



# UJAE Unions for Jobs And the Environment

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## Newsletter

July 2007

### Member Unions

Brotherhood of Locomotive  
Engineers  
International Brotherhood  
of Boilermakers,  
Iron Ship Builders,  
Blacksmiths, Forgers  
and Helpers  
International Brotherhood  
of Electrical Workers  
International Brotherhood  
of Teamsters  
Marine Engineers Beneficial  
Association  
Sheet Metal Workers  
International Association  
Transportation • Communications  
International Union  
United Association of  
Journeyman and Apprentices  
In the Plumbing and Pipefitting  
Industry  
United Food and Commercial  
Workers International Union  
United Mine Workers  
of America  
United Transportation Union  
Utility Workers Union  
of America

### President

Bill Cunningham

### Report from Bonn Negotiations

By Gene Trisko\*

Representatives of the United Mine Workers attended the 26<sup>th</sup> meetings of the Subsidiary Bodies to the UN Climate Convention in Bonn, Germany, in May 2007. The meetings consisted mainly of negotiations for a second round of commitments under the Kyoto Protocol, and an open-ended “dialogue” on potential longer-term climate change actions under the UN Climate Convention. The United States actively participated in this dialogue, but had no role in the Kyoto discussions since it has not ratified the Kyoto Protocol.

### Kyoto Negotiations

The first phase of commitments under the Kyoto Protocol commences in 2008 and ends in 2012. The European Union (EU), Japan, Canada and other industrial nations that have ratified Kyoto held discussions on potential emission reduction targets for a second phase beginning in 2013. The first phase of Kyoto requires an average 5% emission reduction below 1990 levels by 2008.

The EU has been testing an emission allowance trading program for large industrial sources that will take full effect next year. Many observers expect that the EU will not be able to meet its initial Kyoto targets. The EU emission trading program covers only a fraction of total greenhouse gas emissions, and carbon dioxide emissions in the EU have been increasing since Kyoto was negotiated in December 1997. The European Environmental Agency projects that greenhouse emissions in the EU will be 7 percent above 1990 levels in 2010, well above the 8 percent reduction target that the EU accepted in the Kyoto Protocol.<sup>1</sup>

The EU offered in Bonn to commit to a “unilateral” 20% reduction below 1990 greenhouse gas emission levels by 2020, and to a deeper 30% reduction if “other parties” agreed to join them. The EU offer is plainly directed at the United States, putting political pressure on the US to match the EU’s pledge.

Some parties, such as Japan, expressed concerns about the EU’s 20% offer, reflecting doubts about the ability to achieve such a major emission reduction in a relatively short

<sup>1</sup> See, <http://www.eea.europa.eu/pressroom/newsreleases/ghgtrends2006-en>

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timeframe. Japan put forward an alternative, longer-term proposal to reduce greenhouse gas emissions by 50% below 1990 levels by 2050.

### **No Bonn Agreement, No New Commitments by Developing Nations**

No agreements were reached in Bonn on potential second phase Kyoto reductions. No discussions were held on potential commitments by major developing countries that have ratified Kyoto, such as China and India. At the outset of the meeting, the Chairman ruled that any discussions of developing country commitments were out of order, since Kyoto's emission reduction commitments apply only to industrial nations.

Meanwhile, China and other developing nations that have ratified Kyoto are benefiting by the sale of "Clean Development Mechanism" credits to industrial nations. CDM credits are generated when investments in new energy projects can be shown to reduce emissions below a baseline level. For example, the construction of a highly efficient powerplant can generate CDM credits measured against the emissions of a less-efficient conventional plant.

The timetable for reaching agreement on second phase reductions is open. The Kyoto parties will resume negotiations in Vienna, Austria, in August. Further negotiations are scheduled next December in Bali, Indonesia.

The open-ended schedule for these negotiations may contemplate eventual engagement by the United States following the 2008 Presidential elections. In practice, it appears very unlikely that the United States would agree to any form of commitment under the Kyoto Protocol itself, since this would require Senate ratification of the Protocol. The U.S. appears more likely to position itself as a party to a post-Kyoto agreement potentially emerging from the on-going "dialogue" process among all parties to the UN Climate Convention.

### **Post-Kyoto Dialogue**

The post-Kyoto dialogue was initiated at the 11<sup>th</sup> Conference of the Parties to the UN Convention ("COP-11") in Montreal in 2005. The United States and other parties agreed to an open-ended discussion of potential long-term technological and other cooperative actions to advance the objectives of the Convention. China and other developing nations agreed to participate in these talks provided that "no new commitments for any party" would result. This proviso is similar to the blanket exemption from Kyoto commitments that developing nations secured at COP-1 in Berlin, Germany, in 1995.

The Bonn meetings featured a series of workshops on issues such as long-term energy consumption and production trends, technological developments in power generation, including carbon capture and sequestration methods, and available means for mitigating sectoral greenhouse gas emissions in industrial and developing nations.

### **China: Limited Plans for Carbon Sequestration**

China offered a presentation at a workshop on future trends in power generation, emphasizing its current efforts to replace numerous relatively small (<100 MW) coal-fueled generating units with larger (>300 MW), more efficient units. China is pursuing two projects using advanced clean coal IGCC technology including carbon capture and sequestration, with financial input from the EU and the United Kingdom.

When China was asked whether it intended to apply CCS more broadly to its rapidly growing fleet of coal-fueled plants – new plants are being brought on-line at a rate of one per week – the Chinese delegation replied "no." The reasons given were that China has a rapidly

growing demand for new power plants, and cannot “afford” an estimated 30% energy penalty for including CCS in the design of new plants.

China’s apparent dismissal of CCS as a means of limiting the growth of its greenhouse gas emissions is significant given the increasing likelihood of Congressional action on climate change. Most of the principal climate change bills before Congress would require, in effect, substantial use of CCS by coal-fueled electric generators in the U.S. to meet future greenhouse gas emission targets. The Bingaman-Specter bill, endorsed by the IBEW, the UMWA, and the Boilermakers, offers significant financial incentives for CCS deployment. A number of pending bills before Congress seek to expand and accelerate Department of Energy programs to develop CCS technologies.

### **Linking Trade to Emissions**

Without Chinese agreements to utilize CCS to manage the rapid growth of its greenhouse gas emissions, or to take other steps to reduce the growth of greenhouse emissions from its burgeoning industrial and transport sectors, any U.S. actions to reduce greenhouse emissions would have an extremely small impact on the future growth of atmospheric greenhouse gas concentrations. The UN process has not yet agreed on any long-term stabilization target for atmospheric concentrations, as required by the 1992 Rio Convention.

For these reasons, the UMWA and other unions consistently have maintained the need to include China and major developing nations in a long-term global agreement to reduce greenhouse emissions. There is no justification for accelerating the loss of U.S. jobs to low-wage developing nations in the absence of a program to mitigate the global growth of greenhouse gases.

To facilitate the involvement of developing nations in a global climate agreement, the Bingaman-Specter climate bill now includes an IBEW proposal for an innovative system of tariffs on international trade, requiring China and other nations not bound by enforceable climate commitments to obtain emission “allowances” to offset the carbon content of their exports to the U.S. If this requirement is included in U.S. climate legislation, it would provide a powerful inducement for major developing nations to accept formal limits on their emissions.

### **On the Hill**

As the climate change debate continues on Capitol Hill, it is important for labor interests to unite in opposition to proposals for extreme unilateral U.S. emission reductions, such as the Sanders-Boxer bill requiring an 80% reduction of emissions below 1990 levels by 2050. There is no known technological basis for achieving such severe emission cutbacks. Studies by MIT economists estimate that Sanders-Boxer would increase the cost of gasoline by \$2 per gallon, and lead to the loss of hundreds of billions of dollars of annual GDP.<sup>2</sup> More important, unilateral legislation of this nature would undermine the United States’ ability to engage major developing nations in a truly global climate agreement. Developing nations would receive further trade and economic benefits as energy prices skyrocketed in the U.S., reinforcing their reluctance to commit to meaningful emissions reductions.

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<sup>2</sup> See, [web.mit.edu/globalchange/www/MITJPSPGC\\_Rpt146\\_Summary.pdf](http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt146_Summary.pdf)