

A supply-side global financial mechanism to combat climate change  
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To be effective, internationalization of financial mechanisms to combat climate change is necessary, but the process for updating Kyoto Protocol is ponderous and will require far too many compromises, limiting and possibly eliminating its timely effectiveness. At best the outcome of current negotiations will be a partial solution to climate change - which is almost worse than no solution, as the price will be paid but the problem not solved.

A global duty on imports and exports administered by an international trade organization such as World Trade Organization, earmarked to bring forth the supply of non-fossil energy, could be a simple and effective alternative. Here's how (using example of WTO as the administrative body):

- In 2007 global imports and exports of goods and services totalled about US\$30 trillion.
- A duty rate of 5% would raise US\$1.5 trillion per year, assuming no reduction in trade volume. If the duty diminished trade by 10%, the net still would be US\$1.35 trillion.
- Each year WTO offers to buy CO2 emission reductions or offsets, allocating these funds first to the lowest offering price per ton of CO2 reduced/offset.
- To induce private sector financing, WTO offers successful applicants the ability to sign a long term contract (e.g. 5 years) to annually supply the proposed volume. With this contract in hand, the applicant should be able to qualify for development and working capital loans.
- This program could quickly generate an increasing supply of clean energy to replace fossil fuels.
- Unlike cap & trade which primarily operates on the demand side (raising prices of carbon to lower the demand), this operates on the supply side.
- Since the duty is global and broad-based, it is spread across all sectors of the world's economy.
- By accessing world trade - the largest and most broad-based global economic engine, everyone pays a little.
- Internationally applied, not hijacked by any single government.
- Collected at the border, inbound & outbound.
- Even-handed as to trade-deficit and trade-surplus countries.
- No exemptions except in-country production.

#### RESULT:

- Global transition to environmental sustainability is accelerated.
- Avoids draconian cuts in energy consumption.
- Maintains economic well-being of the 1st world economies.
- Supports continued rapid growth of the developing world.
- A single point of coordination, unlike Kyoto which is piecemeal & uncoordinated.
- Cost to global economy is spread out over many years, and is proportional to economic strength as measured by total imports and exports.