



Beyond Bali and Bush: The Future of Climate Policy

Joshua Busby

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The outcome of the Bali summit is more or less as I expected going in. The Bush Administration fiercely rejected targets and timetables while there were a couple of noteworthy advancements on avoided deforestation and adaptation. In terms of targets and timetables, the Europeans in particular wanted the U.S. to commit to an ambitious timetable for reducing emissions, between 25% and 40% by 2020. The Bush Administration was never going to commit to this at Bali. Everyone at this point is just waiting for the clock to run out on this Administration and is looking ahead to the President Bush's successor.

I think the world may have vaunted expectations for what the next U.S. president will do with respect to targets and timetables. I think the next U.S. president, even if he or she wants to, will find it hard to commit to a 25 or 40% reduction by 2020. The U.S. Senate may balk at that, and I am not sure it is especially productive to focus so much diplomatic energy on achieving a breakthrough in a 190-country meeting on whether or not countries legally commit to a big emission reduction by 2020. In the absence of a U.S. carbon constraint, that agreement is meaningless, not only for U.S. action but also for countries like China, India, and Brazil that are waiting to see what the U.S. will do. When the U.S. has adopted a cap-and-trade system or a carbon tax, then I think we'll see major adjustments by the private sector to produce the next generation clean energy technologies we need. We'll also see major emerging economies be more willing to take on commitments of their own if given financial incentives to adopt clean energy technology. I was pleased to see China, India, and other emerging economies demonstrate more willingness to consider "measurable, reportable and verifiable" mitigation actions looking ahead.

It is a shame the Bush Administration has sullied the idea of the major economies meeting by making these into sidepiece distractions rather than real opportunities for substantive breakthroughs. A smaller meeting of major economies offers much greater potential for substantive breakthrough, if the U.S. had something to offer. I'm afraid that Bush has given this good idea a bad name which may make it hard for a subsequent president to resuscitate.

I was particularly pleased by the new language in the Bali roadmap that suggests any successor agreement to the Kyoto Protocol will allow heavily forested countries to be compensated for preventing and reducing deforestation. Right now, countries can be compensated under the Kyoto Protocol for replanting after a forest has been cut down but not for preventing a forest from being cut down in the first place. The Bush Administration showed its true colors by contributing \$0 to the Bank's pilot project on avoided deforestation. If I were Bob Zoellick, I

would be happy that I got money from other governments but be pretty upset that my own country, the richest in the world, was once again missing in action.

The agreement on the Adaptation Fund paves the way for the proceeds generated from Clean Development Mechanism projects to actually get spent. As I predicted in my podcast for the Council on Foreign Relations, the World Bank's Global Environment Facility has been tasked to administer the fund (as developed countries wanted). At the same time, developing countries now have much greater representation in the fund's oversight body. However, until the scale of resources for adaptation is dramatically increased (and actually starts to get spent), developing countries will remain incredibly vulnerable to extreme weather events.

Josh Busby (busbyj@austin.utexas.edu) is an Assistant Professor of Public Affairs at the Lyndon B. Johnson School of Public Affairs. A longer version of this comment will be published in an edited volume by Velma Grovers.