



Principles to Address the International Policy Context

Climate change presents a global problem that requires global solutions in its redress. USCAP believes that international action is essential to meeting the climate challenge. U.S. leadership is essential for establishing an equitable and effective international policy framework for robust action by all major emitting countries. USCAP believes that adoption of mandatory U.S. climate policy is an essential precondition for a full and effective international framework. The mechanisms that Congress establishes as part of U.S. climate legislation can play a crucial role in encouraging broad international action. U.S. action to implement mandatory measures and incentives for reducing GHG emissions should not be contingent on simultaneous action by other countries.

In the following text, USCAP offers principles and recommendations regarding 1) U.S. policy addressing international issues, including international linkage to a domestic cap-and-trade system, policies to encourage developing country action, and policies to address competitiveness; and 2) the nature of a new or enhanced international climate policy framework, and the role of the United States in facilitating its development.

1. As a step toward development of a comprehensive international framework, USCAP recommends that Congress consider adopting provisions and criteria for linkage of the U.S. systems to other existing and emerging cap-and-trade systems. Linking emission trading systems globally would bring higher economic efficiency, greater scope for emission reductions, and broader political engagement. Criteria should address, but not be limited to: environmental integrity, cost considerations, timing, and credible accounting and enforcement.

2. USCAP recommends that Congress and the Administration establish U.S. climate policy that creates incentives for developing countries to limit their GHG emissions. Access to U.S. GHG markets can be a strong incentive for action by emerging economies, provided that any tradable emissions units brought into the U.S. system represent either allowances issued by other nations under their legally binding national emissions caps, or real emission reductions that meet criteria established by Congress. Congress should consider a mechanism that, while safeguarding the environmental integrity of the cap, would offer preferential access to U.S. GHG markets for countries moving swiftly to reduce emissions broadly across the bulk of their national economies, and would gradually restrict such access for countries failing to curb their emissions. U.S. climate policy should assist developing countries in emissions measurement and monitoring and in technology development and deployment.

3. USCAP recommends that Congress and the Administration establish U.S. climate policy that is designed to safeguard environmental integrity, maintain competitiveness, and avoid carbon leakage. In the long term, these concerns are best met through multilateral commitments ensuring equitable effort by all major emitting countries. Any measures deemed necessary to address competitiveness issues should be consistent with WTO rules.

4. USCAP recommends that Congress call upon US negotiators of bilateral and multilateral agreements to seek rational and consistent tax and accounting standards for trade in GHG emissions.

5. USCAP recommends that Congress and the Administration establish U.S. climate policy that strengthens support for efforts by developing countries for the adaptation of human and natural systems to the impacts of climate change. As a first priority, we recommend that Congress and the Administration take measures to ensure that bilateral and multilateral development assistance works to strengthen resilience to climate risk, rather than contributing to climate vulnerability. In addition, as a basis for further action, USCAP recommends that Congress initiate an interagency review to assess adaptation needs in developing countries, recommend a strategy to address adaptation needs in developing countries in collaboration with other donor countries, and identify potential sources of funding for those efforts.

6. USCAP recognizes that a critical complement to a mandatory domestic climate program is the development of a unified multilateral framework establishing fair, effective, and binding international commitments for all major emitting countries. Bilateral and regional agreements linking trading systems and other efforts can contribute to the development of, and complement, a stronger international framework. The final objective of U.S. policy should be the negotiation and ratification of binding multilateral agreements establishing a comprehensive framework for significant long-term reductions in global GHG emissions consistent with the Objective of the UN Framework Convention on Climate Change.

7. A fair and effective global effort requires a flexible framework recognizing the strong diversity among major economies. Commitments are needed from all major economies and should be measurable, reportable, verifiable, and nationally appropriate. To maximize environmental effectiveness and minimize costs, the long-term aim should be binding commitments to cap and reduce emissions, including through participation in global emissions trading. In the nearer term, the international framework should establish binding absolute economy-wide reduction targets for developed countries while allowing developing countries a range of binding policy commitments taking into account national capacities, circumstances, and policy approaches.

8. USCAP recommends that Congress and the Administration recognize the UN Framework Convention on Climate Change as the primary forum for building the international climate framework. Climate change requires action on many fronts and in multiple international venues, including trade, finance, and development. Initiatives such as the G8+ Gleneagles Dialogue, the Asia Pacific Partnership, and APEC can contribute by promoting action and consensus. These efforts should not be seen as substitutes for the development of comprehensive binding agreements under the Framework Convention.

9. USCAP recommends the development of measures and incentives, through both U.S. legislation and a within a multilateral framework, that aim to reduce emissions from deforestation and land-use change. Forest sector emissions and land-use change, principally in the developing world, account for approximately 20 percent of global emissions. Efforts to reduce impacts from deforestation and land-use change can provide cost-effective emission reductions while protecting biodiversity and promoting sustainable development.