

# The **Kyoto** Protocol and the APEC Economies

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## ...8. Should developing APEC economies cut emissions?

**T**here is a wide spread belief in Europe that developing countries would eventually adopt emission targets under the Kyoto Protocol. Many believed this was implicit in the Protocol itself. Developing countries point out there is nothing in the Kyoto Protocol which indicates any such intention nor is there an obligation for non-Annex 1 countries to reduce emissions.

### ... **The global impact**

It is evident that a weakness of the Kyoto Protocol is that the regime for reducing emissions of greenhouse gases is that it excludes some economies that generate significant greenhouse gas emissions. The impact of the reductions of global levels of greenhouse gas emissions to which parties to Kyoto have committed will only slightly slow down the rate of increase in global greenhouse gas concentration.

Demand for energy in developing economies is expected to increase strongly into the future, increasing the share of anthropogenically-produced greenhouse gases. Against that scenario, the capacity of the Kyoto regime in the medium to long term to secure effective reduction in concentrations of greenhouse gases in the atmosphere (and hence its capacity to counter global warming) will be reduced further.

...What would be the economic impact on developing countries at large if both the United States and developing countries capped emissions? First the global economy will grow more slowly. When global growth slows, so does growth in developing countries.

... Bjørn Lomborg demonstrates a second effect. The Kyoto-style programs to abate climate change are very costly. They will be at the expense of other activities. They will reduce financial resources, such as development assistance, otherwise available to assist developing countries. (Page 23)

...The immediate impact of imposing caps on emissions is to increase power costs...Increasing the cost of energy will inhibit growth in developing countries.

The analysis by Russian experts of the negative impact on economic growth in Russia of accession to Kyoto demonstrates this effect in the case of Russia (Illarionov, 2004).

### **Is there risk of trade retaliation?**

A number of legal and economic think tanks in Europe have produced reports in recent years on the feasibility of parties to the Kyoto Protocol who had capped emissions imposing trade restriction on products from countries which had not.<sup>19</sup> Are developing countries at risk of trade retaliation if they do not cut emissions? **There is an increasing trend to impose trade restrictions with the purpose of requiring imported products to comply with environmental standards in the importing market. The European Union leads this practice.**<sup>20</sup> 20 Australian APEC Study Centre (2003) *European unilateralism – Environmental trade barriers and the rising threat to prosperity through trade*, Monash University, Melbourne; **Lawrence A Kogan (2003) *EU regulation, standardization and the precautionary principle: The art of crafting a three-dimensional trade strategy that ignores sound science*, National Foreign Trade Council Inc, Washington DC.** (Page 24)

Some of these restrictions will not be permitted by WTO rules. Generally they do not allow discrimination among imports according to how a product is made or processed. This is one reason why NGOs like the World Wide Fund for Nature (WWF) and Greenpeace have been campaigning to “green the WTO” by calling for changing its rules so that imports can be restricted unless they meet environmental standards governing methods of production and processing. (Pages 24-25)