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CREATOR: John D. Gibson (CN=John D. Gibson/OU=WHCCTF/O=EOP [WHCCTF])

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SUBJECT: notes from diplomatic meeting

TO: Todd Stern (CN=Todd Stern/OU=WHO/O=EOP @ EOP [WHO])

READ:UNKNOWN

TEXT:

Attached is a write up of my notes from Friday's meeting.===== ATTACHMENT 1
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TEXT:

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The following is a HEX DUMP:

NOTES FROM DIPLOMATIC STRATEGY MEETING
2/5/99

Topics: Developing Countries

Participants:

Todd Stern
Alan Polasky
Rafe Pomerance
David Hales
Mark Mazur
David Doniger
David Gardiner
TJ Glauthier
George Frampton
Kate English
Dan Reicher
David Sandalow
David Festa
Margot Anderson
Mike Rodemeyer
Linda Delgado
Bill White
Bob Cumby
Roger Ballentine
Melinda Kimble
Frank Loy
John Gibson
Beth Arner
Ron Minsk
Julie Anderson

T Stern (“TDS”): Purpose of meeting is to sketch out our strategic objectives with respect to developing country participation and, secondly, to decide what our tactics are for achieving these objectives.

Backdrop of discussion is: we need enough developing country participation to allow ratification. My premise is that we can’t do that w/in 2 years -- probably looking at sometime in next 4 years.

F Loy: Useful to put some propositions on the table. These aren’t facts or decisions, just propositions to organize our thinking.

- 1) Over next 2 years, we won’t get many countries to take on a quantitative target -- true or false?
 - 2) If that’s the case -- what is “meaningful participation” and what is our strategy for achieving it?
- One thing we’ve talked about is looking at the world in 3 categories:
-- High income countries (e.g., Israel) -- these we should push to take on a target.

-- Less well off countries -- these we should advocate targets but focus more on how we can get real reductions irrespective of a target.

-- Those that want to take on a target -- with these we work hard to find a "third way."

The question then becomes, do we need to change our public posture of what "meaningful participation" is? We have to remember that the goal is lower emissions -- targets are important but not the only way to achieve that goal.

Another point to consider is whether or not our talk about targets turns everyone off and makes other progress impossible to achieve.

If, in fact, we don't get many more countries to take on a target and our costs of compliance go up -- then what?

Finally, we are asking for countries to take on a "below business as usual" target -- this is a very sophisticated exercise. Is there any way we can make it easier for them?

TDS: Seems to me what you are asking is:

1a) "Should we have a softer line?"

1b) "Should we continue to press diplomatically but have a little softer line in public?"

Thoughts?

M Mazur: So far we have been seeking to meet the Byrd-Hagel conditions. Even though we know that that may be a distant goal, it's been our approach, it's been hardline. So it seems that what Frank's saying is that this may not have been useful.

F Loy: We're not abandoning targets; all we're talking about is maybe not making it our lead -- the first thing out of our mouths.

D Doniger: We need to look at what is really the key determinant to ratification. Developing country participation is partly an excuse -- maybe not key to ratification. If we line up domestic support then this begins to look more like a traditional political fight.

There's also an analogy to here to the early credit debate. Companies and developing countries are actually better off negotiating for a target before lowering their emissions.

M Kimble: It is perfectly fine to talk with any developing country about targets on a bilateral basis. It's in the multilateral context that it breaks down.

Very important to have this conversation with countries. We are making some progress.

Example: UNCTAD is now doing a trading game on the internet. This is a hard conversation but it's very useful to have it.

Important to note: the work we are doing with Argentina and Kazakhstan is very expensive. If we do 20 countries it will be \$20 million -- we don't have the money; let alone the other resources (i.e. people).

D Hales: People are more limiting than money.

Also, note that we could get developing country participation and still not get ratification. That at least tells us how to talk about it -- it's an educational issue; showing them it's in their interest.

R Ballentine: Developing country participation is not a sufficient but it is a necessary condition to ratification.

Granted, though, it's a matter of perception. The best weapon the hard-core opposition has is this issue. We can't hand them a bigger club by going soft on this issue. If we can redefine w/o looking soft or like we are slipping, then fine.

D Sandalow: Strongly agree w/M Kimble. Important to have the conversation and, in a bilateral context, it doesn't cost us much. Strongly agree w/Roger -- those TV ads hitting us on dev. country participation were researched. Absolutely essential to ratification.

Sure it is hard -- but we can do it. We can get some package that looks like "meaningful participation."

D Festa: Can we come up with some other metric besides BAU baselines that makes it less expensive, easier to get to?

D Hales: No.

D Gardiner: Politically, we need to maintain our position on targets. But are there other ways to get there? Can we address some of the substantive underlying issues, like energy intensive industries, labor unions, etc. Can we reach out? What about "Sullivan Principles" for steel companies (pledging, for instance, not to invest in dirty projects in developing countries)? Can we add tools like this to our diplomatic strategy?

R Pomerance: Frank's premise is that we are going to get few, if any, commitments over the next two years to take on targets.

If we believe that's the case, then we have to change perceptions of what constitutes "meaningful participation." This is a multipronged task. It includes engaging w/Congress. You don't want to spend all your energy on getting targets -- not get any -- and still have the Byrd-Hagel definition of "meaningful participation."

One idea would be to allow targets w/a cost cap. You have to find some way to get at various policies that fall outside a target that have real effects. Example: If China raises its gas prices who is "meaningfully participating" -- China or the U.S.?

D Sandalow: Yes, no debate that it is imperative to get away from the Byrd-Hagel definition.

F Loy: If targets are the only way we define success then we're finished. So maybe we should say: 1) targets -- yes, that's our position; 2) But ghg reductions are also important. So China

raising its gas prices -- we'll take note of that.

G Frampton: If we end up with a very few countries, how do we square that with our political imperative that "we have to go for targets"?

TDS: I think we can be aggressively pursuing a variety of things at the same time.

Up until now, "meaningful participation" has been taken to mean that developing countries have got to participate in a real concrete way. A target is certainly one way. But we have never said that it is the only way.

Seems to me that it doesn't make too much sense for us to depart from that basic line. Domestically, it would be a rough ride on the hill. Internationally, you have to have this discussion; make clear that we think this is the best way, etc.

But while doing that, if we find no interest in targets then we do our best to engage on:

-- whole sector CDM;

-- regular CDM;

-- etc.

You do that w/o any winks or nods that you are letting up on targets. But obviously, you don't get all pigheaded about targets either.

At this same time, we also want to get the definition of "meaningful participation" expanded -- but this is best done by those outside the Administration. (Pew, WRI, Kevin Fay, etc.)

So that at the end of the day, we can say: "Here's 10-20 key developing countries that are doing something -- some are stars; some are not."

Any explicit wink or nod that don't need targets would be a big mistake.

D Hales: We need to do a status report or update on what has been accomplished on capacity building since June '97 when the AID initiative was announced.

D Reicher: Can we somehow find a way to talk about progress we're making, irrespective of targets? Something like, "working for real carbon reductions while working for real targets"? This way we are defining or redefining what the various steps are on the way to targets.

R Ballentine: Is it true that only by taking on a target can a country help lower our cost?

M Mazur: No. CDM does it too; but a target brings about the most cost reduction.

D Hales: Even things that don't offset our costs still help offset competitiveness concerns.

TDS: If you could say, "Here's a set of policies and measures and our best analysis of what it would translate to is X" [tons of reductions or some other metric], then maybe you'd get somewhere, but it is still a tough argument.

Underscoring all those good things countries are doing (besides targets) is best done by someone else.

D Gardiner: But if we have to say something when a developing country adopts a good policy measure -- some words of support. After all, we do it for companies.

TDS: Fair point; need to think thru how we phrase it.

D Reicher: You could think of it as a path towards a target.

TDS: But we also have to leave ourselves room. Talking about it that way puts everything in the framework of targets.

D Sandalow: Sue Biniarz analysis is that this could be a lose/lose proposition.

1st scenario: We get policies and measures; but no targets

Opposition says: There's no binding obligation.

2nd scenario; We get target; no policies and measures

Opposition says: There's no legal obligation to take on policies and measures.

TDS: The 2nd scenario is a much stronger position though.

We need to engage in a cold blooded assessment of the odds (small); while resisting the temptation to prematurely throw in the towel.

It may be tough, but we shouldn't assume that we can't get anyone or even 10 countries to take on targets over the next several years.

TJ Glauthier: Projections on what might be accomplished indicate that there are scenarios where we could get a bunch of small countries.

R Pomerance: But we have no money to do it. Our country studies program is about to collapse.

D Reicher: This is a serious issue. What we are doing now is all ad hoc. We need a budget strategy -- it's not even too soon to start talking about how we're going to approach 2001.

A Polasky: Is the problem of developing a target really a technical problem?