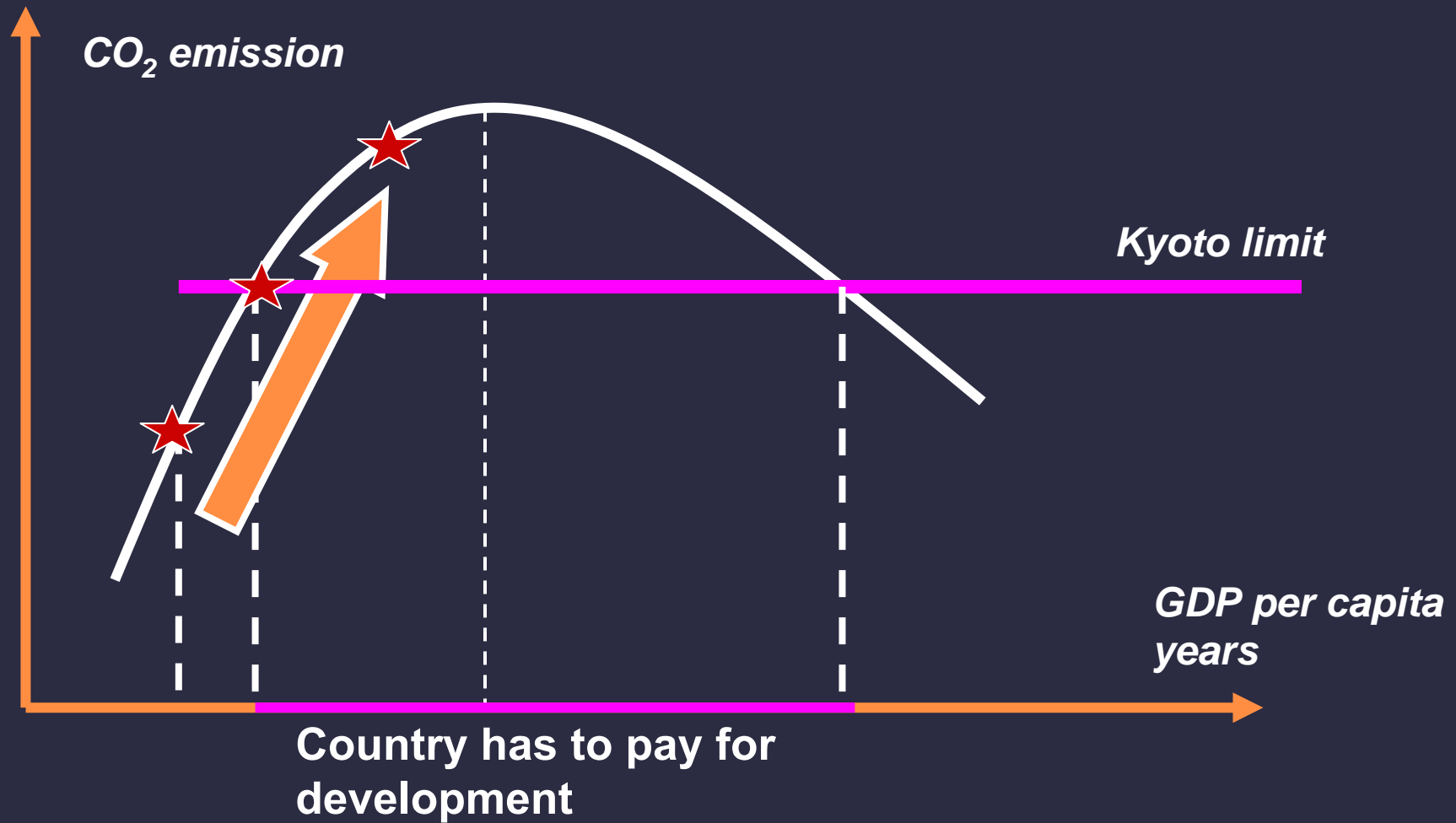
Simple Theory



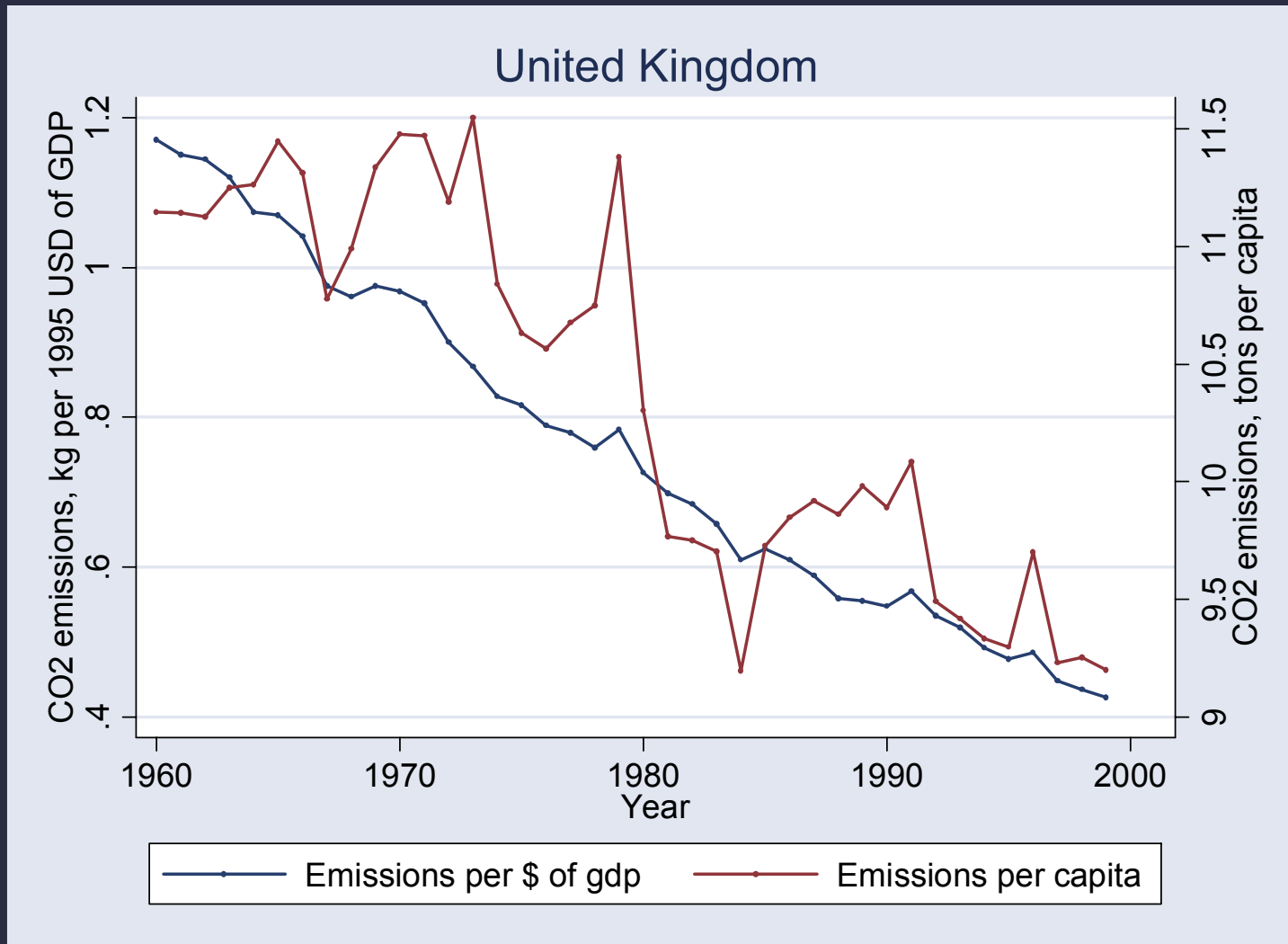
Where Is Your Country?



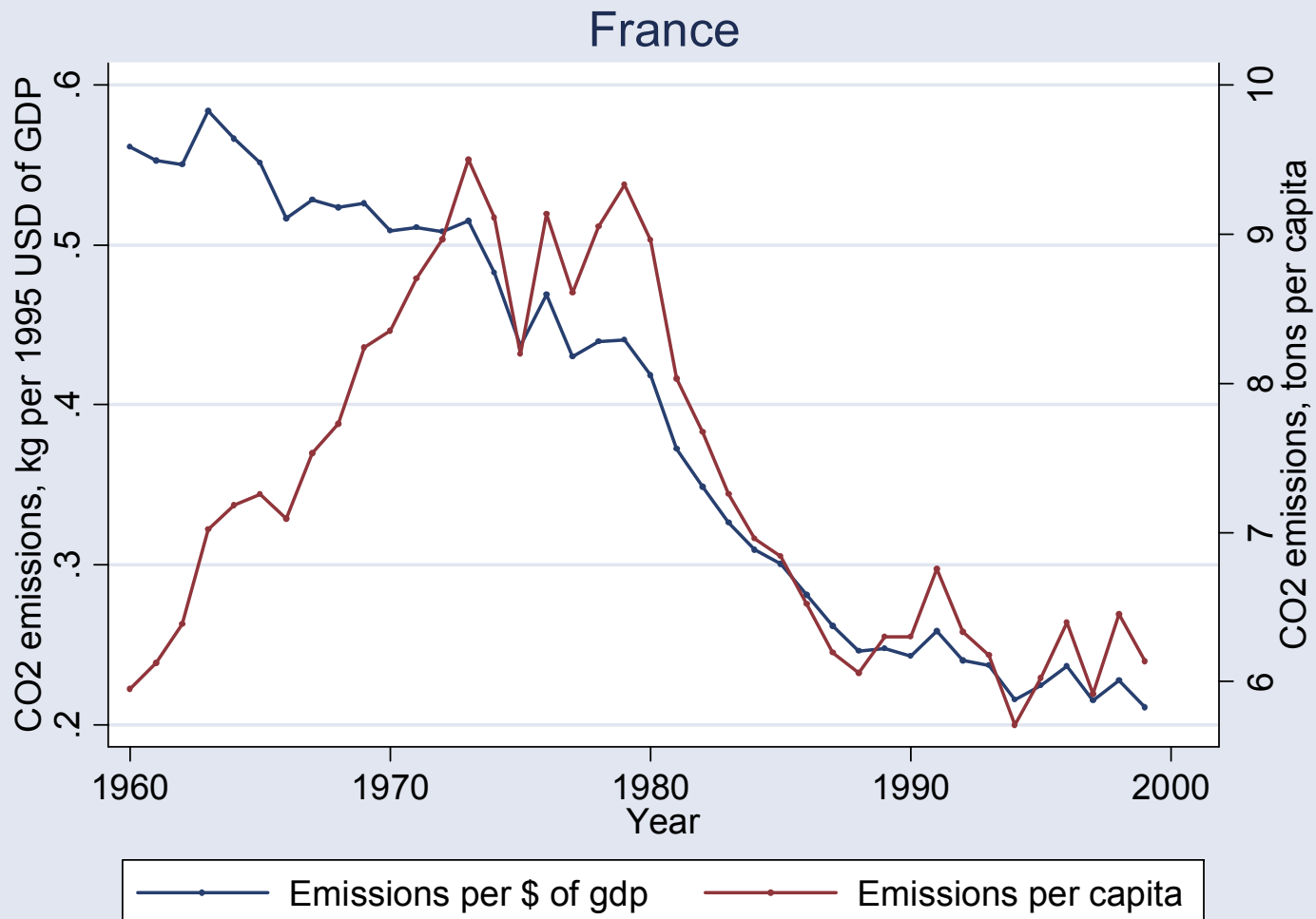
It Does Matter Where Your Country Is



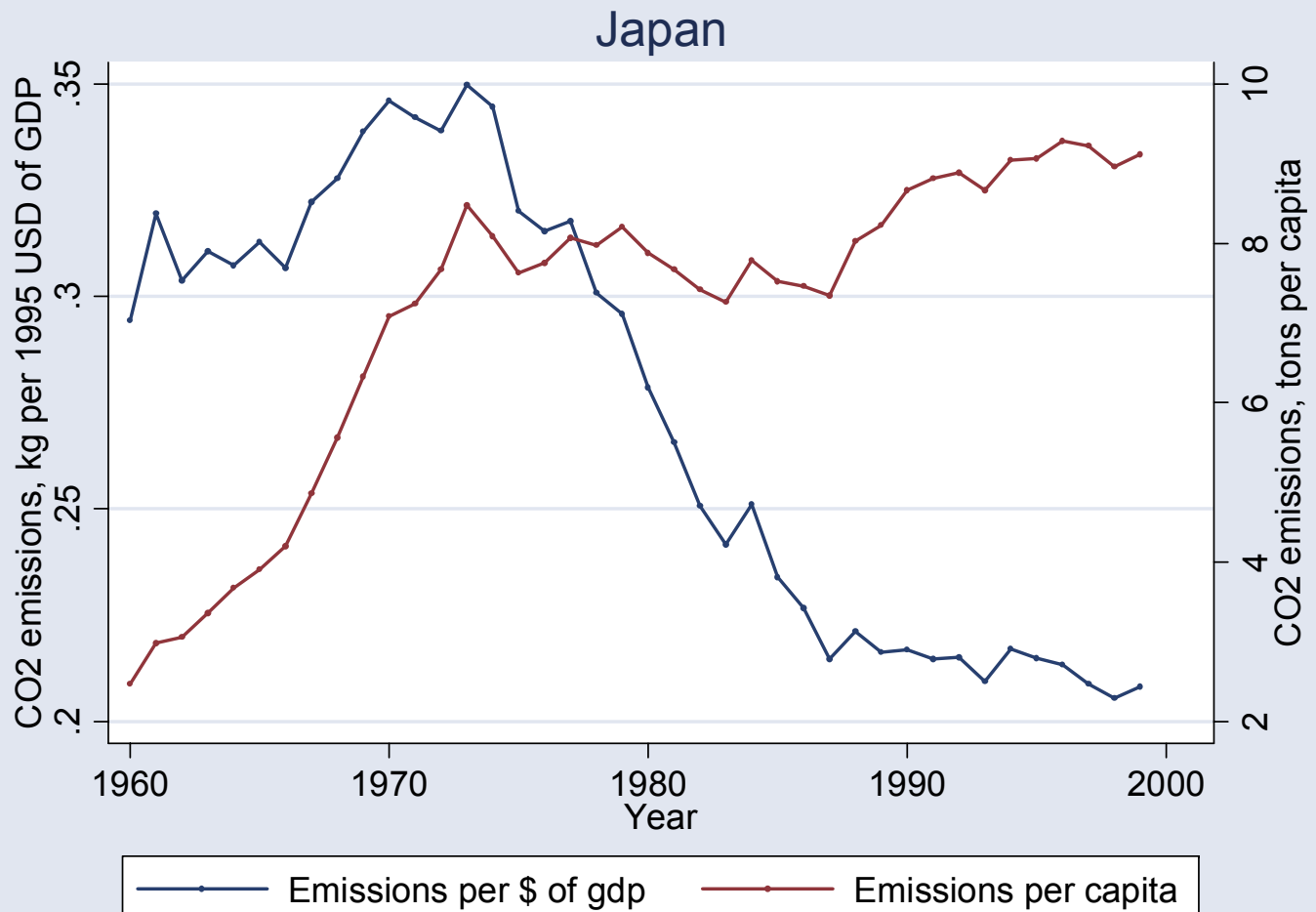
Developed: United Kingdom



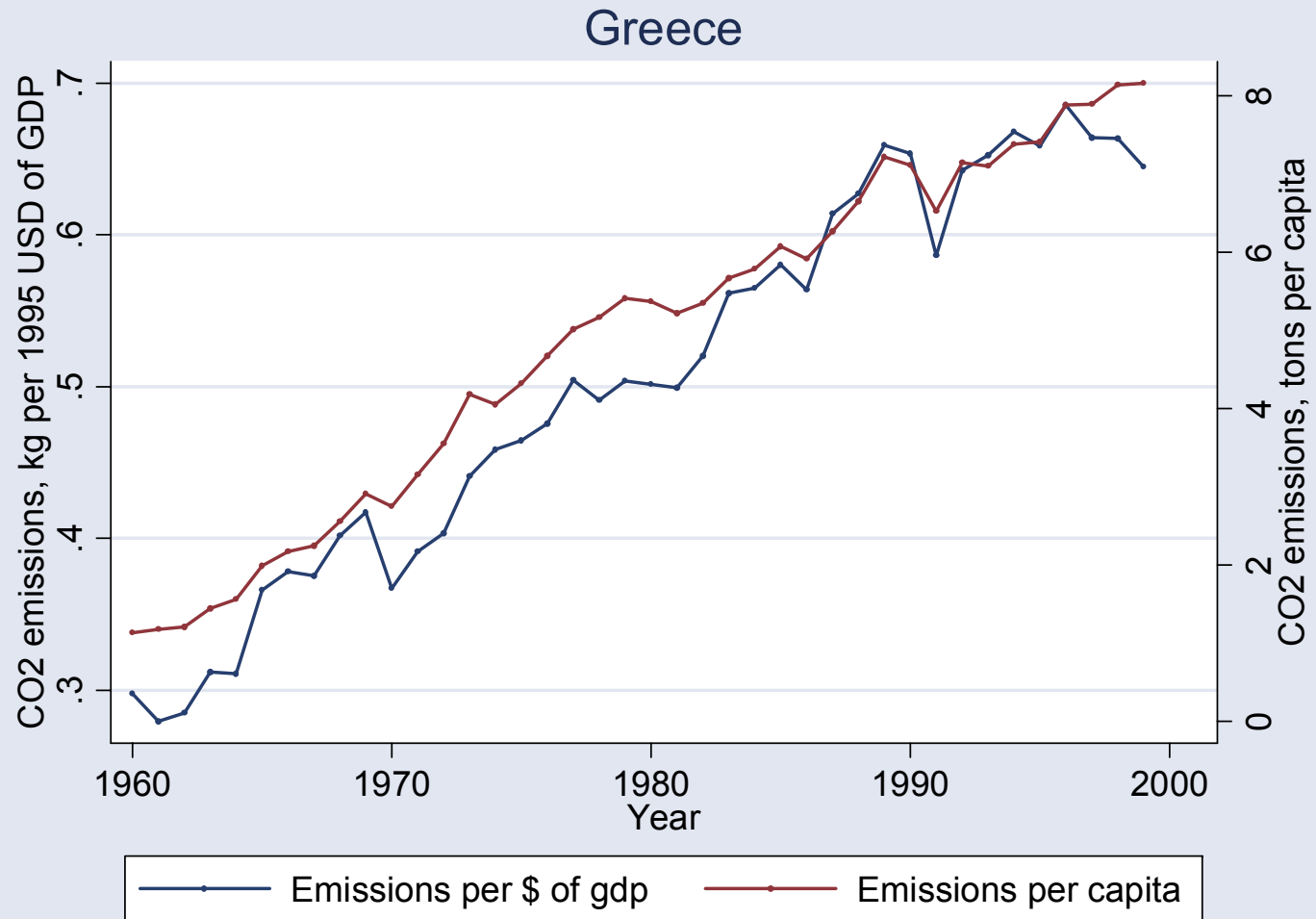
France



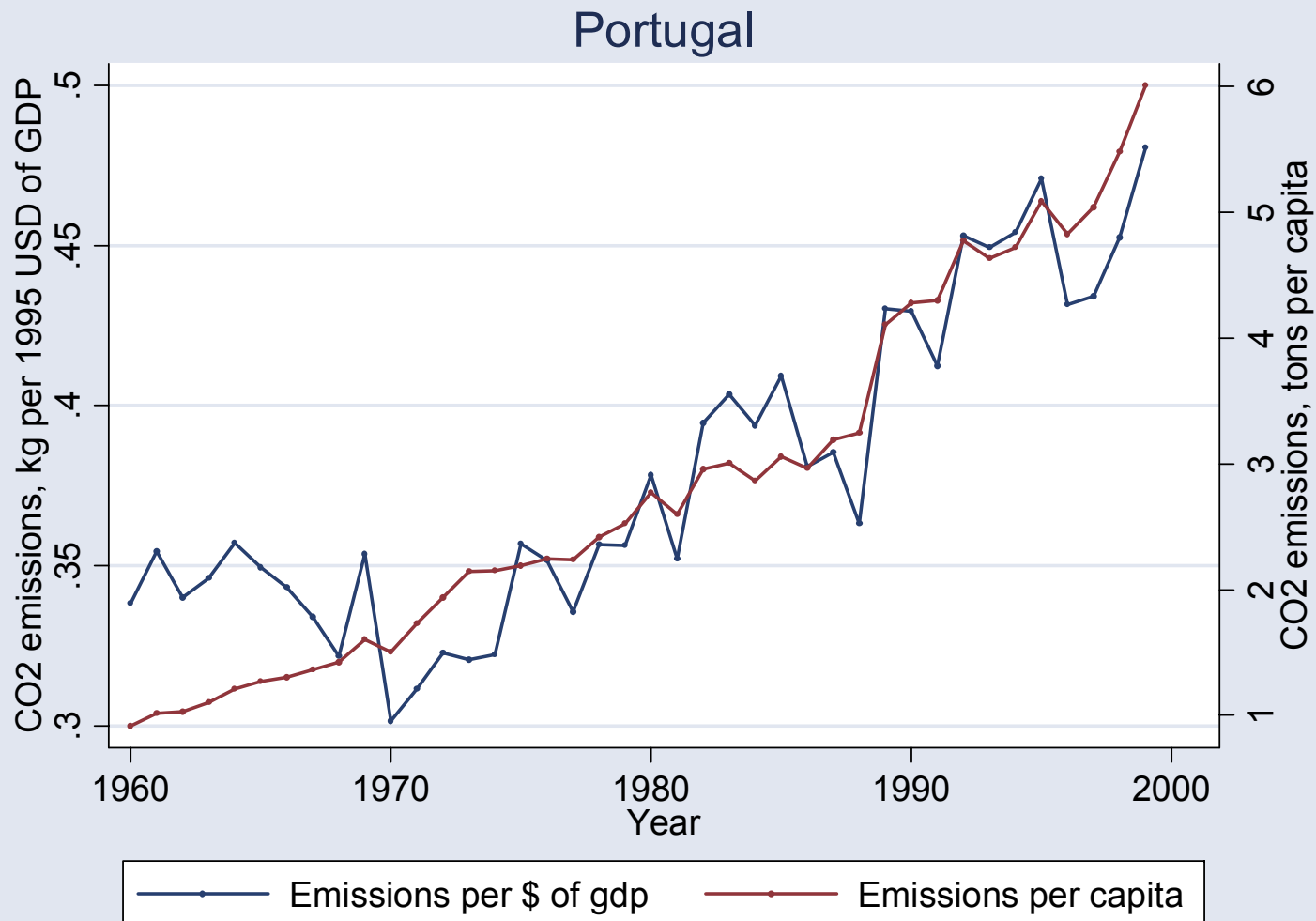
Japan



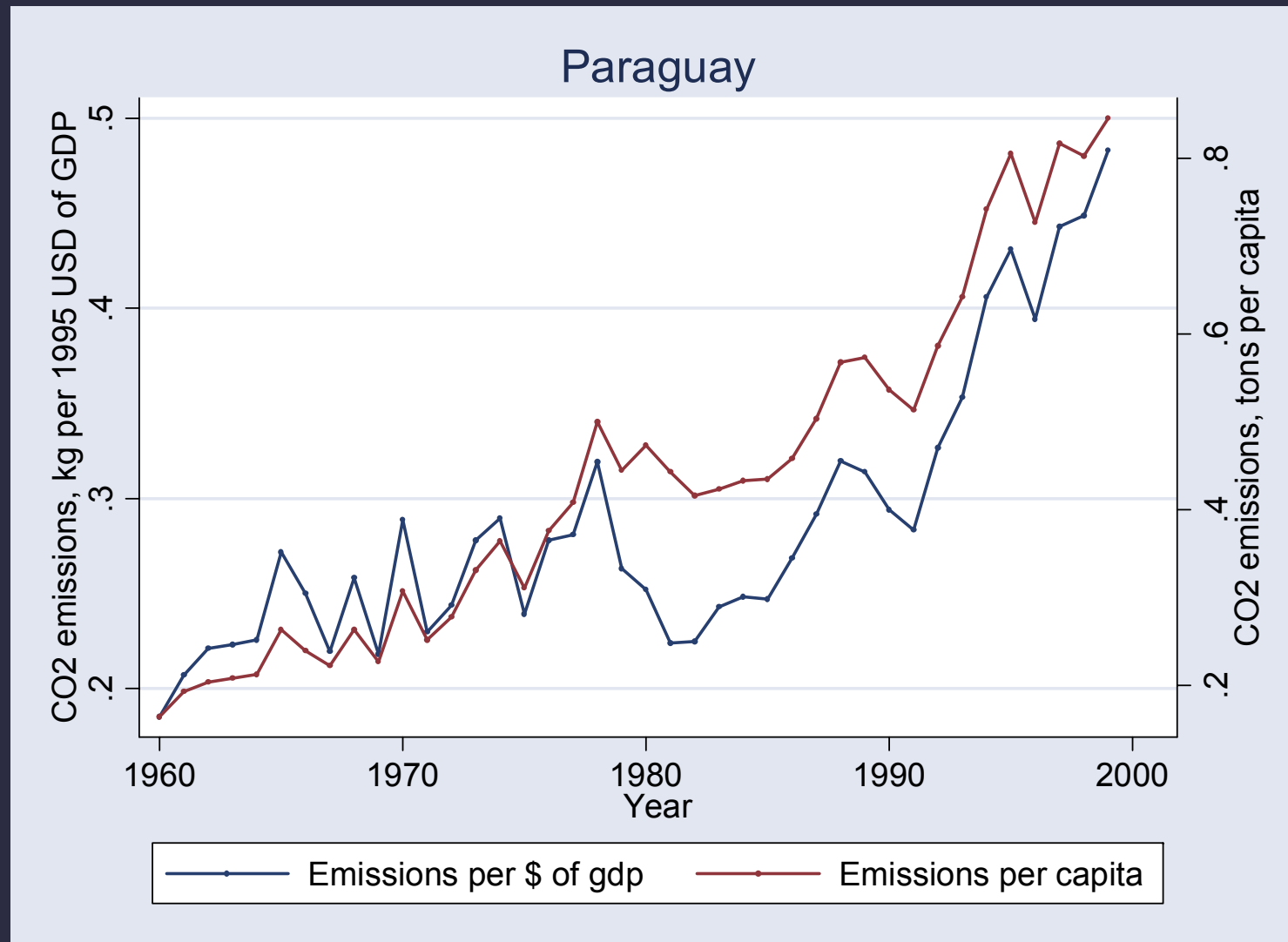
Greece



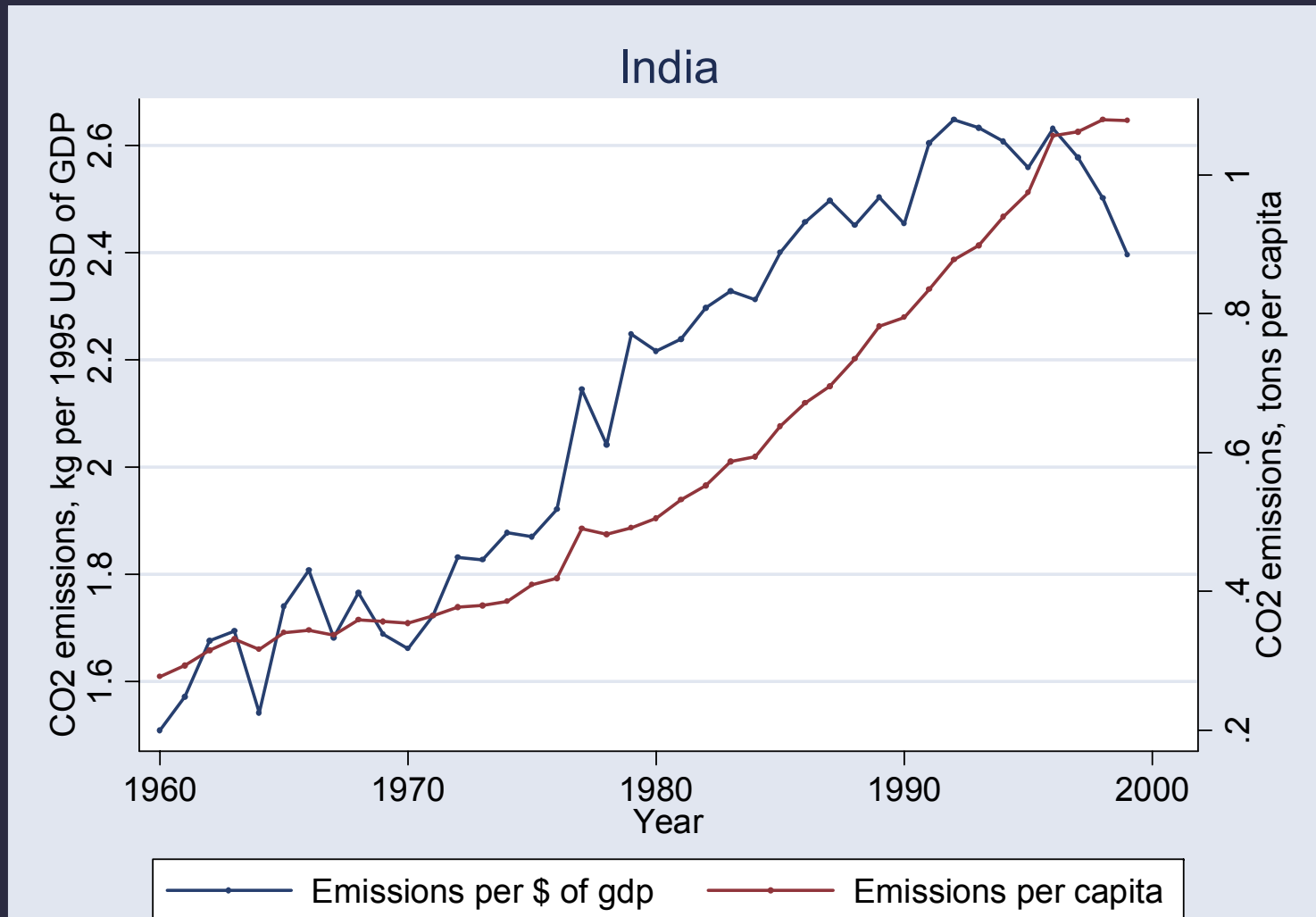
Portugal



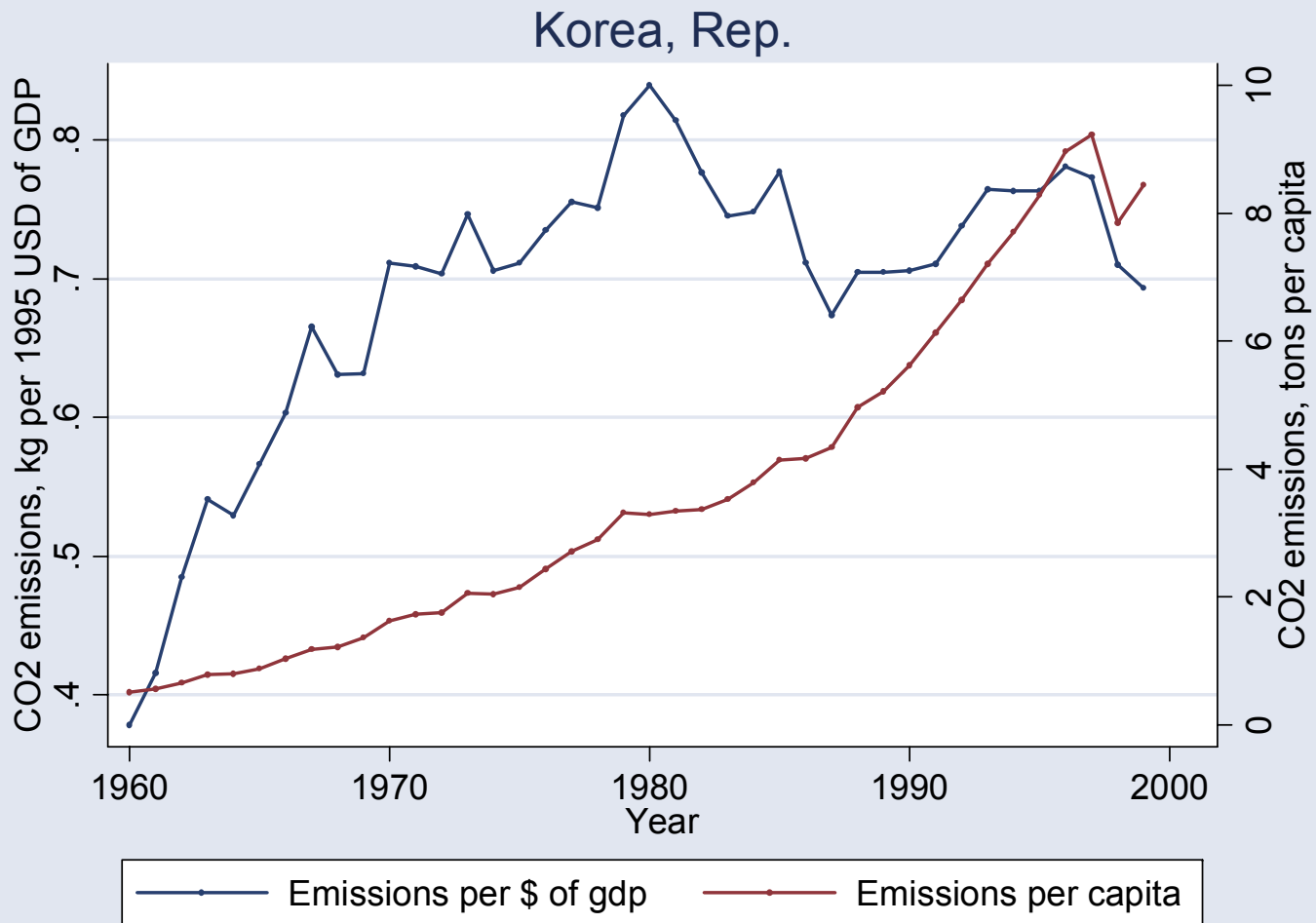
Developing: Paraguay



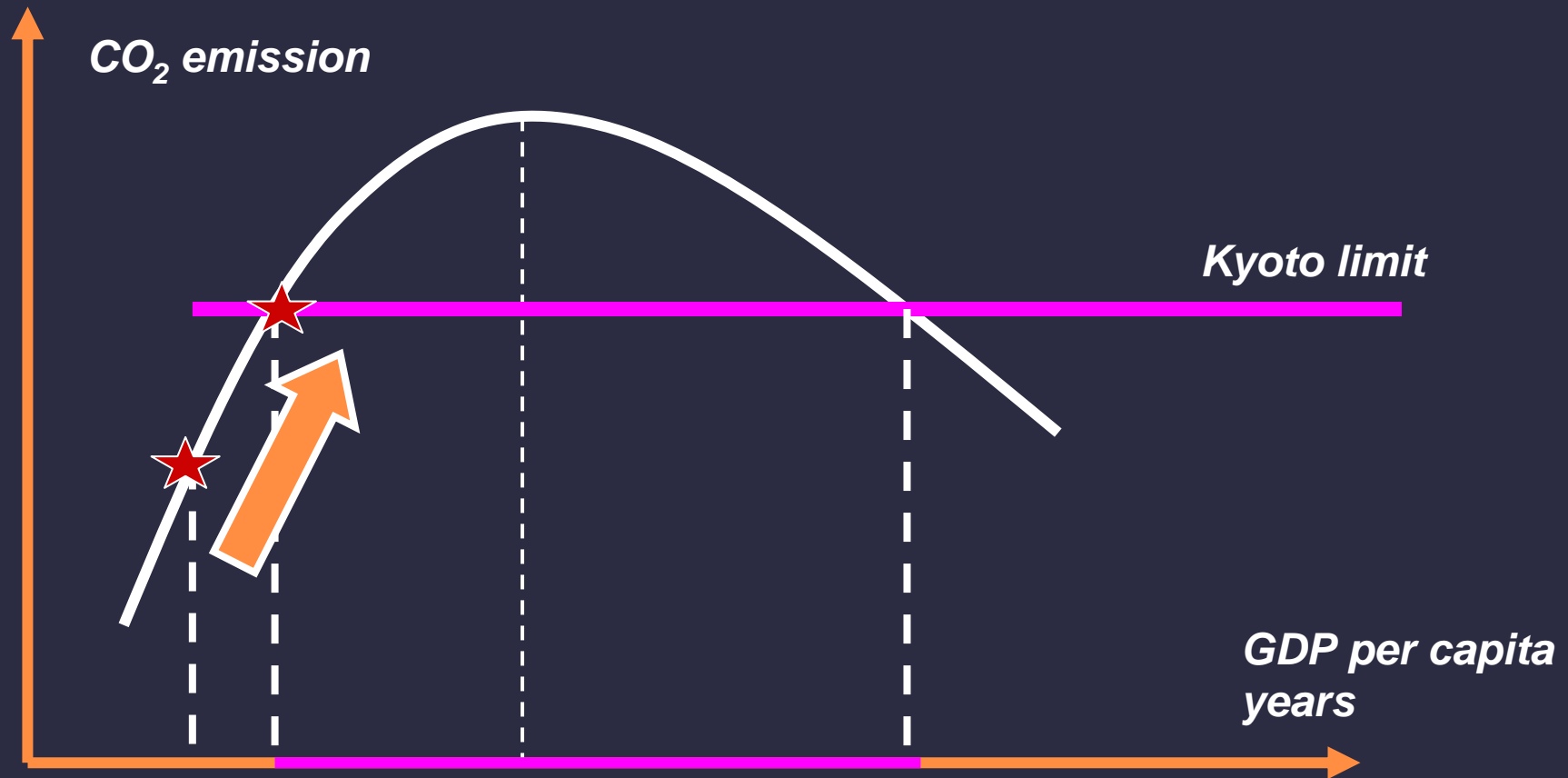
India



Korea

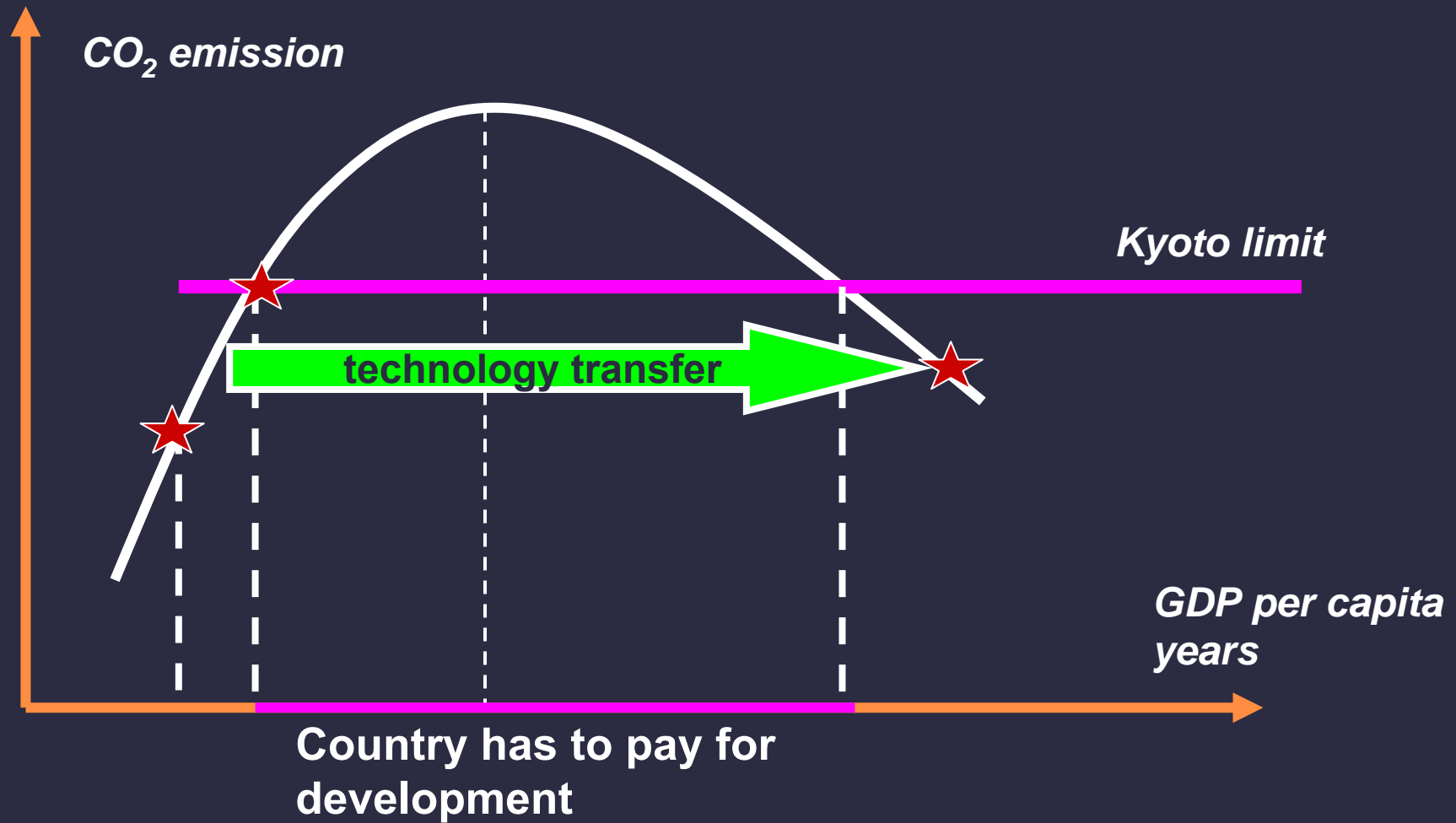


Development Trap



Country has to pay for
development
(to already developed countries)

Development Trap: A Way Out?



Implications

- A Kyoto-type mechanism is an impediment for growth outside developed world
 - disincentives to rise CO₂ emissions = disincentives to develop industry
- Theoretically, technology transfers could help
 - especially, if they go outside government channels
- In practice, it will be money transfers
 - to (often) corrupt and irresponsible governments
 - very often, actually
- Negotiations make things worse

Policy Implications for Russia

- Benefits of ratifying Kyoto
 - participation in a world-wide international mechanism
 - contribution to a potentially good cause
 - side benefits (WTO negotiations with EU etc.)
- Costs
 - potential cap on development
 - real costs of government vs. private sector resource allocation
 - contribution to a bad cause (trap for developing countries)
- My balance is negative