

# Kyoto2

How to Manage the Global Greenhouse

Oliver Tickell

'A fresh, accessible, cogent and bold case for a radical departure from most established thinking. Very seldom is an argument made with such gusto, sharpness and wisdom. Whether you agree with Oliver Tickell or not, your understanding of and thinking about this vital global challenge will be greatly enhanced by reading this book' *Caspar Henderson*

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'Kyoto2 is bang on the nail. Exactly the kind of fresh, radical thinking that is now so urgently required'

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'Kyoto2 hits the nail on the head: we need to crank down the global supply of fossil fuels. This is much simpler and more effective than trying to cap emissions, an almost hopeless task.

Climate change is a global problem that must be treated globally. *Kyoto2* shows how this can be done.'

*Peter Barnes, social entrepreneur and architect of Cap and Dividend*

'Analytical and prophetic, *Kyoto2* proposes a green economics of climate change that could just save our planet.' *Miniam Kennet, Director, Green Economics Institute.*



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'The most intelligent treatment of the politics and economics of climate change I have ever read. Brilliant, clear and unanswerable.'

**GEORGE MONBIOT**

'Elegantly simple and eminently workable, this is a proposal that could change the world.'

**MARK LYNAS**



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# Kyoto2 IN A NUTSHELL

1. Kyoto2 is a global framework for a Climate Treaty to limit emissions of greenhouse gases to a level that would prevent dangerous interference with the Earth's climate system, while generating enormous economic, social and environmental benefits. It is thus a delivery mechanism for the objective and principles of the Climate Convention (UNFCCC).
2. Greenhouse gases are global pollutants and can only be regulated under a global emissions cap. As a genuinely global system Kyoto2 applies the cap without regard to national boundaries, dispensing with national emissions targets, national allocations and the 'territorial accounting' that characterizes the Kyoto Protocol.
3. Permits to produce CO<sub>2</sub> or other greenhouse gases are sold up to the cap by global auction using a Uniform Price Sealed Bid system subject to reserve and ceiling prices. The secure carbon price signal stimulates long term investments in a low carbon future. Any permits sold above the cap are clawed back in subsequent years and the extra money raised is invested to reduce future demand for fossil fuels.
4. Greenhouse gas emissions are regulated 'upstream' - at or close to where fossil fuels are produced, and at the source of other greenhouse gas emissions such as CO<sub>2</sub> from calcinating lime in cement kilns - because this is where emissions are most reliably and inexpensively controlled.
5. The market mechanism is supplemented by direct regulation aimed at overcoming market failures, or where a market system would create unnecessary cost. Demanding efficiency standards are set for all energy consuming sectors, from housing to transport, industrial machinery and domestic appliances. Most of the powerful industrial greenhouse gases or PIGGs used in industry and refrigeration are phased out following the example of the Montreal Protocol.
6. The funds raised at auction - of the order of \$1 trillion per year - are invested in solving the problems of climate change, with an emphasis on the needs of poor countries, poor people and those most adversely impacted, including to:
  - bring about a worldwide clean energy revolution and a prosperous low-carbon global economy through investments in energy research and development, energy efficiency, and the deployment of renewable energy infrastructure;
  - meet developing country costs of complying with the standards and regulations set out in [5] above via a 'Multilateral Fund';
  - finance developing country adaptation to climate change, and responses to climate-related health challenges and emergency needs;
  - conserve and sequester carbon within the biosphere - soils, peatlands, forests and other ecosystems - and reduce land-based emissions of other greenhouse gases including methane and nitrous oxide, while boosting soil fertility and water retention;
  - research low-cost, reversible and environmentally benign geo-engineering options that could in extremis halt a 'runaway greenhouse effect'.
7. Reducing emissions by cap and carbon price alone would require such a high carbon price as to cause hardship and economic pain. By contrast Kyoto2 uses three mutually supportive mechanisms: the cap-and-trade market; direct regulation; and the investment programme. Working together these can rapidly reduce emissions of greenhouse gases without a high carbon price - delivering 'the gain without the pain'