Kyoto's Future Lies in Putin's Hands

By Alexander Golub, Benito Muller  Aug. 05 2004 00:00

With the withdrawal of the United States, Russia has now been given the power to decide whether or not the 1997 Kyoto Protocol on Climate Change will become international law.

Just a few months ago, prospects for Russian ratification seemed grim. On the eve of a crucial Russia-European Union summit in mid-May, the Russian Academy of Sciences came out with its "Preliminary Findings" on the science and economics of the Kyoto Protocol, declaring it to be "without scientific basis" and liable to lead to "a fundamental reduction in Russian GDP growth."

As he sent this preliminary report to President Vladimir Putin and Prime Minister Mikhail Fradkov, academy president Yury Osipov also emphasized, however, that the academy had not reached its final position on the protocol, which is aimed at reducing emissions of carbon dioxide and other greenhouse gases contributing to climate change.

The Industry and Energy Ministry and the Economic Development and Trade Ministry were known to support ratification of the protocol.

Having won EU backing for Russia's bid to enter the World Trade Organization at the May summit, President Putin famously promised to "accelerate" the Kyoto ratification process, changing the Industry and Energy Ministry to put together a consolidated report with the Russian Academy of Sciences by Aug. 1.

Given the ministries' pro-Kyoto stance and the opposition expressed by the academy in its "Preliminary Findings," however, a compromise seemed unlikely.

Then, on July 20, in the wake of a controversial Russian Academy of Sciences seminar on the Kyoto Protocol, a number of prominent Russian academics -- including nine of the most respected economists at the academy -- released a statement through the Center for Russian Environmental Policy voicing their strong disagreement with the conclusions reached in the academy's "Preliminary Findings."

The academicians also sent the following message to Professor Osipov and Industry and Energy Minister Viktor Khristenko: "Overall, Russia's ratification of the Kyoto Protocol would facilitate the improvement of environmental and social conditions in Russia, as well as the modernization of Russian industry, by attracting financial support from the international community. Implementation of the Kyoto Protocol by the Russian Federation will not pose any economic risks or put constraints on the development of the national economy. On that basis, we conclude that the Russian Academy of Sciences should support the early ratification of the Kyoto Protocol by the Russian Federation."

Russia's Kyoto target -- to keep below its 1990 carbon dioxide emission level -- is well within reach. According to official figures provided to the United Nations Framework Convention on Climate Change, Russian emissions fell dramatically during the economic collapse of the 1990s. Because GDP declined more rapidly than emission levels, the carbon intensity of the Russian economy -- the amount of carbon emitted per unit of GDP -- by 1998 had increased 15 percent.

When economic recovery got underway in 1999, this worrying trend was rapidly reversed. Carbon emissions grew much more slowly than GDP, and within a year carbon intensity had returned to its 1990 level. It has been falling ever since. Since Russian carbon dioxide emissions are already 31 percent below the Kyoto target level, most forecasters -- including the Russian government -- do not foresee the country exceeding this limit.

In fact, the July 20 statement notes that "detailed calculations confirm that Russia will not jeopardize its Kyoto carbon dioxide emission reduction obligations under the Kyoto Protocol. ... This holds true for any plausible scenario of economic development, including the scenario under which the Russian GDP will double by the year 2010."

The carbon intensity of the Russian economy is nearly twice that of the United States and three times that of the European Union and Japan. This indicates significant economic inefficiencies that ratification of the Kyoto Protocol would help to reduce. We support the view, expressed by the economists in their July 20 statement, that Russia could benefit from Kyoto's flexible mechanisms and obtain significant international financial support for modernization of its industry. The economic benefit from sales of greenhouse gas emission quotas and investments in joint implementation projects could reach into the tens of billions of dollars.

Mitigation of the common pollutants associated with greenhouse gas emissions would also be an important benefit. Air pollution is now responsible for more than 60,000 deaths annually in Russia. The damage that poor environmental conditions cause to public health are of the same order of magnitude as Russia's annual GDP increment.

In short, we believe that the July 20 statement by leading Russian economists and academicians should lay to rest concerns about the ostensible threat to Russia's continued economic recovery posed by the Kyoto Protocol. An English translation of the statement can be found online at www.OxfordClimatePolicy.org.

In draft recommendations prepared on behalf of the Russian government, the Industry and Energy Ministry concludes that Russia can meet its obligations under the protocol, and that participation in the flexible mechanisms will generate between $500 million to $5 billion in annual revenue.

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These positive findings are, however, contradicted in the same draft by recommendations that Russia postpone ratification because of remaining uncertainties, and continue to develop its emission forecasts and assess further the potential for investment in the Russian economy if the protocol were ratified. Yet, since no one will ever be able to predict exactly how much investment Russia -- or any other country -- will receive, this wait-and-see stance would leave Russia no closer to ratification than it was a few years ago.

Ultimately, the grave responsibility for ratification will be with President Putin. But it could also be a golden opportunity, not only to help create prosperity for the Russian people, but to go down in history as the man who saved the Kyoto Protocol.

So far 124 nations -- representing over 70 percent of the world's population and including 90 percent of all industrialized countries -- have ratified the Kyoto Protocol and are hoping for Russia to bring it into force. Whether or not these hopes will be frustrated now lies in his hands.

Ultimately, the undeniable fact is that whatever Vladimir Putin decides, his name will be indelibly linked in history with the fate of the protocol and of the entire UN effort to combat climate change, one of the most serious threats to our planet's long-term prosperity and security.

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