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Discussion

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Discussion After the Speeches of Daniel A. Reifsnyder and Elizabeth Dowdeswell*

QUESTION, *Professor King*: What are the differences, if any, between the Canadian and the U.S. delegations on climate change?

ANSWER, *Mr. Reifsnyder*: I think the principal difference is that Canada has a target and a timetable for greenhouse gas productions. I should let Liz speak to Canada's position, but it's easier to describe Canada's, because, of course, the U.S. does not have a target and a timetable. In that one respect, I think the positions are different, but on the other hand, I would also note that the United States and Canada both support a comprehensive approach to greenhouse gas limitation, looking not just at carbon dioxide, as some European countries would, but at all greenhouse gases and at sinks or reservoirs of gases, like forests, in addition to sources of the gas.

Those are some of the similarities and differences, but I think, in a number of other areas, there's a great deal that we have in common. There's a great deal in common among the OECD countries, generally, with regard to issues such as the need to have reporting procedures under the Convention, the need to develop methodologies, the need to involve developing countries, the need to have institutions created in the Convention and so forth.

COMMENT, *Ms. Dowdeswell*: I think Dan is quite correct. The number of things that are similar between our two countries exceed those that are different. However, the one that is different is, at least symbolically, a very important one, and that is the issue of having a specific target and schedule to work toward.

QUESTION, *Professor King*: Does not the U.S. need a target if we are going to move forward?

ANSWER, *Mr. Reifsnyder*: I personally don't believe the target is necessary, and I think it is one of the things that has been a real problem in this climate negotiation for quite some time — in fact, I think since the Toronto conference, which was the first conference that came up with a statement calling for a reduction in greenhouse gases.

When that idea emerged on the world scene, it grabbed people, and seized them; it's continued to grab them and seize them. They cannot even think of other alternatives or other approaches, and this has been what is so frustrating. It is a psychological issue.

* The questions, answers and comments presented herein have been edited by the *Canada-United States Law Journal* for the purpose of clarity, and have not been edited or reviewed by the respective speakers.

I said in my remarks that we asked a number of times, "What exactly is the scientific basis for stabilization by the year 2000?" We're at a loss, even among countries that have adopted that target, to find any answer. In fact, there is really no scientific basis for it. We're talking about a motivator — something that will push people into acting. We already have a lot on the table that we feel will compare very favorably to things other countries plan to do. We haven't needed a target in order to do that.

So, I think the downside of the target is that there have been some real concerns in the private sector about just what this might do and about how it might force changes in behavior, particularly in view of the life cycle of various technologies and the investment that you have to make in certain technologies, which we know will not provide the kinds of savings you're going to need over the long term in order to meet this artificial target in a particular year. One of the concerns we have is that in order to really solve the problem of climate change, we're looking at a technology base change — huge changes in the way we do business and in the technologies available. We aren't going to obtain that by targeting some timetables in the near term.

QUESTION, Ms. L. Campbell: Could you comment on some of the proposals for the international emissions trading concept, how that might be played out and what your opinions are with respect to that concept?

ANSWER, Ms. Dowdeswell: I questioned, in my remarks, whether we would have either the courage or the wisdom to design new institutions, and I think that a global tradeable emissions scheme is one with which we haven't fully come to grips in this short period of time. I personally believe that it has some very real benefits. If we're looking not just at specific country-related responses, but rather a global response to a global problem, we have to look at globally cost-effective solutions. I think some kind of global tradeable emissions scheme is one of the possible elements in such a response, but time has not allowed us the luxury of developing such a scheme, either in technical or psychological terms, that would be acceptable to many countries around this world. What we have tried to do in writing the legal instrument is to make sure that we don't foreclose the possibility of such a scheme in the future.

COMMENT, Mr. Reifsnnyder: I think the U.S. has been one of the strongest supporters of the concept of emissions trading. We, frankly, have had more experience with it domestically than many other countries. The problem in these negotiations, I would say, is that we are at such a relatively modest level of discussion about the fundamentals of the Convention that it really is, as Liz said, something for the future.

QUESTION, Mr. Edwards: What kind of obligations might the different constituencies undertake besides simply being a party to a convention, with some enforcement rights against developed countries? Could you give us some flavor of the positions and policies articulated by the

newly emerging countries as they move from being developing countries into perhaps a transitional stage?

ANSWER, *Ms. Dowdeswell*: I think that developing countries tend to assume that they will have to undertake some general obligations, but not specific obligations. OECD industrialized countries agree that they will have not only some general obligations or commitments, but some specific ones as well.

The specific obligations or commitments tend to relate to the limitation and/or reduction of greenhouse gas emissions, and the transfer of funding and technology to developing countries. In a broad sense, OECD countries are prepared to make those kind of commitments. It's the words associated with them, or the specifics of the commitments, that have not been agreed to.

Developing countries, in the view of developed countries, are being asked to at least, as a sign of good faith, commit themselves to the specific obligation of reporting and have those reports reviewed, and then ultimately move themselves into the camp of taking some specific reductions.

The country that I would mention as an interesting example is Mexico. I say that because I've noticed a distinct change, in the last eight months or so, in its negotiating strategy; I think this has to do with Mexico's decision that it no longer sees itself as a developing country. I think once Mexico decided to apply for membership in the OECD, it dramatically changed the way in which it wanted to be viewed by those outside. The head of the Mexican delegation will say things like, "We are prepared; we are already undertaking some energy efficiency matters; we are already doing some of our own research; we are already committed to doing greenhouse gas inventories," and so forth. I think countries like Mexico, Argentina and Brazil, to some degree, see themselves as being sort of in the waiting room, or in transition, to those more specific commitments that they may be prepared to undertake. One of the things at play is the phasing in of the Convention, so that they can be full participants to it.

COMMENT, *Mr. Reifsnyder*: One of the things that disturbs us so much, at least in the U.S., about the Convention's section on principles is that, in many cases, a lot of the principles have been inserted by developing countries who are very fearful of what might happen to them under the Convention, and these are principles that essentially could be used to shield these countries from having to take on certain kinds of obligations or do certain kinds of things. I think many of these countries are very apprehensive about what is coming down the road for them under this Convention, and frankly, at the risk of saying this again, to some extent, I think the whole concept of targets and timetables for OECD countries is one of the things that may be at the root of some of these concerns. These countries look at us and say, "Given what the OECD is willing to do to itself today, it won't be very long before it starts coming after us."

I think they see targets and timetables as limiting their economic growth, and that is something they're not prepared to do.

QUESTION, *Mr. Luneberg*: Why does the present administration accept the concept of caps and timetables for SO₂ and not for CO₂?

ANSWER, *Mr. Reifsnyder*: I think that the answer is largely because this is unlike anything else we've ever dealt with. Every single human being produces carbon dioxide in the normal course of doing whatever he does — from people who burn wood for cooking, to people who drive cars, to electric utilities, and so forth. It's the essence of industrial society, and virtually every other society. There are so many different sources of CO₂, and it affects people so diversely, that we don't really understand a lot of what the economic effects of these kinds of measures can be.

The United States has been a very strong supporter of trying to determine what the economic issues are. For example, we know that the EC has a target and timetable, and one of the main elements of their plan is switching from coal, which is highly subsidized in countries like Germany, to natural gas. Natural gas happens to be available on three different parts of the EC's perimeter — Norway, Russia and North Africa — so it has good opportunities to switch. The EC can eliminate subsidies for coal in the process and save a lot of money, and they've got great price competition on their borders.

The United States doesn't have those same opportunities. We happen to be sitting on a very substantial coal reserve that could last us well into the future. This applies to China and India as well, which both have vast coal reserves. The issue isn't whether you can eliminate coal; the issue is whether you can learn to use coal more efficiently. That's the kind of thing the U.S. is doing. We're not willing to step into a rigid regime that could block us in, and that could have uncertain economic implications, unless and until we understand those implications much better than we do now.

QUESTION, *Ms. Dallmeyer*: What portion of the target that Canada has set for itself is estimated to be met by energy conservation?

ANSWER, *Ms. Dowdeswell*: That's a difficult question to answer in concrete terms, not because we haven't studied it, but rather because we're getting some very different answers. The estimate that we have is that the actions either underway or proposed to be taken under Phase 1 of our Green Plan will not get us the full way to stabilization. The studies indicate they will get us between half, and possibly as high as two-thirds, of the way. There are other studies showing that we will stabilize easily, but those contain a wide variety of underlying assumptions.

Interestingly, we had some German colleagues over recently, because we could not understand how, with the same mix of measures in both Germany and Canada, Germany was estimating it could do so much more than we estimate we can do in Canada. It comes down to a

wide variety of factors, such as the economic structure of the country and the assumptions that go into the modeling exercise.

COMMENT, *Mr. Reifsnyder*: One of the interesting things we've determined, in researching specific conservation measures, is that there is a difference between the technical potential of a given technology and the market potential or market penetration of that technology. Consider the low-flow showerhead. I have statistics listing its potential technological improvement as fifty-eight percent, but its year 2000 market penetration is listed at eleven percent. Anybody who has taken a shower with a low-flow showerhead understands why the market penetration is low.

This is part of the problem. The technologies may exist, but how do you get people to use them, particularly when the cost of the technologies may be somewhat more than alternatives? For example, I was interested in installing a gas air conditioner in my home. The cost of the gas air conditioner, even with the rebates and incentives given the gas company, was about \$3800, while I could get a less efficient electric air conditioner for \$1800. Such basic decisions that each of us makes every day are going to affect the outcome of this problem in both industrialized and developing countries. The incentives you can create to get people to use these technologies is very important to this whole process.

