

COPENHAGEN AND BEYOND: IS THERE A SUCCESSOR TO THE KYOTO PROTOCOL?

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS FIRST SESSION

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WEDNESDAY, NOVEMBER 4, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m. in room 2172, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. The hearing will come to order.

I will yield myself time for an opening statement and the ranking member as well and the representative from American Samoa and the gentleman from Illinois, Mr. Manzullo, if he comes, for 3-minute statements and then other members for 1-minute opening statements.

In a little over 1 month, world leaders will gather in Copenhagen, Denmark, in an effort to tackle one of the most difficult challenges of our time—global climate change. Numerous studies have warned that the failure to act quickly and decisively on global warming will have disastrous consequences. Many developing countries will face the threat of severe flooding, the loss of arable lands, and the spread of cholera, malaria, and other diseases.

A World Bank Study released last May estimated that storm surges resulting from rising sea levels could threaten 52 million people and 29,000 square kilometers of agricultural land in developing coastal countries around the world. This will likely lead to mass migration, political instability, and even failed states.

While countries in the developing world will bear the brunt of climate change, the effects of global warming will also be felt here in the United States. According to the U.S. Global Change Research Program, a consortium of 13 Federal agencies, climate change will affect almost every aspect of American life, from access to food, to the state of our health, to the amount of energy we use. In my home State of California, where water is already scarce, increasing temperatures could lead to a major water crisis—in fact, I think we are having a major water crisis right now.

While there is growing certainty about the consequences of climate change, it is unfortunate that the same cannot be said about the prospect for charting a new course in Copenhagen. Will the result be a comprehensive, binding agreement to reduce global emissions and provide aid to developing countries to deal with the impacts of climate change? Or will we see, as is more widely expected, a more general framework agreement with a “roadmap” to a future deal?

At this late stage, no consensus has been reached on specific objectives for lowering global greenhouse gas emissions or on how best to help poor countries adapt to climate change. Differences also remain on what funding levels are adequate to achieve these objectives and how to help developing countries access clean energy technologies while protecting intellectual property rights. In part, this is a result of the fact that the United States has limited flexibility to negotiate at Copenhagen because Congress has yet to provide clear guidance on emission levels and other key issues.

In June, the House passed legislation that would reduce U.S. greenhouse gas emissions by 17 percent below 2005 levels and provide assistance for poor countries to adapt to the impacts of climate change, develop clean energy technologies, and reduce emissions from deforestation. The Senate has yet to act, but Majority Leader Reid has announced he wants Senate committees to complete their work before Thanksgiving. I personally strongly support Senators Kerry and Boxer's efforts to move this legislation soon.

If we hope to achieve a meaningful international agreement on climate change, the United States will have to make serious commitments to reduce its emissions and to help developing countries. Many nations, both developing and industrialized, have been very clear about the need for U.S. leadership in this arena. Regrettably, in recent years, such leadership has been lacking.

In his recent speech before the United Nations General Assembly, President Obama made it clear that the world can no longer postpone a serious response to climate change. He acknowledged that many nations will be devastated by drought and famine if we fail to alter our current course. Just yesterday, Chancellor Merkel spoke passionately about this issue.

One thing this committee can do to help combat climate change is to begin the process of modernizing our foreign assistance institutions and programs. This will allow us to more effectively help developing countries meet their energy needs in an environmentally sustainable manner and adapt to climate-related challenges. I am hopeful that we will begin considering foreign assistance reform legislation early next year.

Today's hearing will help us gain a better understanding of the challenges and opportunities at Copenhagen, the positions of the various parties, and the possible outcomes of the climate change negotiations.

To help us explore these complex issues, we have a number of excellent witnesses with us today, which I will soon introduce. But, first, I would like to turn to my friend and colleague, the ranking member, the gentlelady from Florida, Ms. Ros-Lehtinen, for any opening remarks she might want to make.

Ms. ROS-LEHTINEN. Thank you so much as always, Mr. Chairman, for this hearing and for the opportunity to make opening statements.

The Obama administration has made clear its desire to try to reach what it says will be an historic agreement to replace the expiring Kyoto Protocol at the upcoming United Nations climate change conference in Copenhagen. However, there is growing concern about the implications of such an agreement. Many of the proposals already put forward in the name of fighting global climate

change contain provisions that, if adopted, would do great harm to U.S. interests.

A recurring theme is the establishment of new and unaccountable United Nations' style organizations acting as global regulatory bodies and armed with far-reaching powers that current U.N. bureaucrats can only dream of. Perhaps more troubling is that, under many plans, these international bureaucrats would have tens of millions of dollars at their disposal to spread around the world. Based on past experience, much of that money would undoubtedly disappear into the hands of favored individuals and corrupt governments, never to be seen again.

The prospect of a powerful, unaccountable, international regulatory bureaucracy leads directly to an even greater concern, namely, the undermining of U.S. sovereignty. Behind the urgent calls for collective action on climate change is the fact that many of these proposals are intended to be mandatory and enforced by international authorities.

There are other problems with the proposals put forth. One example is the demand by developing countries that the United States and other developed countries pay them tens and even hundreds of billions of dollars in compensation for taking action to address climate change. The proposed sums defy belief.

China's solution is to have the United States and the developed nations contribute up to 1 percent of their gross domestic product to the developing world annually. For the U.S., that would amount to \$140 billion per year. Now, we have been getting used to speaking in terms of trillions of dollars, but \$140 billion per year every year still sounds like a lot of money to me. Some of the developing countries have insisted that this money or payment to them must be a legally binding obligation that "cannot be subject to decisions of developed country governments or legislatures." Basically, under these proposals, the American taxpayer would be required to subsidize other countries; and the U.S. Government and specifically the U.S. Congress would have no say in it.

Also raising concerns is the disproportion in the obligations and the idea being considered for the U.S. and other developed nations to voluntarily impose significant restrictions on ourselves while granting developing countries a pass. This is one of the most objectionable provisions in the current Kyoto Accord, but it has already made its appearance in these new negotiations.

Although China is now the world's largest producer of carbon emissions and India is racing up to catch it, these and other countries have repeatedly stated that they have no intention of adopting costly measures to address this situation, although they are happy to have the United States, Europe, and other developed countries do so. Only 2 weeks ago, India's environment minister stated that "India will never accept internationally legally binding emission reduction targets. These are for developed countries and developed countries alone."

Developing countries are also targeting intellectual property rights, or IPR, by demanding free access to clean energy technologies. These proposals include prohibiting companies from patenting their own creations, compulsory licensing, and the waiving of all royalties. One can only imagine the consequences in China

and elsewhere from the removal of such international property rights protections, given China's role as the number one violator of intellectual property rights in the world.

And, finally, there are the enormous economic costs for the American people. Many of the proposals being discussed are so sweeping that our economy would have to be restructured in order to achieve them. No credible estimate of the actual cost to our economy in terms of money, lost jobs, and reduced economic output have been put forward, but at a time of economic distress and widespread unemployment here at home, we should avoid imposing additional burdens on U.S. businesses and individuals.

These are but some of the problems relating to the Kyoto Accord and negotiations for a successor treaty. It is my hope that President Obama will bear these facts in mind and not rush to sign the U.S. on to an agreement that could seriously harm our own interests.

Thank you, Mr. Chairman, for the time.

Chairman BERMAN. I thank the gentlelady.

Now I am pleased to recognize the chairman of the Subcommittee on Asia, the Pacific and the Global Environment, the gentleman from American Samoa, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

As we speak, Mr. Chairman, the climate change negotiators from 175 nations are meeting in Barcelona, Spain, for a final week of official talks before next month's climate change summit in Copenhagen. That summit offers a crucial opportunity to advance a new and a more comprehensive agreement to replace the Kyoto Protocols after our country's own absence for some 8 years now, hopefully to limit greenhouse gas emissions and avoid the worst consequences of climate change.

Fortunately, the U.S. is playing a positive role in that effort, as President Obama has long recognized the need for American leadership in reducing emissions, developing a clean energy economy, and addressing the impact of global warming.

Passage of the Waxman-Markey bill last June has demonstrated that the House is rising to the occasion. I hope and believe that the Senate will soon make important progress as well, despite yesterday's Republican boycott of the Senate Environment and Public Works Committee markup of the Kerry and Boxer bill. The generally positive developments in Washington have added impetus to the negotiations in Copenhagen and enhance the prospect for a successful agreement on tackling the manifest problems of global warming.

Mr. Chairman, I believe that the United States and other developed countries have a moral obligation to provide adequate and sustainable levels of assistance to the most vulnerable countries. Those most adversely and immediately affected by climate change are those least responsible for the greenhouse gas emissions.

Driving global warming, as the World Development Report 2010 noted, are high-income countries with one-sixth of the world's population, responsible for nearly two-thirds—and I repeat, Mr. Chairman, two-thirds—of the greenhouse gases currently in the atmosphere. Yet those living in developing countries are bearing and will continue to bear the overwhelming majority of the costs.

Thus far, Mr. Chairman, however, there has been relatively little discussion in Washington of the problems posed by climate change for developing countries and even less commitment of resources. Indeed, the amounts directed to the developing world by the Waxman-Markey and Kerry-Boxer bills are woefully inadequate. That is the key reason why I have focused the climate change work on the subcommittee on the impacts of the most vulnerable societies and the resources required to reduce or avoid those impacted.

Mr. Chairman, the Europeans, though more forthright in making official estimates of the resources needed by developing countries, have not been much forthcoming in making commitments. Just last Friday, for example, the European Union asserted that developed countries needed to provide some \$75 billion annually to developing countries by the year 2020 to help them cope with climate change, beginning with a fast start. And all of this, unfortunately, Mr. Chairman, despite pointing out the sums needed, the EU failed to state how much it was willing to provide, let alone how costs are to be divided amongst 27 members.

Mr. Chairman, I know my time is up, but I will wait for another chance to say more.

Chairman BERMAN. We will include the entire statement in the record.

And now who seeks recognition on the minority side?

Mr. ROHRABACHER. Mr. Chairman, seeing that Mr. Manzullo isn't here and seeing that I do sit in on those particular hearings held by that subcommittee, might I claim Mr. Manzullo's time.

Chairman BERMAN. As long as it doesn't establish a precedent.

Mr. ROHRABACHER. All right. This is nonprecedent setting.

Chairman BERMAN. This is a waiver for vital national security interests.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

Chairman BERMAN. The gentleman is recognized for 3 minutes.

Mr. ROHRABACHER. And I appreciate that, considering you know what my positions are on this issue, but I will make it clear for the hearing.

Chairman BERMAN. I am hoping it is going to help me.

Mr. ROHRABACHER. Let me just note that the words that are being used today: "Climate change." Climate change. Did they always call it climate change? I seem to remember that up until recently the words were "global warming." And, in fact, for two decades we were inundated with and smothered with this word global warming was this tremendous threat that was about to engulf the world.

Let me just note that the reason why it has changed from global warming to climate change is that all the predictions that we were told, these dire predictions over the last 20 years, have been proven wrong. Instead of getting warmer for the last 9 years, it has not been getting warmer. It has actually been getting cooler. In fact, the much-heralded melting of the arctic ice cap has for the last 2 years reversed itself. And that is just in terms of global warming not being proven. But man-made global warming we hear more and more scientists stepping forward to repudiate this flawed theory, global warming, which is being used basically to attain a political

agenda through basically manipulation of the scientific establishments in various countries.

Let me note that if we move forward—just for example, I will just say, with all due respect to my good chairman and friend, Eni Faleomavaega, the countries are not putting two-thirds—no countries, including developing countries, are putting two-thirds of the greenhouse gases into the atmosphere. Ninety percent of all greenhouse gases are caused naturally. And the focus of controlling carbon dioxide, which is a very miniscule part of the atmosphere, does not make sense to many scientists who are now stepping forward, finally, after this barrage of propaganda which is being used, Mr. Chairman, to justify what we are talking about today, an attempt to create global controls over the United States of America and a compromise of our sovereignty which will undermine our prosperity and our freedom.

This is an issue that should be taken very seriously; and people should note that, after 20 years of hearing about global warming, now it has become climate change, which has a great deal of significance to the issue that we are talking about today.

Thank you very much, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired.

We do have two panels today, so to the extent members can include their statements in the record, that would be helpful.

But I will now recognize any member of the majority who—the gentlelady from California, Ms. Watson, is recognized for 1 minute.

Ms. WATSON. Thank you, Mr. Chairman.

This is a very important hearing that you are holding today, and I look forward to Copenhagen. As we turn our attention to the facts and figures, the position of the administration, and the timeline of our Senate colleagues, I ask that we keep a few things in mind.

Firstly, we all live in the environment. When a pipe breaks, the roof starts leaking, or something blows a fuse in our homes, we fix it. We can debate about why it happened and how it happened, but in the end the only thing we can do is make sure the problem is fixed as best as we know how. The environment and our home, we have a responsibility to take care of it.

Also, our environment very clearly affects all of us. The Samoan people survived a tsunami just last month. Villagers in Ethiopia face hunger daily because of the seemingly endless drought. And in my own district, California, Los Angeles, we constantly face water shortages that are exacerbated by the reduction in the rainwater over the years. Therefore, Copenhagen represents an opportunity for us to collectively think through and act to ensure that we live in a healthy environment.

Thank you, Mr. Chairman. I yield back.

Chairman BERMAN. The time of the gentlelady has expired.

Anyone? The gentleman from Florida, Mr. Bilirakis, is recognized for 1 minute.

Mr. BILIRAKIS. Thank you very much. Thank you, Ranking Member Ros-Lehtinen. Thank you for calling this important hearing. I look forward to hearing from our distinguished panel of witnesses.

I am deeply concerned about the potential consequences of Copenhagen. As we are dealing with double-digit unemployment for the first time in decades, the last thing we need coming out of Co-

penhagen is an energy tax that will drive energy costs through the roof for families and hamstringing small businesses who are trying to survive and create jobs. I am worried that any international treaty addressing climate change will severely disadvantage American businesses and shift jobs to other nations like China and India which do not cap emissions and will not be encumbered by any protocols.

We must balance the need to protect our environment with the need for economic growth and job creation. Unfortunately, I believe that any resolve at Copenhagen will fail to effectively strike that balance and will do more harm than good.

We most certainly should not agree to live by the terms and conditions of any international treaty or legislative body other than the United States Congress.

Chairman BERMAN. The time of the gentleman has expired.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I would like to submit the rest of my testimony for the record.

Chairman BERMAN. Who else on our side seeks recognition? Mr. Carnahan is recognized for 1 minute.

Mr. CARNAHAN. Thank you, Mr. Chairman.

Since coming to Congress, I have advocated for the U.S. to re-engage in a more commonsense international policy in terms of climate negotiations. It is incumbent upon us as a country, I believe, to lead by example, and we have a responsibility to future generations here at home, to our fellow nations abroad, and it is an opportunity for us to lead by example, to use the very best of American science and innovation to create a new generation of green entrepreneurs and green jobs. This is what I think the opportunity is at hand to address this issue.

The prior administration, unfortunately, repeatedly denied the very existence of climate change, attempted to silence scientists that spoke out about this. I think the weight of the evidence, the urgency, and the magnitude of the problem deserves our very best attention and our very best efforts; and I appreciate us having this hearing here today.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. I thank the gentleman, and I will put my full statement into the record with consent.

Chairman BERMAN. Without objection.

Mr. CONNOLLY. I just want to say two things: That the era of global warming denying is over. Thank God. For the last 8 years we have denied the compelling evidence, the overwhelming evidence of the reality of global warming, and the time for that denial is now over. And, secondly, this is an opportunity for the United States to reassert global leadership, having squandered that opportunity these last 8 years. We can now take our rightful place at the table.

And, as we heard from one of our key allies at the joint session just yesterday, from Angela Merkel, the Chancellor of Germany, our allies are looking for that leadership and looking for that cooperation. This is a great opportunity.

Thank you for holding the hearing, Mr. Chairman. I yield back.

Chairman BERMAN. The time of the gentleman has expired.

The gentlelady from California, Ms. Woolsey, is recognized for 1 minute.

Ms. WOOLSEY. Thank you, Mr. Chairman.

This hearing is not only important to our State of California and our country and our world but to the sanity of Members of Congress. Because what a welcome relief it is, Mr. Chairman, to have the opportunity to hear this expert group of panelists we are going to have and the witnesses today and on a subject that is not health care. So it is a subject we cannot ignore, and it is going to give us a nice relief to be thinking about something equally as important.

Thank you.

Chairman BERMAN. A panel on the health care implications of global warming.

The gentlelady from Nevada, Ms. Berkley, is recognized for 1 minute.

Ms. BERKLEY. I have no statement at this time.

Chairman BERMAN. The gentleman from New York, Mr. Crowley.

Mr. CROWLEY. Thank you, Mr. Chairman. I will submit my opening statement for the record.

Chairman BERMAN. Without objection.

Mr. CROWLEY. I just want to comment just briefly and very quickly.

I hear repeatedly from my colleagues on the other side of the aisle this is not the right time to do this. If this is not the right time, when will it be the right time to do this?

It was not the right time in 1935, it is argued, to create Social Security. But today we see that Social Security has been one of the great achievements of our country. During the middle of the Great Depression, we did that.

It was not the right time in 1965 to create the Medicare system during the Vietnam War and during the civil rights movement. It was not a good time to be doing things like that.

It is not the right time to be doing global warming because of the economic condition of our country. This is exactly the right time to be doing this, talking about new jobs, creating green jobs for America, and at the same time reducing pollution and contributing positively toward the growth of industry in not only our country but throughout the world. This isn't only a good time, this is the only time we are going to have an opportunity to do this again and get it right.

Chairman BERMAN. The time of the gentleman has expired.

The gentleman who knows something about the water crisis in California, Mr. Costa, is recognized for 1 minute.

Mr. COSTA. Thank you very much, Mr. Chairman.

It is a timely hearing. I think it is clear and undisputable that the climate has always been changing. I think the debate currently is whether or not and how much we are contributing to that climate change. I think there is a substantial amount of evidence that we are contributing significantly to that climate change; and I think it provides tremendous opportunities, if we take advantage of them, for the economy and for new technologies and for a new generation of energy development.

In California, we are largely dependent upon our water supplies through Mother Nature's icebox which is the Sierra Nevada, the

snow that takes place there. We need that to continue. With climate change, we need to understand how we are going to better balance our water resources in a water-deficient State. And so I think it is very important, not just from the standpoint of energy but from a host of other water resource and related energy issues, that we balance these needs and that we take the time to do what is right.

Chairman BERMAN. The time of the gentleman has expired.

The gentlelady from Arizona is recognized for 1 minute.

Ms. GIFFORDS. Thank you, Mr. Chairman.

I am really pleased that Mr. Stern is here today and that we will have a chance to hear from him and other members as well. This is a hearing that is incredibly important and is coming at an important time. I am excited about traveling to Copenhagen with other Members of the Congress to have a global conversation about what is happening with climate change.

I come from Arizona and, very much like my colleague from California, the problems that we are facing are truly grave. Climate change will affect our part of the country to a much greater extent than other parts. Arizona is highly dependent on the Colorado River. The Colorado River has over 25 million users, increased population growth in that area, and the Colorado is beginning to run quite low.

The invasive species that have come in because of climate change as well, the buffelgrass infestation, for example, the infestation of the bark beetle, the mega fires that we are having across the West, these are not by coincidence. It is real, and it is happening.

The positive aspect of what often seems as a doom-and-gloom situation is that this is a human-caused problem, and it can be a human solution as well. And that is what I am looking forward to in terms of creating new jobs with a new type of energy and a new way of addressing this problem. So there are real possibilities here.

Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentlelady has expired.

We are now pleased to welcome Todd Stern to the committee. He was named as the special envoy for climate change on January 26, 2009, by Secretary Hillary Clinton. In that position, he plays a central role in developing clean energy and climate policy, both domestic and international.

Prior to his service with the Obama administration, Mr. Stern was a senior fellow at the Center for American Progress, where he focused on climate change and environmental issues. From 1997 to 1999, he led the Clinton administration's initiative on global climate change, acting as the senior White House negotiator at the Kyoto and Buenos Aires negotiations.

Mr. Stern, thank you very much for being here, and we look forward to your opening statement and the questions.

STATEMENT OF THE HONORABLE TODD D. STERN, SPECIAL ENVOY FOR CLIMATE CHANGE, U.S. DEPARTMENT OF STATE

Mr. STERN. Thank you very much, Mr. Chairman.

I must say, I have not yet been accused during the year of being able to provide relief to an issue that is even harder than this, so

I appreciate the welcome. And I think this issue will be a tossup as to whether health care or this is more complicated.

But, in any event, thank you very much, Mr. Chairman, Ranking Member Ros-Lehtinen, and members of the committee for inviting me here today.

I would like to give you a brief update today on the state of negotiations. Time is growing short. We have just 32 days left until the beginning of the Copenhagen conference, and there is still a lot of work to do.

Broadly speaking, I think it is fair to say that progress has been too slow to date, especially in the formal U.N. negotiating track. We are also operating intensively on other tracks—the major economies forum of 17 major economies, developed and developing, and the bilateral track—both of which have been more constructive. But the formal negotiating track is still quite problematic.

The developed-developing country divide that has run down the center of climate change discussions for the past 17 years is still, I am afraid, alive and well. Developing countries tend to see a problem not of their own making and they are being asked to fix it in ways which they fear could stifle their ability to lift their own standards of living. And, of course, we cannot expect developing countries or indeed any country to commit to actions that they cannot plausibly achieve or to make promises that are antithetical to their need to fight poverty and build a better life for their citizens.

We must send a message that the effort to reach a new climate change agreement is not simply about putting a cap on emissions. It is also about development. And in the world we now inhabit, the only sustainable development is low carbon development.

But let me say what is not helpful is the way that some developing countries, in any event, focus more on citing chapter and verse for dubious interpretations of the original Framework Convention Treaty or the Bali Action Plan, designed to prove that they don't have any responsibility for action now, rather than thinking through pragmatic ways to find common ground and start solving the problem.

We recognize that developed and developing countries, even the major ones, can be expected to do different things. For example, the economy-wide reductions against a specific baseline such as 2005 for developed countries on the one hand and strong actions by developing countries that will have the effect of reducing their emissions versus their business as usual trend lines. Those are quite different things.

And we agree that developed countries have particular responsibilities that are different from developing countries with respect to providing financial and technology assistance to poorer countries. We not only understand this, but we have made a number of very forward-leaning and constructive proposals in this regard.

We know that developed countries, including the United States, have a special responsibility, given our role in producing the emissions already in the atmosphere and because of our greater wealth and capability. What we do not agree with, though, is that we should commit to implement what we promise to do while major developing countries make no commitment at all, hiding behind a

misreading of the principle of common but differentiated responsibilities and respected capabilities.

And we do not agree that only the actions of developed countries should be submitted to a serious transparency and accountability regime, including peer review by other countries, while the major developing countries should be subject to no peer review at all unless the actions were paid for by developed countries.

The mentality that looks at the world through those lenses will not produce an agreement in Copenhagen. We have to do better. After all, we are not engaged right now in a debating society about the exegesis of section X of subpart 1 of sub-subpart B of the Framework Convention or the Bali Action Plan. We are seeking to put in place a new agreement based, broadly on the concepts of those underlying documents, to be sure, intended to safeguard our future and the future of our children, to take an important step, in a word, toward saving the planet and improving the economic, environmental, and natural security future of America and the world.

This is a profound undertaking, it is a profound responsibility, and we need to all treat it as such. The sooner we get past the mentality of resisting responsible action and the sooner we get into the mentality of searching for pragmatic common ground, the better off we will be.

Ninety-seven percent of the growth of emissions between now and 2030 is projected to come from developing countries, and about 50 percent of that from China alone. We cannot solve the problem without major action by the emerging market countries, absolutely consistent, with their imperatives to grow and eradicate poverty but major action nonetheless. And no country holds the fate of the Earth in its hands more than China. In our view, it is precisely because of their common but differentiated responsibilities and respective capabilities that they and others need to step up.

Now, paradoxically, while the negotiations are in a difficult state, it is also true that we are at a moment in history when more countries, including China, India, Brazil, South Africa, are in fact taking stronger action or are poised to take stronger action than ever before to combat climate change. And the negotiations going on right now have helped to drive these countries and others, developed countries as well, to recognize the seriousness of the problem and to assert and recognize the need for global action. So we need to find a way to capture the positive effects on the ground—and there are many—to get a deal, and I firmly believe that we can do this.

What are the key issues that we need to make progress on? They are mitigation issues that I have already referenced. Both developed and major developing countries need to not only undertake those actions at home but reflect them in an international agreement. Those actions must be subject to a solid transparency and accountability regime. There must be financing provisions to get to a deal, and in this regard I hope that the Senate takes this into account as it pushes its own version of a bill. There need to be provisions for technology assistance, assistance on adaptation, forestry, and the like.

We all, both in Congress and in the administration, have a lot of work ahead. The world is watching our legislative progress closely; and the more progress that is made by the time of Copenhagen, the better off we will be. What we do or don't do domestically is hugely important. It is, in a word, central to our credibility and our leverage.

For our part, we will continue intensively engaging with key countries and country blocs between now and Copenhagen. My team right now is in Barcelona participating in the broad framework convention negotiations that go on periodically. And President Obama and the Secretary of State, along with our entire administration, are committed to seizing each opportunity to make progress.

Our objective, of course, is to pursue the strongest possible outcome we can get in Copenhagen consistent with the science and mindful of the necessity to be practical and pragmatic. The health and safety of our children's future depends upon it.

I look forward to answering the committee's questions. Thank you.

[The prepared statement of Mr. Stern follows:]

Todd Stern
Special Envoy for Climate Change
Statement to the House Foreign Affairs Committee
November 4, 2009

Thank you Mr. Chairman, Ms. Ranking Member, and Members of the Committee for inviting me here today.

In just 32 days, representatives of more than 190 countries will convene in Copenhagen to attempt to fashion a global response to one of the greatest and gravest of challenges that the world faces: climate change. Copenhagen presents an enormous opportunity for America and the world to demonstrate a firm commitment to meeting this challenge head-on.

Let me be clear: the choice we face is not between simply continuing with business as usual and a somewhat cleaner, greener future. If we continue on our high carbon and high emissions pathway, we will put at risk our economy, the health and safety of our environment, and our national security. We will create a costly and dangerous future for ourselves and our children – a world of more frequent extreme storms, droughts and wildfires; a world in which millions upon millions of people could be displaced and spill across borders; and a world where dwindling natural resources will increasingly be a source of conflict and regional instability that will threaten global security.

On the other hand, if we pursue a clean energy future, we not only avert the catastrophic impacts of climate change itself, but we can position the United States as the world leader in the 21st century clean energy economy that will be an engine of economic growth across our country for decades to come.

I want to, at the outset of this hearing, commend the House of Representatives for moving our country one vital step down the right path by passing the American Clean Energy and Security Act. The passage of this bill has had a major impact on the nature of our international discussions. It demonstrates vividly that the United States is serious about climate change and clean energy, and it has strengthened our overall position. We eagerly await similar progress on the energy and climate bill in the Senate.

I'd like to begin today by offering a brief update on the state of the negotiations. Mr. Chairman, as you indicated in your invitation to this hearing, the international negotiations revolve primarily around the following issues: mitigation undertakings for both developed and the more advanced developing countries; a regime for measuring, reporting, and verifying all actions taken; the provision of appropriate financial and technology assistance by major economies; and adaptation and forestry issues.

These issues are being discussed in three related arenas: the formal negotiating track under the United Nations Framework Convention on Climate Change, the Major Economies Forum for Energy and Climate, and in extensive bilateral discussions.

Frankly, the tenor of negotiations in the formal UN track has been difficult. North-South rhetoric still permeates the discussions, as it has for the past 17 years. Developing countries tend to see a problem not of their own making that they are being asked to fix in ways which, they fear, could stifle their ability to lift their standards of living. They have made and continue to make many demands in this context that do not help to bring about the global consensus that is required.

Developed countries, meanwhile, tend to see an unforgiving problem with potentially grave and irreversible consequences that cannot be solved without the full participation of developing countries – particularly China and the other emerging market economies. According to the International Energy Agency, 97 percent of the projected increase in global emissions between now and 2030 will come from developing countries.

Yet, paradoxically, we are also at a moment in history when more countries are taking stronger actions than ever before to combat climate change. And the negotiations, however difficult, are helping to drive the major developing countries to begin recognizing the seriousness of the climate change problem, their own vulnerability to it, and the need for global action. In fact, in some cases, they are taking action at the federal level that outstrips our own.

China, for example, has demonstrated a growing commitment to clean energy in the past several years. China's current five year plan includes the goal of reducing the energy intensity of the economy by 20% by 2010 and the aim of increasing the share of renewable energy in the primary energy supply to 15% by 2020. China has also implemented increasingly stringent auto emissions standards, and there are many other initiatives underway.

India last year launched its first-ever National Action Plan on Climate Change. This plan outlines existing and future climate change mitigation and adaptation policies and programs. As part of this effort, India will soon launch a "National Solar Mission" to reach 20 gigawatts of solar capacity by 2020, which would be approximately ten times the current installed solar capacity in the United States. India has announced plans to bring one-third of its land under forest cover by 2012, and it will soon announce a new national energy efficiency plan to upgrade energy efficiency standards and building codes.

Brazil is already notable for being one of the world's major economies that is least dependent on fossil fuels. Brazil gets 36% of its energy from hydropower and it is a global leader in producing sugar cane ethanol. Brazil's challenge revolves fundamentally around deforestation. To address that problem, the

Brazilian government is seeking to reduce their deforestation rate by 70% by 2017, which would dramatically reduce emissions.

South Africa has announced a national long-term mitigation strategy aimed at stopping emission growth by 2025. Unlike Brazil, South Africa has a fossil fuel heavy energy portfolio. Coal provides about 72% of its total primary energy consumption and supports more than 90% of electricity generation. Measures contained in its plan include ambitious mandatory energy efficiency targets and expanded renewable and nuclear generation by 2025.

In short, many of the biggest developing countries are focusing on climate change and taking, or starting to take, significant action. The challenge is to convince these and other countries that they must both step up their activities and reflect them in an international agreement.

I have said on occasion that countries like these are often willing to *do* more than they are willing to *agree* to do. But we can't get an international deal done unless they are willing to *agree* in an international context.

The other positive news this year has come from the Major Economies Forum on Energy and Climate (MEF), launched by President Obama earlier this year to provide an opportunity for more candid discussions among 17 of the world's major economies – which account for more than 80 percent of global emissions – than is possible in the 190-nation UNFCCC negotiations.

The MEF has proven to be a useful venue. In the spring and summer, we held a series of preparatory sessions in the run up to a Leaders-level meeting in L'Aquila, Italy. The Leaders Declaration at L'Aquila included several important points: (1) a pledge by developing countries to promptly undertake actions whose effect on emissions would represent a meaningful deviation from business as usual in the midterm; (2) agreement to prepare "Low Carbon Growth Plans;" (3) agreement that emissions should peak as soon as possible (while recognizing development imperatives); (4) recognition of the scientific view that the increase in the global average surface temperature ought not to exceed 2 °C; (5) agreement on broad principles for financing related to climate change; and (6) agreement to launch a work program on transformational technologies.

Subsequently, we have had MEF sessions at the Leaders' representative level in Washington, DC, and London, where we have focused squarely on the key issues that need to be advanced before Copenhagen.

On the bilateral track, we have engaged in countless private discussions around the world with key countries to delve into the particulars of our respective concerns and generate ideas for moving forward. These conversations also are an opportunity to discuss the important role that this issue plays in our overall bilateral relationships. This was evident in the US-China Strategic and Economic

Dialogue that took place in June, where climate change was the featured issue in the joint opening session. We left no doubt that we consider climate and clean energy to be central to the US-China relationship.

In brief, then, we have made progress this year, and there is a positive foundation in many key countries from which to build upon. And yet time is short and the negotiations have still too often foundered as a result of the developed/developing country divide.

In light of all this, what ought developed countries expect of China and the other major developing countries? They must take actions that will significantly reduce their emissions below their so-called “business-as-usual” path in the mid-term (around 2020) to an extent consistent with what is called for by the science; they must reflect these actions in an international agreement, just as developed countries we must reflect our own undertakings; and these actions must be subject to a strong reporting and verification regime. In addition, all countries, developed and developing, major and smaller, must, with assistance where needed, develop low-carbon growth plans to steer the course of their future development and put the world on the path to a low-carbon global economy.

Exactly how to reflect these various mitigation commitments is still under debate, but it is clear that the ultimate form of an agreement will to a large extent be determined by this issue. I have been clear from the start that we have no interest in repeating the experience of Kyoto, and that includes duplicating a form that, among other things, does not reflect commitments by all major economies. The Koreans and the Australians have made constructive proposals for a form that would use a system of registries or schedules to allow developed and major developing countries to reflect and internationalize their mitigation commitments. We are actively exploring these proposals within both the UN Framework negotiations and the Major Economies Forum.

However, at the same time, we cannot expect developing countries – or indeed any country – to commit to actions that they cannot plausibly achieve or to make promises that are antithetical to their need to fight poverty and build a better life for their citizens. We have to send the message, in word and deed, that the effort to reach a new climate change agreement is not simply about putting a cap on emissions, it is about development – low-carbon development. Countries that would cling to the old developing world adage that development must precede environment make a fundamental error: in the world we inhabit now, the only *sustainable* development is low-carbon development.

And what do other countries, whether developed or developing, have a right to expect from us? The steps President Obama and Congress have taken already – including the \$80 billion for clean energy investments in the stimulus package, the new joint tailpipe fuel economy standards that EPA and DOT have proposed, and an agreement at the Pittsburgh G20 summit for all G20 nations to phase out

their fossil fuel subsidies over the medium term and to work with other developing countries to do the same – are important steps but are just the beginning.

The centerpiece is the comprehensive energy and climate legislation, and it is critical that the Senate now do its part to move this process forward in a timely manner. Nothing the United States can do is more important for the international negotiation process than passing robust, comprehensive clean energy legislation as soon as possible.

The United States can also be expected to play a key role in helping to provide support to countries in need of mitigation and adaptation technologies. We must make the development and dissemination of technology a top priority in order to help bring sustainable, low-carbon energy services to people around the world, and we must do so in a way that recognizes the importance of protecting and enforcing intellectual property rights.

In this respect, the adoption of appropriate financing provisions is pivotal to getting a deal, and I hope that the Senate takes this into account as it develops its own version of a bill. This is not charity. It is squarely in our national interest to help ensure that all countries – not simply the ones that already have the necessary infrastructure and resources at their disposal – pursue a clean development pathway. As has been often said, this is not at all like local environmental problems. The CO₂ emitted in the Middle East hurts us as much as the CO₂ emitted in the Mid-West.

We all – both in the Congress and in the Administration – have a lot of work ahead, and we all need to act with the sense of seriousness and urgency demanded by the challenges we face. For our part, we will be intensively engaged with every key country and country block in the 32 days between now and Copenhagen. Members of my team are currently in Barcelona participating in negotiations at this very moment, and President Obama and the Secretary of State, along with our entire Administration, are committed to seizing each opportunity to make progress.

We can also never lose sight of the fact that Copenhagen must be the beginning of a renewed global commitment to meeting the climate challenge, not the end, for regardless of what transpires in a month's time there will be much, much more for the United States and the world to do if we are to successfully meet this common global challenge and achieve a clean energy future for our children and grandchildren.

Thank you, and I look forward to answering the Committee's questions.

Chairman BERMAN. Thank you very much, and I yield myself 5 minutes to start the questioning.

Step back, if you would, for a moment, Mr. Stern, and just sort of tell us, why is it more important now than before for the international community to act soon to lower greenhouse gas emissions and help the developing countries that are affected by climate change?

Mr. STERN. Mr. Chairman, I think it has been important for quite some time. I think it grows ever more important, because the problem gets worse and gets more visibly worse. If you look at the evidence from all around the world, whether it is from the Arctic, to the Antarctic, to glaciers melting in the Himalayas, to droughts in our country and around the world, to extreme weather events, to the force of hurricanes and the like, there is just a huge imperative to begin to take action.

And the steps that need to be taken involve essentially the transformation of the energy base of the global economy. It involves the transformation of our energy infrastructure. You have got to start. The longer that we wait, the worse it gets. We are on a track to go—if we keep to our business as usual, we are on a track for a temperature increase that would lead to potentially catastrophic consequences. And so it is way past time, but it is certainly time to take the action that you have referenced.

Chairman BERMAN. Thank you.

Yvo de Boer, who oversees the U.N. negotiation, said recently that there is not sufficient time to reach a comprehensive agreement in Copenhagen. He also hoped that Copenhagen wouldn't simply be a declaration of principles. Keeping those comments in mind, what are the expectations for Copenhagen? Will the outcome be a new roadmap similar to Bali that sets a new date for a binding comprehensive international agreement? What would the components of a framework agreement look like?

Mr. STERN. Mr. Chairman, I think that, in a word, the objective, what success will be in Copenhagen, is the strongest possible agreement we can get. I would think that we would certainly hope that that would go well beyond simply a restatement of Bali or a roadmap for further negotiations.

I would note in this regard the Prime Minister of Denmark, who has more than the average concern and interest in the state of these negotiations, has spoken recently, gave a speech to a group of international legislatures—Congressman Markey was actually there—on the 24th of October in which he called for full-tilt pressure to move forward on getting a comprehensive legal agreement but recognizing that that might not be in the cards and doesn't look like it is in the cards for December, that we should make progress on a political agreement that hit each of the main elements—mitigation commitments, transparency and accountability, financing, technology, force adaptation—and to do all of that in a strong agreement that leads the way to a full legal instrument perhaps next year or as soon as possible.

So I think that we want something certainly beyond simply a declaration that says we are going keep working on this. We want a real agreement.

Chairman BERMAN. I thank the gentleman.

I yield back the balance of my time and recognize the ranking member for 5 minutes.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman. Thank you, Mr. Stern. I have a few questions. We won't have enough time to answer them, but just some of my concerns.

President Obama has said that he supports the proposed reduction in global emissions by 50 percent by the year 2050 and that the U.S. should be able to reduce our own emissions by over 80 percent. What are the estimated costs in the terms of foregone economic growth, jobs, income in meeting this target?

Following that, the developing countries argue that significant reductions on emissions will reduce economic growth and that the developed countries were not subjected to similar restrictions in their history. Are they wrong in believing that these proposals will reduce economic growth? And if yes, why do the same arguments not hold true for the developed world?

And, lastly, China has repeatedly stated that it will only accept any limits, as I said in my opening statement, on its emissions—it will not accept any limits, even though it is the largest in the world. How can the targets you have outlined, without cooperation by China and other developed countries, work?

Thank you, sir.

Mr. STERN. Thank you very much, Madam Ranking Member. Let me try to take these quickly in order.

Your first question is about costs, and there are different assessments of that. I think that the assessments within the administration are quite, quite modest. I don't remember the exact number, but I think it is 100-something dollars over the course of a year. And we can get you that exact number, but it is quite modest for the costs of taking action. And let me say that it is also our view that this is an enormous growth opportunity with respect to the whole area of clean energy and clean technology development.

We are going to be—whether we acknowledge it today or we acknowledge it next year or we acknowledge it in 10 years, we are going to be in a low carbon world. There isn't any way around it. At some point, people recognize that smoking cigarettes causes cancer. At some point, people are going to recognize that too much carbon in the atmosphere is going to be damaging; and we are going to, the whole world—

Ms. ROS-LEHTINEN. I am sorry—just because we have such limited time. So what is the estimated cost in terms of growth, jobs, and income in the target?

Mr. STERN. My staff just handed me a note saying that what I said was I think it is in the range of 100-something dollars a year. I see the EPA estimate \$100–175 a year, is our EPA estimate.

But there is going to be a huge—a huge industry, set of industries that grow up in the course of converting to low carbon. We are either going to be a leader in that—and we have the capacity in terms of our technological ability, our capital formation, our financial industry, et cetera, to be a leader there. We can be a leader, or we can fall behind.

Ms. ROS-LEHTINEN. The section about China saying repeatedly that it is not going to limit their emissions. How is this going to work worldwide?

Mr. STERN. The problem—and you are raising a very good point, Ms. Ros-Lehtinen. But the issue here is not that China or the other countries are not taking real action. They actually are taking real action. The issue is and the difficulty and what we are trying to work on now is that they are much more willing—the way I often put this is countries are willing to do more than they are willing to agree to do in an international treaty.

If you look at what China is doing in terms of their reduction in energy intensity, in terms of their renewable targets, in terms of what they are doing on nuclear energy, in terms of what they are doing on energy efficiency, it is quite, quite significant; and it certainly appears from everything that both I have seen and that others who are interacting a lot with China have seen is they have started to get the bit between their teeth and they are going to move on this.

And the thing that I worry about is not so much that is not our pushing China now but that we are going to be chasing China if we don't get our own act together 5 years from now and out into the future. So they are acting, but they are resisting making promises in an international agreement. And that is a problem, and we are working on that, but it is not the case that they are not doing anything.

Chairman BERMAN. The time of the gentlelady has expired.

The gentleman from American Samoa, Mr. Faleomavaega, is recognized for 5 minutes.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman; and I want to personally welcome Mr. Stern also this morning for our hearing.

A couple of observations, and please correct me if I am wrong in these observations, Mr. Stern.

Our country's population makes up only 4 percent of the world's population and yet we consume about 30 percent of the world's energy resources. Of course, in fairness to our country, we are also the biggest contributor to the needs of the many problems the world currently has. No question that India and China have to be part of this whole negotiation or summit that is going to be coming up in Copenhagen or else the whole issue is a failure.

The question is also whether or not the administration is very firm about its commitment in seeing that, as part of the negotiation process, we do identify and help the most vulnerable societies in the developing countries that not necessarily are the producers of these greenhouse gas emissions.

I remember 9 years ago, and right where you are sitting, was the former Secretary of State, Colin Powell, when the administration first started at that time. And the question that I raised before him, where was the administration's position on climate change? And I remember Secretary Powell said: "In a matter of 2 months, we will let you know about this." Every indication was that he was going to continue the engagement process of the Kyoto Protocols. Now, as you know, the Senate killed any indication of whether or not we support the Kyoto Protocol.

And I agree with the fact that the Kyoto Protocols had many provisions that were very unfair to the needs of our country. But the criticism that I have had, not only did we take ourselves away from the negotiation table, we just simply had nothing to do with Kyoto

anymore. And it is almost going to the idea that if you are not at the table you are going to be on the menu. And I believe, Mr. Stern, that for these years we have been on the menu, ridiculed, criticized. And to say that the most productive country in the world is not even at the negotiating table, whether or not this issue is very important not only to our own national security but to the needs of the entire world, that we just simply were in absentia, if you will, for these past 8 years.

Now, I know, with due respect to my good friends who still question whether or not climate change really is a serious issue that our own country should be a participant on, I wanted to ask you—and I could not agree with my good friend and colleague from Virginia that the years of global warming denial is over. I think 8 years is long enough.

When I was at the Bali conference, Australia was the first country that signed on to the Kyoto Protocol; and we were sitting there so embarrassed. Because 190 countries gave Australia a standing ovation for its commitment to global change, and we just stood there like a—well, just embarrassed, if you want my opinion.

But I would like to ask you, what is the administration's position about helping the most vulnerable societies at the Copenhagen discussions coming up next month?

Mr. STERN. We think that helping the most vulnerable societies is a crucial part on any new agreement, Congressman. This comes up in a couple of different places.

One is the issue of adaptation. We have put in a strong position in support of adaptation particularly focused to the poorest and most vulnerable countries. It arises in the context of technology assistance, and it arises in the context of financial assistance. We are in favor of all of those things in a reasonable way.

The ranking member pointed out some of the fairly outlandish numbers that are thrown around by some developing countries; and certainly when you talk about things like 1 percent of GDP, that is silly. But real support is absolutely essential. And not only is real support essential, but we believe it is essential now. We believe that we should get going with an agreement that can take effect and that can start moving right away, not be delayed for several years; and we hope that is what we can help to make happen.

Mr. FALEOMAVAEGA. Mr. Chairman, I wanted to ask Mr. Stern, I would deeply appreciate some clear statements from the administration about the substance of the Waxman-Markey bill provisions regarding what kind of assistance are we serious about in providing for the needs of these most vulnerable societies. Because it seems that—my own observation, Mr. Chairman—there has been a lot of rhetoric, a lot of floating ideas, but no real substantive commitment to help this part of the equation as far as climate change is concerned. I know my time is up, Mr. Chairman, but I would appreciate that.

Chairman BERMAN. I, unfortunately, should have mentioned at the beginning, our 5 minutes are for both the questions and the answers. But the question you asked on our second panel is one of the ones I wanted to start out with.

Mr. FALEOMAVAEGA. If he could just submit for the record.

Chairman BERMAN. Sure. Very good. If you would, we would make it part of the hearing transcript.

Mr. STERN. Happy to do that.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE TODD D. STERN TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE ENI F.H. FALEOMAVAEGA

We support the House for its emphasis on adaptation in Waxman Markey, as this will be an increasingly important issue in international climate discussions as the impacts of climate change become more pronounced. The Administration considers it very important to address the needs of the most vulnerable in any future approach. That is why we requested a nine-fold increase in our FY10 appropriation for adaptation activities, to \$350 million. We are committed to working with Congress to mobilizing this funding through various sources, including through the carbon market and other available sources.

Chairman BERMAN. The gentleman from California, Mr. Rohrabacher—

Mr. ROHRABACHER. Oh, yes.

Chairman BERMAN [continuing]. Who took Mr. Manzullo's time.

Mr. ROHRABACHER. Yes, I did.

Let me just note that the use of the word climate change instead of—replacing global warming is itself a denial of global warming. Because that phrase came into existence as the scientific reality that it hasn't been warming for the last 9 years and that the Arctic melt has reversed itself for the last 2 years seems to be something that can be denied by suggesting that we change the wording now to climate change. So any change that takes place will justify a compromise in the legal protections that we have given our own people by signing some foreign treaty that compromises our constitutional rights, compromises our national sovereignty, and undermines American prosperity.

When you are in Copenhagen, you might look up Dr. Lomborg, who is the former head of Denmark's Environmental Assessment Institute—and I might put this quote into the record: "Reducing CO₂ emissions will not make the world a better place to live."

And I submit for the record right now, Mr. Chairman, a list of 10 names of prominent, world-class scientists from MIT and other major institutions who totally deny this theory of man-made global warming and the efforts to try to stampede us into making such agreements that we are talking about today that, as I say, are aimed at undermining the constitutional rights of our people and undermining our prosperity and our freedom in this country.

[The information referred to follows:]

List of 10 Scientists:

J. SCOTT ARMSTRONG, PH.D
UNIVERSITY OF PENNSYLVANIA

MARK CAMPBELL, PH.D
U.S. NAVAL ACADEMY

DAVID DEMING, PH.D
UNIVERSITY OF OKLAHOMA

IVAR GIAEVER, PH.D
NOBEL LAUREATE, PHYSICS

HOWARD C. HAYDEN, PH.D
UNIVERSITY OF CONNECTICUT (EMERITUS)

RICHARD S. LINDZEN, PH.D
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

CRAIG D. IDSO, PH.D
CENTER FOR THE STUDY OF CARBON DIOXIDE AND GLOBAL CHANGE

MADHAV KHANDEKAR, PH.D
FORMER EDITOR, CLIMATE RESEARCH

GARY SHARP, PH.D
CENTER FOR CLIMATE/OCEAN RESOURCES STUDY

MIKLOS ZAGONI, PH.D
REVIEWER, INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE

Mr. ROHRABACHER. Mr. Stern, let me just ask you some specifics, rather than debating global warming itself, which I believe is a debatable issue.

In performing your tasks, will you agree to alter or reduce or deny the protections now held by American people of their intellectual property rights, patent laws, and other type of protections for intellectual property for so-called green technologies?

Mr. STERN. We have no intention of doing anything that would undermine or weaken intellectual property rights, Mr. Rohrabacher. We think that is quite essential to the whole project and innovation, which is, in turn, essential to getting this issue—

Mr. ROHRABACHER. So you would not—

Mr. STERN. We are not going to undermine intellectual property.

Mr. ROHRABACHER. Would you agree to compulsory licensing fees for such green technologies?

Mr. STERN. No, that is not in our—

Mr. ROHRABACHER. Thank you very much.

Will you agree to differential responsibilities in emission reductions or in funding?

Mr. STERN. We have said that we see a differentiation that is appropriate, in our judgment, as between developed and developing countries. Although developing countries, the major ones, need to do very significant things to make very significant reductions in their emissions compared to where they would be.

Mr. ROHRABACHER. So the American people are going to have to bear a much greater burden of other countries where maybe their dictatorial governments have prevented the type of economic progress that we have enjoyed here with the freedom in our country.

Mr. STERN. We don't actually think there would be greater burden for the American people.

Mr. ROHRABACHER. What does differential mean then? I think that differential means that somebody is going to bear more and other people aren't.

Mr. STERN. No. It means that there is a difference; that the nature of what we have to do and what they have to do is somewhat different in a way that relates to both state of development and standard of living and the like. And you can well end up with the reduction of emissions as compared to where they would otherwise be in a developing country that turns out to be just as much as what happens in the United States, even though the basic requirements are different. So I don't actually think that we are talking about a larger burden.

Mr. ROHRABACHER. I think that we could disagree on that.

Mr. STERN. I accept that.

Mr. ROHRABACHER. Will you agree to pay compensation to vulnerable countries? And what would be an acceptable definition of "vulnerable"?

Mr. STERN. Well, it depends on what we are talking about. We think that adaptation assistance for poor countries, countries in sub-Saharan Africa, for example, and other vulnerable countries, absolutely should get assistance and adaptation. Compensation is sometimes used to mean something else. Saudi Arabia asks compensation for the loss of revenues that might ensue if there was a global warming climate change regime. We are not in support of that.

Mr. ROHRABACHER. Thank you very much.

Mr. STERN. Could I make one other comment for the record, which is the original climate change agreement is the Framework Convention on Climate Change in 1992. It is not a new term.

Chairman BERMAN. The time of the gentleman has expired; and the gentleman from Missouri, Mr. Carnahan, is recognized for 5 minutes.

Mr. CARNAHAN. Thank you, Mr. Chairman.

I wanted to focus on I guess a challenge and an opportunity. One of the counterarguments that we hear often against the United States taking strong action is that countries like India and China are such large and growing emitters. I would be interested to hear some more detail on your opinion regarding our engagement with China and India, what we are doing to engage the international community to move them toward adopting appropriate policies.

Mr. STERN. You know, Mr. Carnahan, we have to do what we need to do as the United States. So I don't think that—that is not dependent, in my judgment, on China and India. And yet what China and India and other major developing countries do is absolutely critical. As I said, virtually all the growth and emissions going forward is going to come from the developing world, and half of it—fully half of it is going to come from China alone.

We have been engaged in an extremely intensive way with the Chinese from the time that we started earlier in the year. I have been to China myself three times. I have met with their lead negotiator probably nine or ten times. We have engaged with them at the level of the Secretary of State, level of the President, level of Secretary of Energy and others. So we are pushing hard. We are working with other allied countries, if you will, who are also pushing.

Again, the thing that is really important to understand is that countries like China and India are actually doing a lot. They are not in the world anymore of saying we don't have to worry about this problem. There is nothing that we have to do. They are taking a lot of action. And my guess is, as you go forward in the years to come, they are going to only ramp that up in very significant ways.

Where they are resisting—and it is a real problem—is in translating any of those actions that they are taking at the national level into an international agreement. If you can't get those actions translated into an international agreement, you don't have an international agreement.

So that is a challenge. We are working hard at it. We have had—we are pushing them to move in that direction. I think there has been some movement in the context of my own conversations with them, but there are 5 weeks to go, and I don't know yet where that is going to land. But it is not the case and shouldn't be seen to be the case that they are simply sitting back and not taking action. They are quite focused on it.

Mr. CARNAHAN. And closely related to that, the role of technology and innovation in terms of translating those goals, what they have done looking at certainly innovation that we have done here at home, what we have seen countries like Germany do in terms of incentives, in terms of setting standards for how they meet goals, they have done remarkable things with solar energy in a country that doesn't particularly have a lot of sun.

So in terms of looking at some of those successes and some of the technology, talk, if you would, briefly about the role of technology and changing the game here.

Mr. STERN. I think technology is the game. There are certain—if you look forward, if you look right now—there are a lot of things, technologies, on the shelf in terms of renewable energy and energy efficiency that can substantially get us where we need to be in the course of the next 20 years or so.

But if you are looking at the long-range solution of the problem, it is going to come at the development of the new technology. We can either set the rules of the road in place through measures like the legislation that is pending, executive action, regulation for the EPA and other places; we can set the rules of the road in place to

drive that technology revolution; or we can sit back, keep debating, keep not getting to where we need to go and watch that technology revolution happen in other places.

Really, the competitive problem that we face in this country is not so much what is going to happen to exposed industries in the next few years. Those problems are real, and they should be taken care of. They are taken care of in the context of the House bill, and they should be taken care of in final legislation.

But the real competitive problem that this country faces is if we don't act at full speed and watch the technology revolution be taken over by the Chinas and Indias and other developed countries that see the writing on the wall and act. We can be the leader here. Nobody has intellectual and financial capability like the United States. But we need to act.

Chairman BERMAN. The gentleman from Illinois, Mr. Manzullo.

Mr. MANZULLO. Thank you, Mr. Chairman.

Mr. Stern, you made the statement that new industries will grow up to help us comply with climate change, the so-called green technology. There is a March 2009 study by the University of Juan Carlos in Madrid, Spain, that showed Spain's experience in forcing a transition to renewable energy that has been terribly economically counterproductive. Based upon Spain's experience, the study concluded that the United States should expect a loss of at least 2.2 jobs on an average, nine jobs lost for every four so-called green job created. The study also concluded that, since 2000, Spain spent 571,000 Euros to create each green job.

I live in manufacturing. That is my life. One out of four people who work in the district I represent earns their living dealing with grease and, many times, clean technology. What you are saying is totally incorrect.

Do you think that one morning 535 Members of Congress or people from the administration woke up saying, "Voila, let us invent green technology"?

It doesn't happen that way. Government does not create jobs.

Let me give you some examples.

Danfoss is a Danish firm doing business in my congressional district, the world leader in electrical modulation machines.

All-World Manufacturing, small group of guys got together. They have cut back about 75 percent of the costs of the power necessary to run hydraulic pressure pumps.

Eclipse Manufacturing—leading the world in gas combustion burners—were making solar panels.

And Rentech, over on the Mississippi River in a congressional district that has been suffering terribly from the loss of jobs, was set to have a \$600 million Fischer-Tropsch conversion process to clean coal as opposed to natural gas for feedstock for anhydrous ammonia and urea. As a result of Fischer-Tropsch, they could have been manufacturing diesel fuel without using petroleum, and all it lacked was lubricity.

Now I have seen with my own eyes the suffering taking place in this country as a result of the statement that you made that government can create jobs from green technology. What you represented to this panel is nothing less than unilateral surrender.

The Chinese and the Indians already have inked an agreement back in October, just this past last month, that they are going to coordinate efforts to combat any climate change treaty that has, as its core demands, that the developing world take the lead in cutting carbon emissions. So we just sit back and say the United States is going to fall on its knees, plead that the world follows the example and continue to destroy jobs.

I mean, I know of people who are fastener manufacturers in Spain. They adopted cap-and-trade there. It did not work there because right across the Strait of Gibraltar there is a company in Morocco that is making the very same thing that doesn't have to comply with these highest standards.

I just do not understand why the United States should unilaterally disarm—we are at 17 percent unemployment in the City of Rockford, Illinois. Add five points to that all across the Nation. That is 22 percent. One out of four families in Winnebago County, Illinois, is on public assistance; and many have lost their jobs in manufacturing because of these things and the statements that you want to make them have even more of a loss of jobs.

Do you understand what I am saying? Have you talked ever talked to the people in manufacturing about the impact?

Mr. STERN. Well, I actually grew up in a manufacturing family. But that is neither here nor there.

Congressman, I don't think anybody lacks sympathy for what is going on in the country with respect to the recession, but let me just say I absolutely did not say that government creates the jobs.

Mr. MANZULLO. You did, too. You said, as a result of government policies that green jobs will be hatched.

Mr. STERN. What I am saying is I think there are rules of the road that can be laid down that can help stimulate the creation of jobs.

You know, John Doerr, who is one of the legendary investors in California, talks about the transition to clean technology is something that has the promise to be several times larger—

Mr. MANZULLO. I am not talking about philosophy. I am talking about people who are losing their jobs. There is a big difference between philosophers and manufacturers.

Chairman BERMAN. I am sorry. I feel like this won't get settled by one more sentence.

Mr. STERN. I think you are right, Mr. Chairman.

Chairman BERMAN. We have just started to vote. There will be four votes. Let us see how far we can get, because Mr. Stern does have to be back at the White House at 12:30, and we have an excellent second panel.

The gentlelady from California, Ms. Woolsey.

Ms. WOOLSEY. Thank you, Mr. Chairman.

I would like to remind my friend, Mr. Manzullo, that we do have an industry that is suffering, the auto industry, because they refused to adjust to the world's needs for smaller, cleaner autos. And we can't just go about business as usual. Otherwise, we are going to have every industry in this country either being replaced overseas with something that is cheaper and something that will fit the needs of our global economy. We have a lot of work to do.

So Mr. Stern, will you do me a big favor for all of us? Will you repeat one more time—you can take my time to do this—if you will, to outline what the United States is going to lose if we refuse to step up to the fact that we must make major changes and that we do have an industry that we must capture for the United States green industries? Just take your time. Talk about it. I am not going to shove it down your throat. I want you to know we need to hear this over and over again.

Mr. STERN. Well, look, I think that there are probably three fundamental imperatives for the United States with respect to acting on this issue: First of all, the issue itself. Climate change, global warming, is getting worse. It is extraordinarily serious. We are on a track, if we don't change the trajectory that we are on as a global community, of running into very serious and indeed potentially catastrophic problems. So there is the underlying issue in itself which is quite serious.

Secondly, there are really serious national security implications that flow from that. There has been a lot of writing about this lately. There was an excellent piece on it in the New York Times a couple of months ago, and it is—to say it is not just an environmental problem is not to downgrade the importance of environmental problems, but it goes way beyond that.

The third issue, the one that was the focus of your question, is that this is going to be a monumental transformation of the global economy and a monumental transformation of the U.S. economy.

We are talking about transforming the energy base of the entire economy and over a period of years, over a period of decades. We are either going to get out ahead of that and take a leadership role in developing the technology—both here and for export—which has the potential over time, not like that, not in 2 minutes, but over time in being a huge potential job creator all across the country.

There isn't any country in the world that has got a better intellectual or financial base than the United States. So there isn't any reason why we shouldn't be a leader. And yet, if you look at what happened over the last number of years, industries that we started have gone elsewhere because we haven't been acting. Solar industry is in Germany. It is in Japan. China is charging forward on the development of solar and wind components.

We can get back into this game, but we have got to do it with policy that provides the right incentives and the right tools. And we can do that. It is going to happen. Either we can buy the stuff from somebody else when we finally get around to believing that it is necessary, or we can get out in front of it and make this a potent driver for the U.S. economy for the 21st century.

Ms. WOOLSEY. I have 1 more minute just to ask you what if—I am switching. We are in Copenhagen now. What would be the consequences if China signs on to an agreement that the United States does not?

Mr. STERN. Look, I think that I am going to focus on the positive. I think that we can get an agreement. I think that we have a fair distance yet to go, but I actually think there is a deal to be done.

I think the core is to get the major players all on board; and I think that, in general, with respect to your question, if you see the major players around the world, including the major developing

players, prepared to step forward in a constructive way and in a way that is up to the task and the United States were to stay back in the shadows, that would be quite a troubling thing for the U.S.

Chairman BERMAN. The time for the gentlelady has expired.

The gentlelady from Nevada.

Ms. BERKLEY. Thank you, Mr. Chairman.

Your answer to Ms. Woolsey's first question was exactly the question I was going to ask you, but it was leading to the ultimate question. I believe that getting away from fossil fuel and harnessing energy is an economic necessity, an environmental necessity, and a national security imperative. We are obviously not getting our message out to a broader audience.

What would you suggest that we do to take this message forward and share with the American people how serious this is and what the downside is of not acting and the upside is of actually doing something, and what are we doing wrong?

Mr. STERN. Well, look, I think that the reality is—and the President has noted this on a number of occasions. I think it is inevitably true that it is inherently difficult from the point of view of the focus of the public to be confronting this issue right in the middle of a global recession. What I sort of say sometimes is there may be a sinkhole in your backyard which is extremely threatening and dangerous, but if your house is burning down, you don't have a chance to quite look at it.

So there is a certain problem, I think, in terms of public communication, people having been understandably focused on their jobs, their homes, their health care, et cetera. But, at the same time, I believe it was Mr. Crowley who said this is the moment to act. We cannot look at the economic challenge and say, well, we will put this problem off.

We are creating new infrastructure all the time. We are creating new power sources all the time. We have to make these low carbon, and we have to make these green, and we have to get on the right side on developing the type of technology that I was talking about.

I think we need to keep talking. Members of Congress need to talk. We need talk from the administration, the White House, and the agencies; and we need to communicate a message that I think is fundamentally twofold: One is, the status quo is not sustainable. We have to change this. If you don't like a proposal that you see, then you better explain what you do instead. The status quo is not sustainable.

And, B, there is a huge, huge opportunity here that we need to avail ourselves of, as I have been discussing before.

So there is a real legitimate threat which we cannot ignore, and there is a real legitimate opportunity that we must take advantage of.

Chairman BERMAN. The gentlelady is expired.

Oh, I thought you were done.

Ms. BERKLEY. My time has expired. I have not expired.

Chairman BERMAN. The gentlelady yields back her time but not herself.

The gentleman from Massachusetts, Mr. Delahunt, will be our last questioner.

Mr. DELAHUNT. I will just make some observations.

Has there been a calculation as to the potential in terms of the economic loss, in terms of what will happen if we don't address this issue?

You know, there are some people—and I think you have sensed it today—that still believe that the world is flat, okay? You know, and thank God Columbus discovered America, how they would hold on to that. That is what we are faced with. That is the problem with communication. The world is round, the science is overwhelming, but there are those—and many of them are on the other side of this aisle that are within the Republican Party—people who think the world is flat. That is not the case.

We understand that we have to address it. All I know is that we sit here and, time after time, we find ourselves having to fund enormous numbers, Federal dollars, in terms of addressing natural disasters. What is that cost? Put aside the economic, but, as we look, has anyone developed a model that looks forward?

Mr. STERN. Congressman, it is an excellent question, actually. Because what you see when you see even the EPA number that I was talking about earlier of \$100–175 a year, virtually all of those models explicitly set aside the question of the cost of inaction. They are not factored into any of those models.

Now the guy who has done the work on this—

Mr. DELAHUNT. How many Katrinas can we afford?

Mr. STERN. That is exactly right.

The guy who has done the most work on this is Nick Stern, the former Chief Economist of the World Bank and from the U.K. He published a lengthy study that the U.K. Government had asked him to do, and he made estimates that I don't remember the exact numbers, but they go up into the several percentage points of GDP lost over the course of the next 50, 75 years.

Mr. DELAHUNT. Rather than 2 percent of GDP, give me a number. Half a trillion, 10 trillion? What is it?

Mr. STERN. I can get back to you on that. But the numbers are very, very large. You are talking about 4–5 percent of GDP out to—

Chairman BERMAN. \$280 billion a year just to start.

Mr. STERN. A lot more than that.

Mr. DELAHUNT. Do you hear that, Mr. Chairman? A lot more than that.

Chairman BERMAN. U.S. proportion.

Mr. STERN. But if you look into the future worldwide, it is a very large number.

Mr. DELAHUNT. How many natural disasters can we deal with in terms of our economy here? Look what Katrina has done to the national economy and will continue to do.

And I agree with you on your other issues. But, you know, you are right. The world—the globe isn't flat. It comes down to that.

Mr. FALEOMAVAEGA. Will the gentleman yield?

Mr. DELAHUNT. Yes.

Mr. FALEOMAVAEGA. I just want to say to my good friend, with a little sense of humor, you said about Columbus discovering America. I say that, while my ancestors were traveling, voyaging thousands of miles, different islands, Columbus actually got lost.

That is just a little humor that I wanted to add.

Mr. DELAHUNT. You have never been lost.

Mr. FALEOMAVAEGA. And the fear among our friends in Europe was that you would go over because the world was flat.

Ms. JACKSON LEE. I just have one question for the minute remaining.

Chairman BERMAN. We have 1 minute to vote. If you want to preside right from there, just take the gavel.

We will be back for the second panel.

Take a minute with the gentlelady. I am done.

Ms. JACKSON LEE [presiding]. I won't get an answer from you, but maybe I can get it in writing.

I am interested in whether or not, since we know the kind of world we live in and the various interest groups, such as coal in the United States, and the contributors to our complex climate situation, what outreach has been done to energy companies—for which, by their definition, the world is energy. It could be green. It could be biofuels, et cetera. How can we get them to the table?

And I will listen to the gentleman and yield on the way to the vote.

Mr. STERN. I think there has been a great deal of outreach done in that regard. That tends to be driven more by the White House and the agencies that are focused specifically on the domestic issues.

I think there has been an enormous amount of outreach done to energy companies of all sorts. Some are at the table. Some are actually supportive, and some are opposed. And I think that there has been a lot of effort, continues to be effort, both by the administration, by the White House, Department of Energy, and others and by proponents of legislation on the hill.

Ms. JACKSON LEE. I would appreciate getting from the State Department, getting from you, a list of either those coming together at those meetings. I would assume they are open so you can get a list.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE TODD D. STERN TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE SHEILA JACKSON LEE

The Department of State regularly meets with a range of industry representatives, as well as NGOs representing environmental, labor, and other interests both at their requests, and also prior to large meetings of the UNFCCC and other key processes. Representatives from major industry associations are invited to these meetings, as well as are representatives from individual companies that have taken a particular interest in the negotiations.

In addition, the State Department and the Department of Energy hosted three stakeholder meetings in July and September, including representatives from industry and NGOs, and soliciting input and ideas in the following areas:

- Carbon Capture and Sequestration: July 9, 2009
- Solar Energy: July 21, 2009
- Building Energy Efficiency: September 10, 2009.

In addition, we have held regular briefings with industry and NGO representatives on the UNFCCC process. These included briefings with business and industry representatives on August 19, September 24, November 10, and November 30, in addition to briefings during the Copenhagen Climate Conference itself.

Other agencies also have their own outreach processes focused on outreach to members of civil society.

Ms. JACKSON LEE. I think congressional members can be part of this whole journey that we have to take beyond even the writing of legislation, because we do have an issue that we must get our hands around.

I assume at this point the meeting is now in recess.

[Recess.]

Chairman BERMAN [presiding]. The committee will come back to order.

At least one of the panelists is aware of the strange nature of our schedule.

Now I would like to introduce the panel.

Tim Wirth was the lead U.S. negotiator for the Kyoto Climate Conference until he resigned to become the president of the United Nations Foundation. In this role, he has worked to develop the framework for post-Kyoto climate negotiations and to advance the standards of energy efficiency in the United States and abroad with the Energy Future Coalition.

As a Colorado Senator, he focused on environmental issues, particularly climate change. In 1988, he organized the Hansen hearings on climate change and collaborated on the groundbreaking idea of cap-and-trade that was included in the Clean Air Act amendments.

Senator Wirth was recently honored as a Champion of the Earth by the U.N. Environment Programme; and, for those of us who have been around a long time, we knew him as a really wonderful House Member and really one of the critical leaders on environmental issues and on a lot of other issues as well.

Eileen Claussen is the president of the Pew Center on Global Climate Change and Strategies for the Global Environment. Ms. Claussen formerly served as the assistant secretary of state for oceans and international environmental and scientific affairs under President Clinton. She also served as senior director for Global Environmental Affairs at the National Security Council and chair of the U.N. multilateral Montreal Protocol Fund.

Her previous experience also includes work on the depletion of the ozone layer, the Clean Air Act, and EPA's energy efficiency program, including the Energy Star Program. Ms. Claussen is a member of the Harvard Environmental Economic Program Advisory Panel.

Steven Groves is the Bernard and Barbara Lomas fellow at the Heritage Foundation's Margaret Thatcher Center for Freedom. Mr. Groves is responsible for developing the Freedom Project, part of the Foundation's Leadership for America campaign to advance the cause of protecting American sovereignty, self-governance, and independence while promoting Anglo-American leadership on issues relating to international political and religious freedom, human rights, and the strengthening of democratic institutions.

From 2003 to 2006, Mr. Groves was senior counsel to the U.S. Senate Permanent Subcommittee on Investigations, where he played a lead role in the subcommittee's investigation into the United Nations' Oil-for-Food program. Mr. Groves earned a law degree from Ohio Northern University College of Law in 1995 and a degree in history from Florida State University in 1992.

Thank you for coming. Sorry for the interruption, and your entire statements will be part of the record.

Senator Wirth.

STATEMENT OF THE HONORABLE TIMOTHY E. WIRTH, PRESIDENT, UNITED NATIONS FOUNDATION AND BETTER WORLD FUND (FORMER UNITED STATES SENATOR)

Mr. WIRTH. It is always a delight to be back here and see so many friends and have a chance to get into this remarkably interesting issue with you.

I would say, by way of beginning, I listened carefully to the Q&A, and I would give credit to the minority. I thought that Congresswoman Ros-Lehtinen raised some very interesting issues that I hope the committee has a chance to discuss. Because those questions of common but differentiated responsibilities, cost of adaptation, overall cost to the economy, are exactly the ones that we all have to come to understand. And if we can help you and the minority, Mr. Chairman, to organize roundtables or discussions on those, we would be delighted to help. They have to be understood. Members of this committee have to understand them.

I listened to Mr. Crowley's, I thought, very, very good statement about, even at times of crises, we can move ahead; and I thought it was very eloquent. We think about what happened during the Civil War, the worst crisis in our Nation's history. While that was going on and the Congress was dealing with that, the Congress also did the State and Land Grant University Act, the Railroad Act, the Homestead Act. It was an extraordinarily creative time. And the fact that we can walk and chew gum—in the words of a famous American—at a time of crisis we can deal with that but also deal with this issue.

If I might, Mr. Chairman, just be to very simple about this and to try to boil this down. I think you can make this issue as complicated as you want, or you can try to boil it down to a few simple directions.

I listened to Todd Stern, who is an old and good friend of mine. If I were sitting where he is, I would be trying to transmit to people the fact that we can, in the United States, commit to getting to, by 2020, a 20-percent reduction that in fact is a benefit to our economy. And we can in fact, long term, commit to the 80-percent reduction and 50-percent global reduction that is going to be necessary by 2050.

Now, in answer to the question of the committee, those become part of the post-Kyoto framework. You have got to have the numbers. They are not the makers or breakers, but the U.S. is going to have to commit to those numbers.

Just running through this very rapidly, if you follow the legislative route and Waxman-Markey gets you 14 percent, the Kerry-Boxer bill gets 17 percent—WRI estimates that Kerry-Boxer gets 23 percent. So if you follow the legislative route, we are going to get to that 20 percent. You are going to see that on the horizon through the ways in which the legislative process says it is going to move.

If that weren't to happen, do you get hung out, as we were in Kyoto, by having made commitments you can't honor? No, you can

go back the other route and go the administrative route. I have in my testimony data which is very well documented that you can follow: Efficiency, renewables, and activities on deforestation. And just those three measures alone, Mr. Chairman, that gets you 15 of the 20 percent that you need.

You can do all of those through actions of the EPA, and through renewable energy standards, efficiency standards, and actions related to forests. You get 15 percent. You add on top of that what we should be getting from automobiles—we are going to do that—and add on top of that a transition from coal to natural gas for at least those clunker power plants that were—when you and I were young Members of the Congress, we battled over the Clean Air Act under Henry Waxman's lead. The idea was to get rid of these clunker power plants, those old ones. They have managed to evade the law and stay in action. Those ought to be wiped out.

If you do efficiency, renewables, forestation, take credit for automobiles, and get rid of clunkers for the transition to our own domestic fuel, natural gas, you get 20 percent as well.

So we can make this incredibly complicated and battle over one thing or another, or you can go back and say, yes, we can accomplish this. This is how we go about doing it, and these are the benefits from that.

I tried to include a number of those items in my statement, Mr. Chairman.

The last point I would make is I think the committee also ought to pay very, very close attention to the United States-China relationship. It is not only extraordinarily important, but I think we are missing the boat on that.

I just came back from 3 weeks in Asia. We heard from American business, from Chinese business, American leadership at all levels that we are not paying the attention that we have to pay to this most important of all relationships. They are the largest polluter; we are the largest economy. They are the most rapidly developing country; we are the biggest developed country. We are a mirror of each other in so many ways. We have agreements, but we are not following up on them.

And we have heard—and I have got some of that language, and I could share others with you. We heard over and over and over again, the United States has got to pay greater attention, put real weight into this United States-China relationship. That can be done by having a high-level person representing the Secretary of State, at a high level, to be the person making the interagency process work.

You remember Gore-Chernomyrdin at that time was a good example when we were working on the United States-Soviet relationship. And that really worked. We created that special capability. You all can help to get that done, examine this and help to get that done as you are working on the reauthorization.

If I were you, I think one of the most interesting—and I am not telling you how to do your job—but I think one of the most interesting hearings to have would be to get people to come in and talk about what this relationship is, what can be done, and how do we accelerate taking advantage of what both sides want to do, instead of pointing fingers at each other, saying, you haven't reduced it,

you haven't done that, or whatever. That is such tired old language, and it's getting us nowhere. At a time when our leadership says it wants to move, their leadership says it wants to move, how do we get the two together? Well, you have to organize administratively to get it to happen, and it is absolutely doable. So we would be delighted to help you on that, Mr. Chairman. It is an incredibly promising and interesting area.

We thank you for having this hearing in this area, and your leadership is remarkable. And you have got some great members on your committee and flat-earthers and so on. A little humor in the top row is always helpful.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Wirth follows:]

**Testimony of the Honorable Timothy E. Wirth
President, United Nations Foundation**

**“Copenhagen and Beyond:
Is there a Successor to the Kyoto Protocol?”**

**Committee on Foreign Affairs
United States House of Representatives
November 4, 2009**

Thank you, Mr. Chairman, for inviting me to testify and for your leadership in calling this hearing.

The answer to the question “Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?” has to be a resounding YES:

1. We must develop a global agreement that sharply and rapidly reduces emissions of greenhouse gases, and leads to stabilization of our atmosphere – the benign envelope that allows life as we know it to exist on earth.
2. The needed global agreement must phase in commitments by all nations, starting with the developed world countries that have discharged most of the existing pollutants into the atmosphere, and moving smoothly and quickly to include the rapidly developing nations which today are contributing an increasing share of atmospheric pollutants. The agreement must be measurable and verifiable, and eventually enforced by a legal framework and economic incentives.
3. The global agreement must also focus on the issue of energy access for the poorest half of the globe’s population; without access to electricity, economic development is largely impossible. In addition, the global agreement must assist those peoples who – through no actions of their own – are most vulnerable to the rapidly growing deleterious effects of climate change.

It would be a proud achievement if the world’s nations were able to arrive at an agreement that had these characteristics. But while we still have much negotiation ahead of us, we are moving in the right direction:

- In 1992, the United Nations established the first Convention for understanding the climate issue, defining the differentiated obligations of countries; this became the law of the land when it was ratified by the U.S. in the fall of 1992.
- The Intergovernmental Panel on Climate Change, arguably the most distinguished scientific effort in world history (also established under UN auspices), has unequivocally established the science of climate change.

- While flawed, the Kyoto Protocol was a productive first step in global efforts to implement the 1992 Convention; of special note is the subsequent leadership of the European Community.
- The ongoing Copenhagen negotiations also mark significant progress, and can already be labeled a success:
 - The European Community has outlined and accelerated its specific goals and schedules;
 - Japan has sharply increased its reduction target;
 - India has made major strides, especially in renewables;
 - Brazil is leading on commitments to reduce deforestation issues;
 - Mexico, Korea, and South Africa are making significant and measurable national commitments;
 - The countries in the G20 have come together and begun the difficult process of defining their special common responsibilities;
 - Many countries in the developing world have recognized their needs, especially for energy access, and are joining efforts to forge global agreements;
 - In all of this work, the Secretary-General of the United Nations, Mr. Ban Ki-moon, has established climate change as one of his very top priorities, and has personally engaged heads of state and government in the negotiations. He should be strongly commended for his persistence, leadership and commitment as the UN makes progress in bringing its Member States toward consensus.

In all of these discussion and negotiations, two countries cast longer shadows than any others: the United States is the largest developed country, and China is the largest developing country. Together they are responsible for 50 percent of the carbon pollutants being emitted into the atmosphere.

These two countries, and how they manage their pollution, chart their low-carbon policies, and develop cooperative arrangements, will largely determine the fate of the world; others will watch them closely. If the U.S. and China succeed, the world can avoid catastrophe; if either or both fail, then we will all suffer irreparable harm.

There are, of course, indicators of real progress:

- In the United States, the Obama Administration has reversed government policy toward climate change, and its senior leadership is first-rate. More progress has probably been made at the state and local level, and our Congress, while advancing legislation, is slowly but surely catching up with governments at other levels of the American system. With some major exceptions, the private sector in the United States is moving rapidly to capture the promise of the transition to a low-carbon economy, even as it is inhibited by a lack of clarity in the rules which will govern much of their energy investments.
- Activity on climate pollution is also changing rapidly in China. Its top-down political system is seized with the need for rapid change, and Chinese leaders at the highest levels

consistently invoke “green,” “low carbon” and “sustainability.” Their targets for energy efficiency, renewable energy and fuel economy are impressive. How deeply and rapidly these commitments permeate provincial and local governments, and how they are translated into concrete actions in the economy, are key questions in China’s remarkable transition.

Both countries recognize the importance of their relationship, and are feeling their way toward greater cooperation. But given the urgency of the climate challenge, the U.S. and China should rapidly accelerate their joint efforts:

- Most obviously, significant partnerships should be pursued for joint research and development in such areas as carbon management, grid modernization, battery storage, shale gas, and agriculture;
- Far-reaching joint agreements could be finalized in energy efficiency, renewables, and forestation and land use;
- Technology cooperation policies need to be agreed, as do standards for measurement, verification and enforcement;
- Both countries have much to gain from a better understanding of tariff and border adjustment issues, which are rooted in the need for broadly accepted carbon accounting systems;
- Both the United States and China must pay greater attention and commit higher-level political direction to managing the climate and energy issues. The urgency of “the green opportunity” should be the linchpin of the relationship between these two global powers. Two years ago the two governments agreed to work more closely, but since then implementation of this agreement has flagged;
- Building on the Ten Year Framework and the July 2009 MOU, the U.S. should take steps to strengthen the U.S. – China cooperation on clean energy and environmental issues. The U.S. should appoint a single point of contact for the U.S. government – perhaps at the high-level in the State Department – whose sole job is to manage pragmatic bilateral cooperation, ensuring that U.S. businesses have increased access to Chinese markets, that the two governments work together to create a new model of sustainable economic growth based on increasing use of clean energy, and that U.S. scientists, academics and engineers work together on the next generation of technology.

While China and the United States work through and mature their relationship, the global negotiation will continue in Copenhagen and beyond. Finalizing a comprehensive deal in December will be extremely difficult, particularly if the U.S. Senate has not passed an energy and climate bill by then. A constructive outcome in Copenhagen would be to set the broad parameters of a deal which countries will flesh out and finalize over the subsequent 6-12 months.

However, scientists tell us that we’re running out of time. Recent reports show that the levels of carbon dioxide in the atmosphere are rising faster than anticipated and that the effects are already far-reaching – on temperature patterns, extreme weather events, glacial melting, and acidification of the oceans. New studies show that climate change will cause agricultural productivity to decline by as much as 50 percent in some areas of Southeast Asia and Sub-Saharan Africa, even as the world’s population is growing rapidly, and economic development means greater demand

for food. Low-lying small islands, some of which stand only a few feet above the water, are at risk of disappearing altogether due to sea-level rise – thereby forcing entire countries to relocate elsewhere.

Public policy, even under the best scenario, is not keeping up with what the science tells us we must do. Further delay in responding to these warnings increases the risk of a catastrophic and irreversible shift in the global climate system. We need to act immediately to reduce carbon emissions.

That's why the United Nations Foundation has been advocating rapid implementation of the "core elements" of a new agreement – steps that would make an immediate contribution to solving the climate problem and help reach a global deal. An analysis by Project Catalyst that the UN Foundation recently released with the Center for American Progress shows that achievable gains in energy efficiency, renewable energy, forest conservation, and sustainable land use worldwide could achieve up to 75 percent of needed global emissions reductions in 2020 (toward a 450 ppm pathway, which has a 40-60% probability of limiting temperature increases to 2°C) at a net savings of \$14 billion. These actions, along with additional investments in climate adaptation, would help developed and developing countries alike address a variety of strategic interests, including sustainable development and job creation, energy security and energy access, food security and improved rural livelihoods, and environmental quality and public health.

Specifically, the analysis shows that:

- **Increasing the rate of global energy efficiency improvement to 2 percent by 2015** (from the current rate of 1.25 percent) would reduce emissions at least 12 percent below business as usual in 2020, and would yield a net savings in 2020 of \$98 billion. Analysis by a separate UN Foundation-convened expert group suggests that a more ambitious goal of doubling the rate of improvement to 2.5 percent in major economies is achievable and would yield even greater benefits.
- **Deriving 20 percent of the world's electricity from renewable sources by 2020** would reduce emissions in 2020 by 10 percent below business as usual at a net cost in 2020 of \$34 billion.
- **Reducing the annual rate of tropical deforestation 50 percent by 2020** and substantially increasing the amount of land under sustainable management through habitat restoration and sustainable forestry, agriculture, and livestock practices would reduce emissions in 2020 by more than 50 percent from business as usual at a net cost in 2020 of \$51 billion.

Along with immediate investments of \$1-2 billion to implement the National Adaptation Programs of Action for the least developed and most vulnerable countries, these core elements would make an immediate contribution to solving the climate problem and bolster the world's chances of reaching a new international climate agreement. With \$14 billion in net savings by 2020, these policies and measures are attractive in their own right and should be undertaken

immediately. If we also consider British economist Lord Nicholas Stern's warning that the economic cost of inaction will be an order of magnitude greater than the cost of preventing further warming, strong and immediate action becomes the obvious choice.

Another important opportunity for emissions reduction is emerging with the very large recent additions to U.S. natural gas supply from shale reservoirs deep underground – reservoirs that are also found in China and many other parts of the world. These new gas resources could be used to accelerate the shift away from the world's oldest, dirtiest coal-fired power plants.

The Committee on Foreign Affairs should elevate these core elements of an effective response to climate change – energy efficiency, clean energy development, forests, land use and adaptation – as priorities in its oversight and reauthorization of the Foreign Assistance Act. The new Act should have environment and natural resources as one of a small number of priorities for U.S. development assistance, of which these climate mitigation and adaptation strategies should be priorities.

Direct U.S. development assistance matters as much as allocation allowances from a climate bill in supporting low-carbon growth and adaptation in developing countries. This Committee should weigh in with the Appropriations Subcommittee on Foreign Operations to increase funding levels in FY11 and lay out a vision for funding increases through 2015. The Committee should also ensure that allowance allocation for tropical forests, adaptation, and clean technology remain in the energy and climate bill if and when it goes to conference.

Finally, Mr. Chairman, I strongly recommend that the Committee focus on the management of the U.S.-China relationship. While Secretary Clinton is providing overall direction, and Ambassador Huntsman is a very able representative of the United States, the China-U.S. relationship is so important that it deserves very special emphasis and attention. I have just returned from a nearly month-long trip to Asia, and in nearly every forum – especially with U.S. business leadership – we heard the same story:

The U.S. needs to prioritize its pragmatic cooperation on clean energy and environmental with China. Right now China looks to the U.S. for strategic and technical assistance. Even among Chinese business people and government officials, the informal consensus seems to be that if the relationships between the U.S. and China aren't developed in the next few years, China will likely not need U.S. assistance after that. The U.S. should not let this opportunity slip away -- its about energy security, climate change, and U.S. competitiveness in the short term and about developing a strong network of relationships between the U.S. and China that will allow the two countries to tackle increasing complex issues in the long term.

Mr. Chairman, for many years this Committee has promoted U.S. re-engagement on critical international issues, such as the global climate negotiations. I urge you to continue to push for a constructive U.S. approach. Hearings like these, and your leadership and engagement on this subject, are essential steps in that process, and I thank you for it.

Chairman BERMAN. Thank you, Senator Wirth.
Ms. Claussen.

STATEMENT OF THE HONORABLE EILEEN CLAUSSEN, PRESIDENT, PEW CENTER ON GLOBAL CLIMATE CHANGE (FORMER ASSISTANT SECRETARY OF STATE FOR OCEANS AND INTERNATIONAL ENVIRONMENTAL AND SCIENTIFIC AFFAIRS)

Ms. CLAUSSEN. Thank you very much for the opportunity to be here. I am going to focus a little bit on where the negotiations are and what I think we need to do.

To be fair and effective, a new climate agreement must establish binding, verifiable commitments for all of the world's major economies. These commitments can vary in form. The United States and other developed countries, we believe, should commit to absolute, economy-wide emission reduction targets. China and other major developing countries should have the option of assuming other types of commitments, such as intensity goals, efficiency standards, or renewable energy targets.

Let me just highlight the core issues in achieving such an agreement and then describe what we believe would be desirable and what might, in fact, be feasible at the negotiations next month in Copenhagen.

First is the issue of developed country targets. All developed countries, except the United States, have now formally adopted or proposed emission targets for 2020. The proposed targets in the climate bill passed by the House and in the Kerry-Boxer bill before the Senate are reasonably comparable to those put forward by other countries if we assume a 2005 baseline. Viewed against a 1990 baseline, they are clearly not comparable. But, no matter the baseline, when taken together, these numbers fall short of the mid-term reduction levels many believe are needed to avoid dangerous climate impacts, in other words, 11–18 percent below 1990 levels, rather than 25–40 percent.

The second issue is developing country commitments. It was a major step forward when developing countries agreed 2 years ago in Bali to negotiate nationally appropriate mitigation actions. China and other major developing countries have now adopted national climate strategies outlining steps they are taking and additional steps they could take with international support. The challenge is to translate these types of actions into international commitments which mean, in our view, developing a new legal framework that inscribes developing countries' efforts alongside those of developed countries in a way that is clear, quantified, and verifiable.

A closely related issue is support for developing countries. In the 1992 Framework Convention and again in Bali, the United States and other developed countries agreed to help developing countries reduce their emissions and adapt to climate change. A new agreement must include a finance mechanism that delivers on those promises. Both the House bill and the proposed Senate bill would use some allowances under a cap-and-trade system to support reduced deforestation, adaptation, and clean technology deployment. Final legislation must retain these provisions so the United States

is able to commit substantial support for an initial period as part of a balanced climate agreement.

A fourth important issue is verification. As agreed in Bali, the actions of both developed and developing countries must be verifiable. This requires annual emission inventories from all major emitters, regular reports from countries on their implementation efforts, and international review of both. There also must be a fair and open process leading to a clear determination of whether or not countries are fulfilling their obligations.

The fifth and final issue is the legal form of a new agreement. We believe the best final outcome is a single, comprehensive legal instrument under the Framework Convention that succeeds and incorporates elements of the Kyoto protocol. This agreement should be ratified and binding.

These are difficult issues; and, despite progress, major differences remain among the parties. In light of this, we don't believe a full and final agreement is possible in Copenhagen. The very best outcome, we believe, would be an interim political agreement defining the basic legal and institutional architecture as a basis for then negotiating specific commitments in a final legal agreement. But, for this to occur, we will need to make substantial progress on all of the five issues I have just discussed.

Short of a comprehensive agreement on a new framework, the best Copenhagen may be able to achieve is a political declaration setting a long-term objective of two degrees and perhaps providing some near-term support in areas such as adaptation and deforestation. In all cases, it would be important to establish a new end date for the negotiations in 2010.

Thank you very much.

[The prepared statement of Ms. Claussen follows:]

Statement of
Eileen Claussen
President
Pew Center on Global Climate Change
regarding
Copenhagen and Beyond:
Is There a Successor to the Kyoto Protocol?
submitted to the
Committee on Foreign Affairs
United States House of Representatives
November 4, 2009

Mr. Chairman, Ms. Ros-Lehtinen, and members of the Committee, thank you for the opportunity to testify on the critical issues confronting the United States and other nations in the negotiations toward an international climate change agreement. My name is Eileen Claussen, and I am the President of the Pew Center on Global Climate Change.

The Pew Center on Global Climate Change is an independent non-profit, non-partisan organization dedicated to advancing practical and effective solutions and policies to address global climate change.¹ Our work is informed by our Business Environmental Leadership Council (BELC), a group of 45 major companies, most in the Fortune 500, that work with the Center to educate opinion leaders on climate change risks, challenges, and solutions.

Mr. Chairman, I would like to focus my testimony on three questions: the type of climate agreement we ultimately need; the type of agreement we might hope to see in Copenhagen; the central issues in the climate negotiations. In the course of addressing these topics, I also will speak to the role of the United States in helping to deliver a strong and effective climate agreement.

An Effective Post-2012 Climate Agreement

The 2007 UN Climate Change Conference in Bali marked a significant turning point in the international climate negotiations. The United States and other parties to the UN Framework Convention on Climate Change (UNFCCC) adopted the Bali Action Plan, launching a two-year process with the aim of reaching a comprehensive “agreed outcome” at the UNFCCC Conference of the Parties to be held in December in Copenhagen.

The Pew Center believes that, to be effective, a post-2012 climate framework must establish binding, verifiable international commitments for all of the world’s major economies. Mobilizing to effectively address climate change is a serious long-term challenge for all nations.

¹ For more on the Pew Center, see www.pewclimate.org.

Each nation is likely to deliver its strongest possible effort only when it is confident that its counterparts and competitors are as well; this confidence is best instilled and maintained through mutual and verifiable commitments.

An agreement on commitments for all major economies will be feasible, however, only if it allows some flexibility in the types of commitments taken by different countries. We believe all developed countries should commit to absolute economy-wide emission reduction targets. They are effective and efficient, and are the foundation of a global greenhouse gas market. For reasons both political and practical, however, most developing countries cannot be expected at this stage to assume economy-wide targets. For these countries, the framework should allow for a broader range of policy-based commitments. These would be commitments to implement nationally defined policies – such as energy efficiency standards, renewable energy targets, sustainable forestry plans, or other sectoral policies – that will yield reductions in greenhouse gas emissions. These commitments must be quantified, and verifiable.

In addition, a post-2012 framework must provide incentives to developing countries to reduce their emissions, through market-based mechanisms and public finance, and it must help the poorest and most vulnerable countries adapt to the impacts of climate change.

I will elaborate on many of these core elements of a post-2012 framework later in my testimony.

A Copenhagen Agreement

We have believed for some time that it would not be feasible to achieve a full, final, ratifiable agreement in Copenhagen. While parties have made significant progress since Bali in clarifying issues and tabling concrete proposals, major differences remain on many of the core issues. For some parties, including the United States, domestic political processes have not advanced far enough for them to be able to bind themselves to specific and binding commitments of the type needed to form a final agreement.

We believe that, despite those constraints, the Copenhagen conference might still present an opportunity to significantly advance the international climate effort. It could do so by producing an agreement on the fundamental architecture of a post-2012 framework, which would provide a basis for then negotiating towards specific commitments in a final legal agreement. Ideally, this interim agreement would:

Set ambitious goals. It should recognize the imperative of limiting warming to 2 degrees Celsius and set an aspirational goal of reducing global emissions at least 50 percent by 2050. As mid-term markers, developed countries could collectively declare the range of reductions they intend to achieve by 2020, and developing countries could agree on a peaking year for their aggregate emissions.

Establish a legal framework for mitigation commitments. The agreement should clearly define the nature of mitigation commitments and how they are to be reflected in a final agreement. Consistent with the principle of “common but differentiated responsibilities,”

it should allow varying forms and levels of commitments appropriate to national circumstance, as I outlined earlier.

Create a new architecture for climate finance. The agreement must broadly establish the mechanisms, sources, and levels of support to be provided in a final agreement for adaptation, capacity building and technology deployment in developing countries. It also should provide immediate support for developing mitigation actions and for high-priority adaptation needs in highly vulnerable countries.

Establish a sound system of verification. The interim agreement must establish basic terms for the measurement, reporting and verification of countries' mitigation actions, and of support for developing country efforts, as called for in the Bali Action Plan. This verification system should lead to a clear determination of whether countries are in compliance with their obligations.

In addition, an interim agreement should set a clear mandate for concluding a final legal agreement by a date certain. We believe an agreement of this type would settle fundamental legal and design issues. Further, by specifying the level of effort they are prepared to undertake, and the level of support they are prepared to deliver, developed countries would in essence be placing a concrete and comprehensive offer on the table. This would create the necessary conditions to then negotiate the specific terms of developing country action, the major additional element needed to form a ratifiable agreement.

Key Issues

I would now like to focus more closely on five core issues that must be considered in the context of both an interim and a final agreement: the adequacy and comparability of developed country emission targets; the nature of developing country commitments; the appropriate means of supporting developing country actions; how an agreement should address verification and compliance; and the legal form a new agreement.

Developed Country Targets – All developed countries except the United States have adopted or proposed emission reduction targets for 2020. Some targets, like the one recently adopted by the new Japanese government, are contingent on a satisfactory international agreement being reached. The European Union and others have adopted emission ranges indicating the reduction levels they will achieve either unilaterally or with an international agreement. As they negotiate the emission targets in a new agreement, countries will assess proposed numbers in terms of both their adequacy and their comparability.

Within the negotiations, the generally accepted frame of reference for the adequacy of developed country targets are figures from the most recent assessment of the Intergovernmental Panel on Climate Change indicating that developed country emissions must decline to 25 to 40 percent below 1990 levels in 2020 in order to stabilize global greenhouse concentrations to 450 parts per million (ppm).² According to figures compiled by the UNFCCC Secretariat, the targets

² See *Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*, Chapter 13, page 776.

now proposed by other developed countries would reduce their collective emissions to 16 to 23 percent below 1990 levels. If the target levels now under consideration in the United States are factored in, the collective range falls to 11 to 18 percent below 1990.³ Negotiations may produce stronger targets for some parties. However, if, as appears likely, the aggregate reduction falls short of the range cited by the IPCC, any shortfalls would have to be made up in later years in order to stabilize concentrations at 450 ppm.

Under the Bali Action Plan, a new agreement is to ensure the “comparability of efforts” among developed countries. Comparability can be assessed on the basis of quantified metrics such as relative emissions, population, and gross domestic product, but also depends on specific national circumstances such as resource base, climate, geography, and patterns of trade. Given the multiplicity of factors, countries are unlikely to agree on an explicit formula to assess the comparability of targets, but rather will make their own assessments employing the criteria they deem most relevant.

One critical variable is the choice of base year against which reductions are measured. For instance, viewed against a 1990 baseline (the base year employed in the UNFCCC and the Kyoto Protocol), the European Union’s present target for 2020 (a 20 percent reduction) appears very much at odds with the 2020 cap-and-trade target contained in the American Clean Energy and Security Act (H.R. 2454), passed earlier this year by the House (a 4 percent reduction). Measured, however, against a 2005 baseline, the two targets appear considerably more comparable: a 14 percent reduction for the EU, and a 17 percent reduction under the House bill.

A related issue is whether targets should be measured according to internationally agreed accounting rules or individual countries should be allowed to set their own. (Such rules would relate, for instance, to the use of international offsets and the accounting of land use-related emissions and removals). National accounting would give countries far greater flexibility in designing their domestic policies, but would compromise the integrity of the international agreement, making it more difficult to compare and to verify countries’ targets, and to link domestic emissions trading programs.

Developing Country Commitments – A major step forward in Bali was the agreement by developing countries to negotiate “nationally appropriate mitigation actions” (NAMAs). A central challenge in the negotiations is defining these actions in a way that is acceptable to developing countries and can be accepted by the United States and other developed countries as establishing genuine commitments.

Most of the major developing countries have now adopted national climate strategies outlining steps they are taking that help reduce their emissions and, in some cases, additional steps they could take with international support. China’s National Climate Change Program describes a range of efforts, including ambitious energy efficiency and renewable energy targets, and President Hu Jintao recently announced that the government plans to set carbon intensity goals. India has adopted a National Action Plan on Climate Change outlining existing and planned actions in eight areas, and recently adopted detailed programs to promote energy

³ The U.S. range is based on the targets proposed by President Obama (14 percent below 2005, the equivalent of 1990 levels) and in the Kerry-Boxer bill (20 percent below 2005, or 6 percent below 1990).

efficiency and large-scale solar power. Brazil's National Plan on Climate Change includes policies to increase renewable energy and cut electricity consumption 10 percent by 2030. It also calls for reducing deforestation rates about 70 percent by 2017, with support from the international community.

Mexico has set an aspirational goal to reduce emissions 50 percent below 2002 levels by 2050, and is developing sectoral targets with the aim of launching an emissions trading system by 2012. Finally, South Africa, following a detailed analysis of its mitigation options, has set a goal of stopping greenhouse gas emissions growth by 2020 or 2025, with absolute reductions to begin ten years later. The government intends to achieve its goals in part with an escalating price on carbon through a tax, emissions trading, or a combination of market mechanisms.

The fundamental question is how to "internationalize" the actions of, in particular, the larger developing countries with greater responsibility and capacity to reduce emissions. Critical issues within the negotiations include: the process, if any, for developing NAMAs and matching them with support; whether NAMAs include only actions receiving international support, or also actions that countries will undertake on their own; how actions are inscribed in an agreement; how ambitious they must be; and whether and how to differentiate expectations for different categories of developing countries.

Some developing countries have proposed, in various forms, the establishment of a "registry" where countries could list their actions. The listing could be for the purpose of international recognition, or as a step toward lining up support for specific actions, either through public finance or through emissions crediting. Other proposals from the United States and Australia would establish common formats for inscribing the actions of developed and major developing countries (called an "appendix" by the U.S., and a "schedule" by Australia), indicating a legal symmetry in their respective commitments.

These proposals could be usefully combined: an interim agreement could launch a registry process whereby countries propose and seek support for their actions; and the final actions, both unilateral and supported, could be reflected in a common schedule or appendix in a final agreement. What is critical is that these actions be quantifiable and be described with sufficient specificity to allow for their verification and review.

Support for Developing Country Efforts – Agreement in Copenhagen will not be feasible without major progress on the question of incentives and support for developing country efforts. The Bali Action Plan makes developing countries' mitigation actions at least partially contingent on support from developed countries. Developing countries need assistance in analyzing their mitigation potentials, developing and implementing effective policies, deploying climate-friendly technologies, and measuring and verifying their emission reductions. In addition, the Bali Action Plan calls for stronger support for adaptation in vulnerable countries.

There is broad recognition that the majority of investment for mitigation will come from private flows, in part through greenhouse gas markets. But additional public finance is needed to supplement private flows for mitigation and to address adaptation. Donor countries have been reticent to propose funding levels without greater consensus on the nature of any new funding

mechanisms. Issues include: whether any new fund or funds should be administered by the U.N. or an existing multilateral financial institution such as the World Bank; the roles of donor and recipient countries in governing new funds; whether public finance should be generated through an international mechanism such as a carbon levy, whether countries should generate their contributions internally, or both; whether contributions should come from both developed and major developing countries; and whether contributions should take the form of commitments or pledges.

H.R. 2454 would set aside some of the emission allowances under a domestic cap-and-trade system to generate support for reduced deforestation, adaptation, and clean technology deployment in developing countries.⁴ These provisions would use allowance value to provide ongoing support from the United States for these critical international purposes, on the order or tens of billions of dollars through 2050. Similar provisions and allocations are contained in the Clean Energy Jobs and American Power Act (S. 1733), introduced by Senators Kerry and Boxer. A comprehensive and effective international climate agreement will be most feasible with predictable financial support from developed countries. We believe it is essential that U.S. climate legislation retain these provisions, and that on that basis, the United States should be prepared to commit substantial support for an initial period under a new climate agreement.

Measurement, Reporting and Verification – The Bali Action Plan introduced a critical new construct into the climate negotiations with the requirement that the mitigation efforts of both developed and developing countries, as well as support for developing country actions, be “measurable, reportable and verifiable” (MRV). Credible approaches to MRV will be essential to establish and maintain parties’ confidence in their respective efforts and in the overall regime.

Established mechanisms under the UNFCCC and the Kyoto Protocol – in particular, the rigorous reporting and review requirements for developed country emission inventories – provide a valuable starting point for the verification of mitigation efforts under a new climate agreement. However, existing practices would need to be strengthened and adapted, and new ones established, to provide credible verification within a framework that is likely to incorporate diverse mitigation actions and commitments.

We recommend the following approaches: annual emission inventories from all major-emitting countries, required immediately for developed countries, and phased in, with support, for major developing countries; national verification of mitigation commitments and actions, in accordance with international guidelines; regular implementation reports providing detailed information on a party’s implementation, and verification, of its mitigation commitments or actions; and expert review of parties’ GHG inventories and implementation reports.

We believe that, in addition, an agreement should provide for a clear determination of whether parties are fulfilling their obligations. We recommend the establishment of an Implementation Committee appointed by parties and empowered to make determinations of parties’ compliance or non-compliance on the basis of expert review reports and other input from

⁴ For reduced deforestation, the bill sets aside 5 percent of allowances in 2012, declining to 2 percent in 2040. The set-asides for adaptation and clean technology are each 1 percent of allowances in 2012, rising to 4 percent in 2030.

parties. This compliance procedure should be largely facilitative, rather than punitive, geared toward helping to identify and overcome obstacles to implementation.⁵

Legal Form of a New Agreement. One overarching question is the very form of a new agreement. The present negotiations are proceeding under two parallel tracks, one under the UNFCCC and a second under the Kyoto Protocol (the United States is a party to the former, but not the latter). Some parties, in particular many developing countries, strongly favor retaining the Kyoto Protocol and adopting any additional provisions in some form of parallel agreement under the UNFCCC. If this parallel agreement took the form of an amendment or protocol, it would be legally binding. It would not be binding, however, if it took the form of a decision or decisions by the Conference of Parties, as some parties favor.

Alternatively, most developed countries now favor merging the two tracks in a single comprehensive agreement. Such an agreement could take the form of a new binding protocol, and could incorporate elements of the Kyoto Protocol. Developed countries differ, however, on what features of Kyoto should be retained. For instance, the European Union and others favor maintaining an international system of accounting for emission targets, while the United States supports allowing the option of national accounting.

The United States has proposed an “implementing agreement” with many of the same legal characteristics as a protocol. The proposal differs significantly from the Kyoto Protocol in that it would establish mitigation commitments for major developing countries, which, as I noted earlier, would be reflected in a common “appendix” alongside the targets (and any other commitments) of developed countries. An implementing agreement could be structured to succeed or to stand alongside the Kyoto Protocol.

We believe the best outcome would be a single, comprehensive, binding instrument, such as a protocol or an implementing agreement. We further believe that in the interest of comparability, verifiability and a smooth-functioning international greenhouse gas market, this agreement should set common accounting standards for emission targets.

Conclusions

We have seen recent progress, in the United States and in many other countries, toward stronger action to address climate change. Copenhagen presents an opportunity to build on that momentum by beginning to erect a post-climate framework that can give countries confidence that all are contributing their fair share to the global effort. In Copenhagen, governments must get as far as possible in hammering out the basic architecture of this post-2012 framework.

What can be achieved in Copenhagen will depend in part on what the United States is able to bring to the table, in terms of both emission reduction figures and financing. But it is important to point out that many issues will require resolution in order to reach a comprehensive

⁵ For additional details, see *Verifying Mitigation Efforts in a New Climate Agreement* at <http://www.pewclimate.org/docUploads/brief-verifying-mitigation-efforts-in-new-climate-agreement-october2009.pdf>

agreement on a post-2012 framework. Developing countries must agree to make commitments that can be internationally verified; the legal form of a final agreement must be agreed; a financing mechanism must be accepted and at least initial financing must be brought to the table; and an approach to verification and compliance must also be accepted and agreed. If the world can make progress on these issues, and a broad framework successfully negotiated, we believe this would be substantial progress. If this is not possible, a political declaration, with a long-term objective of 2 degrees Celsius and perhaps resolution of some of the outstanding issues, may be all that is possible. In all cases, it would be important to establish a new end date for the negotiations in 2010.

Mr. Chairman, I thank the Committee for the opportunity to present our views on these critical issues. I would be happy to answer your questions.

Chairman BERMAN. A new end date for the ultimate goal?
 Ms. CLAUSSEN. Yes. Absolutely.
 Chairman BERMAN. Mr. Groves.

STATEMENT OF STEVEN GROVES, J.D., BERNARD AND BARBARA LOMAS FELLOW, THE MARGARET THATCHER CENTER FOR FREEDOM, THE HERITAGE FOUNDATION

Mr. GROVES. Thank you, Mr. Chairman, for inviting me to testify today.

In response to the question posed by the title of this hearing, Is There a Successor to the Kyoto Protocol, the answer is certainly yes. I can say so with confidence. Because, to paraphrase Ronald Reagan, "A United Nations program is the nearest thing to eternal life we'll ever see on this Earth."

The international community will press forward on a climate change treaty regardless of what happens in Copenhagen. The question is whether and to what extent the United States will feel compelled to submit to an onerous treaty regime.

By now, we have all heard the common international refrain that the United States must exhibit leadership on this issue. U.N. Secretary-General Ban Ki-Moon recently said, "All the world is now looking to the leadership of the United States and President Obama." But at what cost does American leadership come?

The draft 181-page negotiating text proposes a complex, comprehensive, legally binding multilateral convention, the nature of which poses a threat to American sovereignty. Not only are the proposed terms controversial, the manner in which those terms would be enforced would submit the United States to an unprecedented monitoring and compliance regime. The United States would apparently be required to agree to an intrusive review of both its domestic energy policy and its compliance with obligations to transfer wealth and technology to the developing world.

The current draft negotiating text is replete with references to mechanisms for compliance, monitoring, verification, and enforcement and requires that financial commitments and transfers of technology be legally binding.

Protecting U.S. interests in the Copenhagen negotiating environment will be challenging. Unlike bilateral treaty negotiations, the United States will be only one of 192 countries participating in the process. Such multilateral negotiations make it difficult, if not impossible, for the United States to dictate terms most favorable to it. Large voting blocks—such as the European Union, the African Union, and the G-77 developing countries—will likely pool their votes, coordinate their negotiating positions, and may attempt to effectively isolate the United States.

Despite these challenges, the United States may demonstrate genuine leadership in climate change negotiations both in Copenhagen and thereafter. Such leadership, however, should be exercised in a manner that protects U.S. interests while preserving American sovereignty. To do so, the United States must first determine what the domestic consequences of ratifying a post-Kyoto agreement are and then negotiate with the international community on those terms.

Before engaging with the rest of the world regarding the final terms of a universal climate change treaty, the United States must first ascertain whether the international obligations of the post-Kyoto agreement are domestically feasible, both politically and economically. Given the sharply divided opinion on climate change here in Congress and across the country, it is unlikely that the U.S. is yet in the position to make sincere commitments to the international community, and making international promises that the United States is unable to keep—as was the case when the U.S. signed the Kyoto Protocol—does not demonstrate American leadership. Neither does capitulating to demands from U.N. Officials. Pledging to reduce greenhouse gas emissions without first determining how those reductions will affect our economy does not constitute leadership, in my view.

Instead, Congress should continue to study the impact that a comprehensive climate change treaty and corresponding legislation implementing that treaty would have on our economy, our energy sector, our workforce, and our treasury. If we knew what effect the proposed climate change treaty would have on American citizens, then Congress and the White House would be able to work toward a true bipartisan consensus on climate change legislation. Only then will the United States be in a position to promise internationally what can be achieved domestically.

Such an approach would allow the United States to negotiate with the international community in good faith, while protecting U.S. national interests and preserving American sovereignty. That approach, I submit, would demonstrate genuine American leadership.

Thank you.

[The prepared statement of Mr. Groves follows:]



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CONGRESSIONAL TESTIMONY

**Copenhagen and Beyond: Is there
a Successor to the Kyoto Protocol?**

Testimony before
The United States House of Representatives
Committee on Foreign Affairs

November 4, 2009

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The United States finds itself in an unenviable position as the United Nations Climate Change Conference in Copenhagen approaches. It has not yet achieved a true domestic consensus on the degree to which it is willing to obligate itself internationally. Several other major members of the international community—most notably China and India—have made strong statements in opposition to the contemplated terms of a post-Kyoto treaty. Unlike those countries, however, the United States is expected to exhibit “leadership” during the December negotiations.

As the Copenhagen meeting approaches, the United States must determine the definition and limits of American leadership within the context of post-Kyoto international climate change negotiations.

The United States must first establish the circumstances under which it would commit itself to making major changes to its domestic energy policy, and whether and to what extent it is surrendering its sovereignty in making international commitments to a post-Kyoto agreement.

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The December Copenhagen conference is slated to produce a successor agreement to the Kyoto Protocol. An agreement on the lines of the current 181-page negotiating text would potentially harm U.S. economic and energy interests. The nature of the agreement contemplated to take form in Copenhagen—a complex, comprehensive, legally binding multilateral convention—poses a threat to American sovereignty.

Different types of treaties carry different risks in terms of eroding American sovereignty. The least threatening is arguably a bilateral treaty, in which the United States and only one other nation make mutual obligations to one another. In bilateral negotiations, the United States has substantial control over the final terms of the treaty. With only one other nation participating in the negotiations, the likelihood that the United States would be compelled to accept a term against its best interests or compromise its sovereignty is minimized, if not eliminated. Moreover, in bilateral treaties the United States retains the greatest flexibility to derogate or withdraw from the treaty in the event of noncompliance or breach of the treaty’s terms by its treaty partner.

In contrast, multilateral treaties pose greater challenges to the United States. In general, the United States has less control over the final terms of multilateral treaties and thus less control over what obligations it has to the other treaty parties. The less control the United States has over the final terms of a treaty, the greater the possibility that the terms of the treaty will not comport with U.S. national interests. In addition, the United States is placed in a weaker bargaining position compared to bilateral treaty negotiations. Voting blocs such as the “Group of 77” developing countries, and regional blocs such as the European Union, have the ability to pool their votes to isolate the United States and weaken its bargaining position. We saw this practice in action during the negotiations of the Rome Statute of the International Criminal Court.

Moreover, the United States has less latitude in a multilateral regime than in a bilateral treaty to derogate from the treaty, even in the face of widespread breach of the treaty by other parties. That is to say that even if dozens of parties to a multilateral treaty ignore its terms, the United States is generally still required to live up to its end of the deal. We see this most commonly in

international human rights treaties, the terms of which are regularly flaunted by dozens if not scores of countries.

Additionally, U.S. membership in multilateral human rights treaties is palatable in terms of safeguarding American sovereignty due to the fact that U.S. law is generally in full compliance with the terms of such treaties prior to ratification. For instance, U.S. ratification of the International Covenant on Civil and Political Rights posed a negligible threat to U.S. sovereignty because the rights enumerated in the treaty were already safeguarded by the U.S. Constitution, the Bill of Rights, and existing federal and state law.

Finally, inconsistencies between U.S. domestic law and the terms of most multilateral treaties may generally be remedied at the time of U.S. ratification by submitting conditional statements known as reservations, understandings, and declarations. These qualifiers allow the United States to join a multilateral treaty regime and comply with its terms while comporting with the U.S. Constitution and existing U.S. law.

In contrast to bilateral and non-binding multilateral treaty regimes, treaties such as the Kyoto Protocol and agreements such as that being contemplated for the December meeting in Copenhagen arguably pose the greatest threat to American sovereignty.

First, the Copenhagen negotiations will be multilateral in nature, making it difficult if not impossible for the United States to control the outcome. Unlike bilateral treaty negotiations, the United States will be only one of 192 countries participating in the process and will therefore have much less say over the final terms of the negotiated text. Voting blocs such as the EU and G-77 will likely pool their votes and negotiating resources to effectively isolate the United States while simultaneously saddling our negotiators with the expectation of "American leadership."

Unlike international human rights covenants, the successor to the Kyoto Protocol will likely attempt to impose legally binding obligations on the United States. The international community will be vigilant in requiring the United States to meet its obligations, even if they fall short of their own emissions targets and other treaty obligations. Opportunist national leaders and United Nations officials will likely appeal, as they have in the past, to America's leadership position and expect the United States to meet its treaty obligations even in the face of widespread noncompliance by other nations.

The obligations sought of the United States in the post-Kyoto environment are onerous. They include requirements to cap greenhouse gas (GHG) emissions that could negatively affect America's economy; payment of American taxpayer dollars to countries for the purpose of developing their clean energy capacity; and transfers of clean energy technology from the United States to other countries, apparently without compensation for the developers of that technology. As such, the United States would not only be required to revamp its domestic energy policy, but also be required to assist other countries to develop their energy capacity with billions, if not tens or hundreds of billions, of U.S. taxpayer dollars over the course of many years.

Not only are the contemplated obligations onerous, the manner in which the obligations would be enforced would submit the United States to an unprecedented monitoring and compliance

regime. The United States would apparently be required to submit itself to an intrusive review of both its domestic energy policy and its compliance with obligations to transfer wealth and technology abroad. The current draft negotiating text is replete with references to “facilitative mechanisms,” “monitoring, reporting and verification mechanisms,” and requirements that financial commitments and transfers of technology be “legally binding.”

That is, I believe, an unprecedented set of obligations for the United States to make to the international community. The contemplated post-Kyoto agreement would consequently be unlike any treaty the United States has ratified in its history.

Unlike other multilateral treaties, the obligations as set forth in the current draft negotiating text do not lend themselves to reservations, understandings, or declarations. The terms of any post-Kyoto agreement, if ratified by the United States, would likely obligate it to reduce its GHG emissions by a certain percentage within a certain period of time. No reservation may be taken from that requirement without violating the terms of such an agreement.

The proposed agreement would apparently allow no leeway from its terms in the event that future circumstances compel the United States to derogate from its GHG emission and financial obligations. A downturn in the American economy, for example, would not excuse the United States from its commitment to transfer taxpayer dollars to support the advancement of clean energy in foreign countries. Ironically, the United States would continue to be bound by its treaty obligations even if future scientific research irrefutably calls anthropomorphic climate change into question.

In sum, the contemplated post-Kyoto treaty is a serious threat to American sovereignty and other vital U.S. national interests because of its legally binding nature; its intrusive compliance and enforcement mechanisms; and the inability to submit reservations, understandings, or declarations to its terms.

Despite all of these drawbacks, the United States may demonstrate genuine leadership in future climate change negotiations in Copenhagen and thereafter. Such leadership, however, should be demonstrated in a manner that protects U.S. interests while preserving American sovereignty.

To do so, the United States must first determine what the domestic consequences of ratifying a post-Kyoto agreement are, and then engage the international community on those terms. To do the reverse would be contrary to the government’s primary responsibility—to act in the nation’s best interests. Before making promises to the international community, the Obama Administration should first determine what is both economically and politically feasible in the United States generally and in Congress specifically. Neither determination has yet been made. The climate change issue is hotly debated in Congress and across the United States, and we are nowhere near political consensus, which is perhaps a reflection of the absence of scientific consensus on the seriousness of anthropomorphic climate change.

Before the United States can negotiate in good faith with the rest of the world, it must first reach a domestic consensus on what sacrifices the American people are willing to make in the name of global climate change. True consensus does not mean a sharply divided vote between the two

parties, such as the recent vote on cap-and-trade legislation. Instead, a bipartisan consensus must be reached on the obligations of a global climate change treaty for it to have lasting and meaningful results. Making a promise to the international community before reaching domestic consensus is a recipe for failure. Making that promise is, at best, premature at present.

If domestic consensus is not reached and the implementing legislation passes Congress on very narrow margins, it is possible that those in opposition to the contentious legislation will erode or even overturn the legislation when political power in the Congress shifts. Such an event would arguably cause the United States to breach its treaty obligations and would place the U.S. in a difficult position within the international community.

Making international promises that the United States is unable to keep—as was the case when the U.S. signed the Kyoto Protocol—does not demonstrate American leadership. Neither does capitulating to demands for wealth and technology transfers, regardless of the impact of such measures on the American economy. Reducing GHG emissions to an arbitrary number without first determining how such reductions would affect U.S. energy security and American jobs also does not constitute leadership.

- Instead, Congress, the White House, the American scientific community, and nongovernmental organizations should study the impact that a comprehensive climate change treaty and corresponding domestic implementing legislation would have on our economy, our energy security, our jobs, and our treasury. In short, we must determine the effect that a promise in Copenhagen would have on the American people.
- By knowing the consequences that a climate change treaty would have on American citizens, leaders in Congress and the White House would possess the necessary facts and data to work toward a true bipartisan consensus on domestic legislation.
- Only then may the Obama Administration sincerely promise internationally what it can achieve domestically in both the near term and the long term.

Such an approach would place the United States in a position to negotiate with the international community in good faith while protecting U.S. national interests and preserving American sovereignty.

That approach would demonstrate American leadership.

—Steven Groves is Bernard and Barbara Lomas Fellow in the Margaret Thatcher Center for Freedom, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation.

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Chairman BERMAN. Thank you, and thank you all.

I am going to first recognize the gentlelady from California, Ms. Woolsey.

Ms. WOOLSEY. Thank you very much, Mr. Chairman.

Senator, it is nice to see you.

I have a question for both Senator Wirth and Ms. Claussen.

Mr. Groves, we just heard him; and he is saying that American sovereignty could be at risk or is at risk if we sign a global climate change agreement. I need to know, do you agree with this assessment and what kind of precedence is there for the U.S. signing such an agreement? What are the risks of our not doing it?

Mr. WIRTH. Let me begin by commenting on Eileen Claussen's testimony.

We were just saying here if we took that statement that I had made and the one she had made and put those together, you have a pretty good framework for what we could do; and that begins to answer your question, Congressman Woolsey. The comments that I heard as "intrusive review"—the way we do this, we have a very open process. Our data is available through the Energy Information Administration and so on. This is hardly something we are hiding from the world.

The question is the other side. How do we get the rest of the world to report their data? That is what we want to have happen. It is scarcely "intrusive review."

Transfer of technology? Well, just the reverse is rapidly happening; we are going to be asking them for their technology because they are moving ahead of us so much more rapidly.

One of 191, and they could isolate the U.S.? Well, we have the veto at any time, so I wouldn't worry about that.

Protect the U.S. interests and not sign a climate agreement? We were the sixth country to ratify the Framework Convention on Climate Change in the fall of 1992. It is the law of the land. We have already done that. What are we worried about? That is the framework in which we are operating. Now we are trying to implement the framework.

And, finally, the question was raised that we have to know what we are doing economically. Well, we have a very clear economic analysis. McKinsey has done that in this country extensively. Stern has done that extensively globally. We have got those numbers. We have to read those.

So the answers are all there to doing it.

The big question is the one that you asked. What happens if we don't do this? Then the data gets really dangerous, and the economic downside is very, very serious and very real to us, much less the human suffering that occurs, the dramatic threat to international security from vast flows of refugees because of the hunger issue and the water issue that is pervasive elsewhere. Not acting, there is no, no reason for us not to act. It would be immoral and wrong for us not to act.

Ms. CLAUSSEN. Let me add one point to what Tim just said.

It appears that Mr. Groves is looking at this in a funny way. Because we have already passed legislation through the House. The Senate is engaged in trying to pass legislation there. Those will set limits on greenhouse gasses for us. And in the event this doesn't

happen very fast, we do have the Clean Air Act; we do have all kinds of authorities under the Department of Energy's office to set efficiency standards and other things. So it is not as if we haven't looked at the economics of all of this, and it is not as if we are not going to act.

The value of an international agreement is that everybody else will start acting and make their data available and move forward; and, as a global matter, you have to do that on an issue like this.

So the issue, I think, is not us. We are going to go ahead and do this anyway. The issue is making sure that others do their fair share.

Ms. WOOLSEY. Thank you.

Changing the subject slightly, same topic. I was part of a United States-China relations conference about 1 year ago. And one of the scholars—Chinese scholars said that the United States had—it is the same quotes—used more than our share of the resources and soiled more than our share of the world, and now it was their turn.

I told them they didn't get a turn because, if they did, the world wouldn't be around for their children and our children.

But what does the United States need to do to work with China so that—I mean, they can't do what we did. So what do we have to do to prove and make that balance?

Mr. WIRTH. Again, it is the kind of question, Mr. Chairman, that deserves a lot of discussion; and this committee is a great forum for doing that.

I think that if you listen to the United States and China today, the rhetoric is very, very different. When Eileen and I were doing Kyoto, it was terrible. There was no discussion, none whatsoever.

Today, we are getting beyond the finger-pointing and "You put this up there to begin with"; "No, you are the biggest polluter today." We are getting beyond that, and the opportunity now is to use this issue as the fulcrum—I believe you can use this issue as the fulcrum of the relationship between the two superpowers.

I mean, we are so overwhelmingly bigger. India we are going to watch very carefully. We have got a set of relationships there and others, but this is the number one relationship. And the opportunities that we have to take advantage of economically—how do we understand each other in terms of tariff issues? How do we share technology? How do we go ahead on some of these very, very big issues that are out there? It is a terrific set of opportunities.

Chairman BERMAN. The gentleman from Illinois, Mr. Manzullo, is recognized for 5 minutes.

Mr. MANZULLO. Thank you.

Senator, on May 18, 1993, when I was a freshman, having been a Member of Congress for 4 years, you were testifying about this same issue; and I appreciate your perseverance and your dedication, your hard work on it.

I asked you a question back then—and this is not an "a-ha" moment but just to bring it to your remembrance—as to whether or not there should be an economic impact study on the people that would be involved and taken into consideration with environmental legislation.

The answer that you gave is, "I know the President agrees with you." We have to be very careful about the impact on people. The

impact on the deficit and the impact on interest rates are very significant indeed. If we are not able to alleviate that burden, it would be enormously difficult for our children and grandchildren to enjoy the level of living this generation has had.

My question is the same as it was back 17 years ago on the impact that this will have on people, especially the areas in manufacturing. That is, going into the negotiations in Copenhagen, signing an agreement to further reduce emissions, has anybody ever got involved deeply with manufacturers as to what impact this will have on the loss of jobs?

I know the Brookings Institute on the cap-and-trade bill we just passed said we would have a loss of about 8 million jobs. But when you are at enormously high unemployment nationwide—and the district that I represent, the biggest city at 17 percent, and for any area in the country just add 5 percent, so we are over 22 percent—and when one out of four families is on public assistance, don't you think it is absolutely totally imperative to have some type of measurement as to the impact of this on manufacturing?

And thank you for your answer 17 years ago.

Mr. WIRTH. It was a good answer 17 years ago, and it is a good answer today.

And the reason that we have to get an answer to this is, as you suggest, is that what is happening in the Middle West, in your area, is an economic catastrophe; and we have to figure out how to build ourselves out of that. We can't blow up the same balloon again, as you know. What is the new balloon going to look like? What is the new economy going to look like?

If I were sitting where Larry Summers is sitting or where the President is sitting and sitting down and talking to you about what we do in Illinois, I would start by reaching out to people like Caterpillar, who have said there are tremendous opportunities here. If we do the climate change legislation right—we are a major employer in your State. They have said, if we do this in the right fashion, this could be a great opportunity of rebuilding lots of industries and new industries in this country. This is Caterpillar.

Mr. MANZULLO. I understand that.

The reason I raise that is I don't see any quantitative studies—we have seen people talking about inventing jobs. People don't want new jobs that are invented by the government. They want the same jobs they have, those jobs that have been lost because of the downturns of the economy, those jobs that are still necessary. And those jobs, in fact, Senator, that are really being hurt by cap-and-trade that—

I mentioned earlier, Rentech makes anhydrous ammonia and urea-related products. They were switching to the Fischer-Tropsch process. We have a \$600 million investment in my congressional district. It would have really spawned green technology all the way across the top part of the State of Illinois. But just out of fear, out of what Senator Obama said at that time about emissions tax or cap-and-trade, they pulled the plug on that massive investment; and that has really hurt manufacturing.

Mr. WIRTH. Rentech is headquartered right at the edge of Denver. The guys that own Rentech are there. I know the situation very well and the opportunity.

Going back to the numbers, there is a very clear gross economic analysis done by McKinsey—and I referenced some of that in my testimony, and we would be glad to share with you sort of the internals of that data if you would like to look at it—as to what the opportunity is for growing out of this.

A second step, it seems to me, relates to truly looking at a lot of the new industries and a lot of the new energy opportunities. Let me cite one in particular.

In Illinois, you have—

Chairman BERMAN. Senator, can you come back to this in the next round?

Mr. WIRTH. I would be happy to come back to it, because it is the key question. It is the one we have to get on, and the Congressman is absolutely right.

Chairman BERMAN. Anybody object to a unanimous consent to let Mr. Manzullo have an additional minute?

Mr. MANZULLO. Thank you, Mr. Chairman.

Mr. WIRTH. I will just give you one example on fuel.

We have been very dependent upon coal—and that has been driving a lot—and low prices, and somehow we have to figure out how do we deal with the coal question because coal is so polluting. Well, is there a shift that we can make?

Well, we have been given this enormous gift, as you probably know, of these discoveries of shale gas. We now have more natural gas reserves in the United States. Well, if we are going to make the shift toward a low-carbon economy, along the way you want to use low-carbon resources; and a lot of those are in Illinois. There are significant resources in Illinois. So this is an opportunity as well. If we get the rules right, how do you generate the kinds of industries and changes?

Final point that I would make is really looking very carefully at agriculture. There are solutions from the land that are being developed. Some are coming to understand what can be done in terms of sinks of carbon, different kinds of fuels that can be grown, that we can grow on our own which make a great deal of difference, and different nutritional crops at a time when the nutritional value of foods is going to decline because of climate change. There are opportunities coming out of the great State land grant university system. You have one of those in Illinois. That can be also another significant opportunity.

Mr. MANZULLO. Thank you for the additional time, and I look forward to a cup of coffee to get the rest of the answer.

Chairman BERMAN. The gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you, Mr. Chairman. Thanks for having these important hearings.

The United States is often at a disadvantage in trying to get manufacturing jobs. We still do very well in terms of developing the technology, marketing it, putting it together. Critical to that is protection of intellectual property rights.

Now, the House has spoken in strong support for IP protections in numerous House-passed bills. But, Mr. Groves, how well are we doing in insisting that, especially with regard to American innovations in the area of green technology, that this will be protected

and that the protection will not just be a protection of the U.S. market?

All too often we want to say, well, we have protected intellectual property. At least the Chinese can't sell the counterfeit goods here in the United States. And there is a lot of money to be made in the U.S. market. But we are being promised global exports when we develop the technology. How effective are we in making sure that American intellectual property rights will be protected not only with regards to devices used here in the United States but around the world?

Mr. GROVES. Thank you, Mr. Sherman.

I was very pleased and very heartened to hear Mr. Stern's testimony—or I believe it was in answer to a question regarding the IPR issues—that the two options of the four IPR options that are really on the table that are against protections for intellectual property are a non-starter for our delegation. They are still on the table. They involve compulsory licensing of specific technologies for mitigation and adaptation and immediate exclusion of new and revocation of existing patents in developing countries, which would be anathema to starting new green technologies in this country, especially if we are going to be exporting them under a new treaty regime, the post-Kyoto commitment period. So I was very happy to hear Mr. Stern's response to those questions.

Mr. SHERMAN. So at least our bargaining position is that we don't want in the agreement some additional text which additionally roads international property rights. But, right now, the international regime is not too friendly to intellectual property rights. It is on paper.

Is there anything—and do we need anything—in Copenhagen that provides for penalties for those who violate existing—and, hopefully, under this treaty—undiminished intellectual property rights?

Mr. GROVES. It would be a good opportunity. If the United States is ultimately going to agree to be part of such a universal treaty, those types of technology transfers can be monitored better than your average intellectual property when we are talking about DVDs and movies and other inventions. So protections and penalties for infringement on IP rights would be a good addition to the treaty, and I don't think it would be outside of the scope of the negotiations.

Mr. SHERMAN. I wonder if we have a comment from either of the other two witness.

And I will ask you to comment, do we have a prospect not just for battling against bad provisions on intellectual property but actually putting into this agreement protections that go beyond the currently ineffectual provisions in international law?

Ms. CLAUSSEN. I can say that if you look at the text right now, it includes virtually every country's proposals. So you have these bad IPR things in there which I believe we will never agree to and neither will some other countries, so I think in the end they go away. I don't think there is anything on the reverse which would enhance IPR.

Mr. SHERMAN. Our usual trade policy is to insist on documents that are very good on paper and absolutely fail in reality. Hence, we have the largest trade deficit in the history of mammalian life. Senator Wirth.

Mr. WIRTH. I would just again point out, Congressman, what I suggested earlier. I think the biggest point of debate is the United States-China relationship on this. And it is an opportunity again. I mean, they are very interested in what is going to happen on this because they are developing on their side a lot of protected technologies, and they also want to get the rules right for this. So I think this is a great opportunity for the United States and China to use this negotiation, not going to happen at Copenhagen, but use this relationship to see if we can clarify and come in a positive way to agreements here. If I were this administration, I certainly would—

Mr. SHERMAN. I look forward to us negotiating agreements that will be enforced against U.S. Companies and ignored in China.

I yield back.

Chairman BERMAN. The time of the gentleman has expired; and the gentleman from California, Mr. Rohrabacher, is recognized.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I will preface my questions by stating that I have never seen an issue in my 22 years as a Member of Congress or in the years beforehand when I was a journalist, I have never seen an issue in which there has been a greater attempt to stifle debate than this issue on global warming. The repeating of “case closed” and labeling anybody who has honest doubts about whether or not the man-made global warming theory is correct or not as deniers is just antithetical to open discussion of a very important issue; and it leads to errors.

For example, it leads to errors when people on our own committee mentioned that two-thirds of all the CO₂ that is coming from developing countries, when only 10 percent of all the CO₂ in the atmosphere comes from man-made sources. Ninety percent or more comes from natural sources.

Let's just note that again the theory of man-made global warming is today being contested by hundreds of prominent and thousands of scientists throughout the world. And this is not something that is debates over the deniers, blah, blah; it is a matter of serious discussion. When you see especially that ice cores now indicate at their second look at it, not the first, it was discovered that the warming trends in the world came after the increases—the increases in CO₂ were not brought on by—the CO₂ didn't bring on the higher temperatures. The higher temperatures actually happened after the CO—anyway, you know what I am trying to say. Pardon me for getting this mixed up.

But see how we need to discuss this? High scores are now showing the temperature increases—temperature increases preceded CO₂ increases. So the whole predicate of this argument on global warming is that the CO₂ made the earth grow warmer. Well, based on that, predictions were made that we were going to have ever-more-increasing temperatures; and for the last 9 years we haven't had those increasing temperatures. We have actually had a decline in temperature.

And we have also seen in the last 2 years the polar ice cap that is so touted with the pictures of the polar bear is now refreezing for the last 2 years, again, totally contrary to the predictions.

So what we have here is, at the very best, a debatable theory of man-made global warming, which isn't used anymore. It is man-made climate change because it is no longer warming. So it is a very debatable point, if not a totally bogus point, when people look up at other planets and see that some of the same temperature trends that are going on here are going on on Mars, for example. And I happen to be on the science committee, and I have followed that very closely. And what does that indicate? That—what? Man-made global warming is also affecting what is going on on Mars? No.

So if there are absolute reasons to doubt whether or not this theory is correct, why are we rushing headlong into Copenhagen, into making agreements that will dramatically impact the sovereignty of our country by agreeing that international panels will then have greater say as to the policies of our Government? And we also will agree to certain goals and restrictions that may cause economic hardships here and actually benefit countries that are poor because they have dictatorships that are corrupt.

Let me just ask the panel this. Does anyone on this panel think that the threat of global warming—excuse me, climate change—it is not global warming anymore—would mean that we should agree to policies that would discourage the use of airline transportation? Would anyone agree with that?

Chairman BERMAN. The panel has 38 seconds.

Mr. WIRTH. I would certainly say that the airline industry, like everybody else, is going to have a responsibility to the integrity of the climate envelope that allows life on earth to exist as we know it.

Mr. ROHRABACHER. So the answer is yes. Thank you. So we are going to discourage travel on airlines.

Mr. WIRTH. Congressman, I am perfectly happy to answer my own questions.

Mr. ROHRABACHER. But I only have 13 seconds so people can—

How about—what I have heard from the man-made global warming group is that they want to discourage airline travel, discourage the eating of meat, dramatically increase the price of gasoline. These things will have huge impacts, especially if mandated by an international agreement enforced by international panels on the people of the United States. This is a catastrophe being driven by a very questionable theory at best but probably a bogus theory.

Thank you.

Chairman BERMAN. Probably a bogus theory. That is a concession on your part.

The gentleman from Massachusetts, Mr. Delahunt.

Mr. DELAHUNT. Well, I think there is one area that I find myself in agreement with the gentleman from California; and I do not believe that the changes that are occurring on Mars is the result of anything that human beings are doing. I presume that is all the responsibility of the Martians.

But, to be serious, you know, Mr. Groves—and my ranking member and friend from California raised the issue of sovereignty here.

Are there any treaties or conventions that—do you have a philosophical or an ideological perspective in terms of the United States entering into international conventions or international treaties?

Mr. GROVES. Not at all, Mr. Delahunt. Thank you for the question. It just depends on the treaties that we are getting into. Obviously, bilaterals are better, because we can control the terms better.

Mr. DELAHUNT. And I should have phrased it multilateral.

Mr. GROVES. Multilateral human rights treaties, for example. We are party to several major universal human rights treaties. But, in those cases, every 4 years we go and we report to a committee of experts in Geneva. They look at our record. They make—

Mr. DELAHUNT. So you are comfortable with human rights, multilateral human rights treaties?

Mr. GROVES. As properly understood, I am comfortable with them.

Mr. DELAHUNT. In terms of multilateral environmental conventions?

Mr. GROVES. If it is something that is in the U.S. best interest and preserves American sovereignty, it is something—

Mr. DELAHUNT. You always put that qualifier, “preserving American sovereignty.” I would suggest that any convention in some way can be interpreted as ceding some sort of sovereignty.

Mr. GROVES. Correct.

Mr. DELAHUNT. And I guess the issue is, is it in our best interests when one steps back and does the analysis?

Mr. GROVES. Or do a cost-benefit analysis. What are we getting for surrendering or ceding some or a lot of our sovereignty? Yes.

Mr. DELAHUNT. And, again, that obviously is in the eye of the beholder, whether we are ceding. Because the economic arguments that I am hearing like setting the rules—you know, there are rules in every marketplace, you know, whether it is—we have rules domestically. We have safety rules. We have food security rules. We have an FDA. Maybe some would abrogate all of those rules and just have a marketplace with absolutely no supervision, no regulation, no protections. At least I am using the term protections for the consumers.

So the concern that I have is that eventually rules are going to be set that we had little input into; and, as a result, we are going to find ourselves—I think it was Mr. Stearns or maybe it was Senator Wirth who talked about we are going to be catching up in terms of the new economic opportunities.

I listened to my friend from Illinois, and I sympathize with that pain and anguish that is besetting many of the people that work in manufacturing. You know, I wish that we had done something earlier in terms of the automobile industry, you know, that would have made the American automobile manufacturer much more competitive than it is. Because, let’s be honest, we got creamed by foreign competitors. All these good, patriotic Americans are going out buying Toyotas or BMWs, because, for some reason, the marketplace failed us, the American manufacturers.

So, Senator Wirth, would you care to comment?

Mr. WIRTH. I think there are interesting areas where you have got to worry about sovereignty, and there are other areas where I

think Mr. Groves and I would probably disagree. But if you look at the Law of the Sea, it seems to me that enhances U.S. sovereignty. We get an enormous increase if we ratified the Law of the Sea—which we haven't done for reasons that escape me entirely. If we ratify that, we enhance, we broaden our sovereignty very significantly. We broaden our jurisdiction very significantly. We increase our rights significantly. In the most selfish way, you know, we benefit from that treaty.

Chairman BERMAN. I agree with you. By his facial expression, I have a feeling Mr. Groves does not share your view about the Law of the Sea.

I yield myself 5 minutes.

And, I mean, this issue that Mr. Delahunt raises of impinging sovereignty, I mean, there are two ways to look at this. One is—and I guess in every different area you can have different views of it. One is that every international treaty is impinging sovereignty to some extent, because it is providing constraints that don't otherwise exist on what American political institutions can do.

So another way of looking at it is every one of these is a sovereign decision of the United States and, therefore, none of them impinge on U.S. sovereignty. It gets a bit philosophical here.

Mr. GROVES. What we want to look at real quickly is, when it comes down to sovereignty, depending on the treaty, it boils down to the question of who decides. At the end of the day, who decides whether the United States is meeting its treaty obligations?

Chairman BERMAN. Well, sometimes the WTO decides.

Mr. GROVES. If it goes to a case and we bring it up to the court, yes. And we were happy to cede that power to them. We were front and center in those negotiations.

Chairman BERMAN. So now it is a question of what we are happy to do, what is wise to do. It is getting down to case by case.

Mr. GROVES. Treaty by treaty, there is a different analysis.

Chairman BERMAN. Well, one is, is it appropriate? You propose sort of an analysis before you jump into something of what are the economic costs trying to go through this process. Is a corollary part of that process what are the economic costs of not getting into meaningful, enforceable limits? Is that appropriate, or is that called creative scoring?

Mr. GROVES. I think it is the same question. You can't determine what the economic costs are.

Chairman BERMAN. So your analysis would allow for that kind of comparison?

Mr. GROVES. Sure. To the extent that those costs can be quantified on a scientific basis, of course.

Chairman BERMAN. To get down to some of the specifics, I am wondering if any of you—and Senator, Ms. Claussen, perhaps just by your background you might be the most likely to suggest it. Waxman-Markey talks about some funding assistance for developing countries. Kyoto provided a framework for the flow of money through the clean development mechanism, which has been criticized for funding projects that do not reduce global warming. What is the best way to distribute funds for mitigation and technology transfer? Are existing mechanisms sufficient? Should we try to look for a new model?

Mr. WIRTH. My own view of this, Mr. Chairman, is that we ought to start by professionalizing CDM, the Clean Development Mechanism. It was a good idea. It remains a good idea. It has been caught up in an international bureaucracy that is very tedious and incredibly slow. It is a good idea. It ought to be incorporated into work being done by financial experts to make this thing work, because it is a very, very good idea. And it is a good way for us to discharge our obligations if you believe, as I do, that, one, we put a lot of the pollution up there but also that what we want to do, for example, is to slow down the rate of deforestation. Well, how do you do it? What mechanism do we have for buying forests effectively from people who would be happy to sell them to us, if we had some money, rather than to cut them down? So how do we pay for that?

Well, CDM is a very good mechanism. We don't have to create something new, and it doesn't have to be the Copenhagen agreement that gets us there.

But this is, again, something, from the perspective of this committee, to look at and say, well, how do we make this work better? It is so terribly important. I mean, that is one good example of, it seems to me, what we could be doing at essentially no cost to us.

Chairman BERMAN. Ms. Claussen.

Ms. CLAUSSEN. Let me just add that there is an effort to try to reform CDM, because the process is slow and because some of the reductions haven't been verified. So some of it is not real. I think that has to be something that we take on, because there are ways to use CDM to get something that is real, and that is really what it should be all about. So some reform I think is necessary.

Chairman BERMAN. Thank you.

Because my own time is running out, let me just ask a question that probably could have a yes or no answer. Is there any aspect of the Strategic and Economic Dialogue with China—I mean, this whole notion of thickening the United States-China relationship in this area? Is there any aspect of that that the administration is treating as specially focused on environmental energy kinds of issues?

Mr. WIRTH. Well, it has an overall framework. As you know, it came out of the Treasury Department originally; and it was run by Secretary Paulson. He was the big guy in the Cabinet. I mean, he sort of filled the vacuum.

Since then, it was transferred to the State Department. They thought that was necessary—there was an MOU signed this last summer. The question now is one of implementation and really serious management of the dialogue—and do the Chinese understand this? We don't want to negotiate something new. We don't have to negotiate something new. It is already there. They already understand that. It is a matter of us managing it on our side.

I would be happy to talk to anybody further about this, Mr. Chairman. We just heard over and over and over again—I was at a major conference in Beijing of business people from all over China and all over the United States, and this was the number one issue—how much attention we are paying to the implementation of this agreement. Americans asking, please do this; and Chinese business saying, please do this. And we are missing the ball.

This is not a massive new invention. We have the mechanism that is there. It is just a matter of tending to it and putting the political muscle behind it. I think that Secretary Clinton could be encouraged to do this.

We have a great ambassador there. Huntsman is very, very impressive, but he doesn't have time to do this day and day out. That is not his job. The climate negotiator, that is not his job. It is this economic relationship. That is where we ought to hone right in on, and that is something I believe also that this committee certainly has the jurisdiction and has the ability to really underscore this and find out what is going on and what the different views are.

Chairman BERMAN. Thank you.

We could probably continue the debate about the science for a while, but I think we should adjourn the hearing. Thank you all very much for coming and participating. A lot of good ideas to follow up on.

[Whereupon, at 1:02 p.m., the committee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

FULL COMMITTEE HEARING NOTICE
Committee on Foreign Affairs
U.S. House of Representatives
Washington, D.C. 20515-0128

Howard L. Berman (D-CA), Chairman

October 29, 2009

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building**:

DATE: Wednesday, November 4, 2009
TIME: 10:00 a.m.
SUBJECT: Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?
WITNESSES: **Panel I**

The Honorable Todd D. Stern
Special Envoy for Climate Change
U.S. Department of State

Panel II

The Honorable Timothy E. Wirth
President
United Nations Foundation and Better World Fund
(Former United States Senator)

The Honorable Eileen Claussen
President
Pew Center on Global Climate Change
(Former Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs)

Steven Groves, J.D.
Bernard and Barbara Lomas Fellow
The Margaret Thatcher Center for Freedom
The Heritage Foundation

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day Wednesday Date 11/4/09 Room 2172 RHOB

Starting Time 10:07 A.M. Ending Time 1:00 P.M.

Recesses 1 (11:30 to 12:04)

Presiding Member(s) Howard L. Berman (CA) - Chairman

CHECK ALL OF THE FOLLOWING THAT APPLY:

Open Session Electronically Recorded (taped)
Executive (closed) Session Stenographic Record
Televised

TITLE OF HEARING or BILLS FOR MARKUP: (Include bill number(s) and title(s) of legislation.)
Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?

COMMITTEE MEMBERS PRESENT:
See attached

NON-COMMITTEE MEMBERS PRESENT:
n/a

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

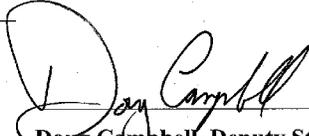
STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)
n/a

ACTIONS TAKEN DURING THE MARKUP: (Attach copies of legislation and amendments.)

RECORDED VOTES TAKEN (FOR MARKUP): (Attach final vote tally sheet listing each member.)

<u>Subject</u>	<u>Yeas</u>	<u>Nays</u>	<u>Present</u>	<u>Not Voting</u>
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TIME SCHEDULED TO RECONVENE
or
TIME ADJOURNED 1:00PM


Doug Campbell, Deputy Staff Director

**Attendance - HCFA Full Committee Hearing
Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?
Wednesday, November 4, 2009 @ 10:00 a.m. , 2172 RHOB**

Howard L. Berman (CA)
Eni F.H. Faleomavaega (AS)
Brad Sherman (CA)
William D. Delahunt (MA)
Diane E. Watson (CA)
Russ Carnahan (MO)
Gerald E. Connolly (VA)
Lynn C. Woolsey (CA)
Sheila Jackson-Lee (TX)
Shelley Berkley (NV)
Joseph Crowley (NY)
David Scott (GA)
Jim Costa (CA)
Gabrielle Giffords (AZ)
Ron Klein (FL)

Ileana Ros-Lehtinen, (FL)
Christopher H. Smith (NJ)
Elton Gallegly (CA)
Dana Rohrabacher (CA)
Donald Manzullo (IL)
Bob Inglis (SC)
Gus Bilirakis (FL)

November 4, 2009

Verbatim, as delivered

Chairman Berman's opening remarks at hearing "Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?"

In a little over a month, world leaders will gather in Copenhagen, Denmark in an effort to tackle one of the most difficult challenges of our time – global climate change.

Numerous studies have warned that the failure to act quickly and decisively on global warming will have disastrous consequences.

Many developing countries will face the threat of severe flooding, the loss of arable lands, and the spread of cholera, malaria and other diseases.

A World Bank study released last May estimated that storm surges resulting from rising sea levels could threaten 52 million people and 29,000 square kilometers of agricultural land in developing coastal countries around the world.

This will likely lead to mass migration, political instability and even failed states.

While countries in the developing world will bear the brunt of climate change, the effects of global warming will also be felt here in the United States.

According to the U.S. Global Change Research Program, a consortium of 13 federal agencies, climate change will affect almost every aspect of American life, from access to food, to the state of our health, to the amount of energy we use.

In my home state of California, where water is already scarce, increasing temperatures could lead to a major water crisis – in fact, we're having a major water crisis right now.

While there is growing certainty about the consequences of climate change, it is unfortunate that the same cannot be said about the prospects for charting a new course in Copenhagen.

Will the result be a comprehensive, binding agreement to reduce global emissions and provide aid to developing countries to deal with the impacts of climate change?

Or will we see, as is more widely expected, a more general framework agreement with a "roadmap" to a future deal?

At this late stage, no consensus has been reached on specific objectives for lowering global greenhouse gas emissions or on how best to help poor countries adapt to climate change.

Differences also remain on what funding levels are adequate to achieve these objectives and how to help developing countries access clean energy technologies while protecting intellectual property rights.

In part, this is a result of the fact that the United States has limited flexibility to negotiate at Copenhagen because Congress has yet to provide clear guidance on emissions levels and other key issues.

In June, the House passed legislation that would reduce U.S. greenhouse gas emissions by 17 percent below 2005 levels and provide assistance for poor countries to adapt to the impacts of climate change, develop clean energy technologies, and reduce emissions from deforestation.

The Senate has yet to act, but Majority Leader Reid has announced he wants Senate committees to complete their work before Thanksgiving. I strongly support Senators Keny and Boxer's efforts to move this legislation soon.

If we hope to achieve a meaningful international agreement on climate change, the United States will have to make serious commitments to reduce its emissions and to help developing countries.

Many nations, both developing and industrialized, have been very clear about the need for U.S. leadership in this arena. Regrettably, in recent years, such leadership has been lacking.

In his recent speech before the United Nations General Assembly, President Obama made it clear that the world can no longer postpone a serious response to climate change. He acknowledged that many nations will be devastated by drought and famine if we fail to alter our current course. Just yesterday Chancellor Merkel spoke passionately about this issue.

One thing this committee can do to help combat climate change is to begin the process of modernizing our foreign assistance institutions and programs.

This will allow us to more effectively help developing nations meet their energy needs in an environmentally sustainable manner and adapt to climate-related challenges. I am hopeful that we will begin considering foreign assistance reform legislation early next year.

Today's hearing will help us gain a better understanding of the challenges and opportunities at Copenhagen, the positions of the various parties, and the possible outcomes of the climate change negotiations.

COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

STATEMENT OF
THE HONORABLE ENI F.H. FALEOMAVAEGA
CHAIRMAN

before the
COMMITTEE ON FOREIGN AFFAIRS

“Copenhagen and Beyond: Is there a Successor to the Kyoto
Protocol?”

NOVEMBER 4, 2009

Mr. Chairman, I want to thank you for holding this important hearing on climate change. I have made this issue a central focus of the Subcommittee on Asia, the Pacific and the Global Environment because climate change represents a global existential threat. In addition, reducing greenhouse gases and adapting to the unavoidable impacts of warming temperatures will require a degree of global cooperation, commitment and hard work that, arguably, is without precedent.

As we speak, climate negotiators from 175 nations are meeting in Barcelona, Spain, for a final week of official talks before the December climate summit in Copenhagen. That summit offers a crucial opportunity to advance a post-2012 framework that will drastically curb greenhouse gas emissions and limit global warming to more manageable levels.

Fortunately, the United States is playing a positive role in that effort as President Obama has long recognized the need for American leadership in reducing emissions, developing a clean energy economy and addressing the impacts of global warming. Passage of the American Clean Energy and Security Act, the Waxman-Markey bill, last June demonstrated that the House is rising to the challenge. And I hope and believe that the Senate will soon make progress as well, despite yesterday's Republican boycott of the Senate Environment and Public Works Committee markup of the Kerry-Boxer bill. The positive developments in Washington have added impetus to the negotiations in Copenhagen and enhanced the prospect for a successful agreement to tackle the manifest problems associated with global warming.

But the positive developments in Congress on climate legislation and the leadership demonstrated by the Clinton Administration have lacked a critical element – a commitment to adequate and sustained levels of funding to assist the nations and peoples most vulnerable to the consequences of global warming. Developing countries have made it clear that absent sufficient resources from

developed countries for adaptation and mitigation, progress in Copenhagen will be meager. And failure there would dramatically dim prospects for a global deal on climate change, leaving global warming largely unchecked for an indeterminate amount of time.

The needs of developing countries are clear. As the World Bank noted in its recent “World Development Report 2010,” even if average global temperatures rise only 2 degrees Celsius above pre-industrial levels – an achievable level that would prevent the most damaging effects of global warming – the impact on vulnerable countries would still be severe:

Increased weather variability, more frequent and intense extreme events, and greater exposure to coastal storm surges would lead to a much higher risk of catastrophic and irreversible impacts. Between 100 million and 400 million more people could be at risk of hunger. And 1 billion to 2 billion more people may no longer have enough water to meet their needs. These consequences will fall disproportionately on developing countries. Warming of 2°C could result in a 4 to 5 percent permanent reduction in annual income per capita in Africa and South Asia, as opposed to minimal losses in high-income countries and a global average GDP loss of about 1 percent. These losses would be driven by impacts in agriculture, a sector important to the economies of both Africa and South Asia. It is estimated that developing countries will bear most of the costs of the damages—some 75–80 percent.

In addition, according to the UN Office for the Coordination of Humanitarian Affairs and CARE International, if left unchecked, climate change will have a drastic effect on human migration and displacement, “with figures ranging from 25 to 50 million by the year 2010 to almost 700 million by 2050.”

The vulnerability of developing countries results from their reliance on climate-sensitive sectors such as agriculture, populations living in locations susceptible to climate change impacts and limited financial and institutional capacity to adapt. Unfortunately, the impacts of climate change on the most vulnerable are already being felt, with floods, droughts, heat waves and tropical storms increasing in number and extent. As the “Stern Review on the Economics of Climate Change” made clear, even if greenhouse emissions ceased today, the

world would still face at least two decades of increasing global temperatures. In the not-too-distant future, the effects of that increase will lead to growing economic and political instability, refugee crises and conflicts over ever-scarcer natural resources – all of which will have direct, negative implications for developing and developed countries alike.

Dramatic reductions in greenhouse gas emissions are the key to averting the most harmful results of climate change. And as a recent McKinsey & Company analysis concluded, 67% of the greenhouse gas mitigation opportunities required to keep average world temperatures from exceeding a 2 degree Celsius rise are found in developing countries, making their cooperation indispensable. Gaining that cooperation will require developed countries to assist them in moving to low-carbon development paths and, more important for the short- and medium-term, to help them cover the costs of adapting to the impacts of climate change.

Providing such assistance is very much in our interest as it would moderate the sort of conflicts and refugee flows that, inevitably, would compel the United States and other developed countries to sacrifice blood and treasure. As retired Marine Corps General Anthony Zinni, former commander of U.S. Central Command, has noted, “We will pay now to reduce greenhouse gas emissions...or we will pay the price later.”

Beyond that brutal calculus, I believe the United States and other developed countries also have a moral obligation to provide adequate and sustained levels of assistance to the most vulnerable countries before the consequences take hold. That is because those most adversely and immediately affected by climate change are those least responsible for the greenhouse gas emissions driving global warming. The “World Development Report 2010” states that high-income countries, with one-sixth of the world’s population, are

responsible for nearly two-thirds of the greenhouse gases currently in the atmosphere, which will mainly harm developing countries.

President Obama recognized this cruel irony in his speech before the United Nations: “These are the nations that are already living with the unfolding effects of a warming planet – famine and drought; disappearing coastal villages and the conflicts that arise from scarce resources. Their future is no longer a choice between a growing economy and a cleaner planet, because their survival depends on both. It will do little good to alleviate poverty if you can no longer harvest your crops or find drinkable water. That is why we have a responsibility to provide the financial and technical assistance needed to help these nations adapt to the impacts of climate change and pursue low-carbon development.”

Estimates of the level of funding needed by the developing world to cope with climate change remain a subject of debate, but will approach, if not exceed, the current \$100 billion in overseas development assistance provided by wealthy countries. According to the United Nations Framework Convention on Climate Change (UNFCCC), for example, developing countries will need \$28-67 billion annually by 2030 for adaptation in terms of agriculture, forestry, water, health, coastal protection and infrastructure. The United Nations Development Programme estimates the annual amount at \$83-105 billion by 2015 for adaptation and strengthened disaster response. The World Bank puts the figure at \$75-100 billion annually between 2010 and 2050 for agriculture, forestry, fisheries, infrastructure, management of water resource and coastal zones, impacts on health, ecosystem services and effects of extreme weather events. McKinsey & Company estimates mitigation costs alone in developing countries at \$175 billion per year by 2030. And the European Commission calculates that poor countries will require \$150 billion per year by 2020 for adaptation as well mitigation.

Despite the variation, and despite the fact that the United States Government has yet to produce its own official estimates, there is no doubt that

the funding developing countries will need for adaptation and mitigation are significant. Yet, there is also no doubt that an additional 100-400 million people confronting hunger, 1-2 billion facing diminished access to fresh water, and hundreds of millions potentially losing their homes, will result in instability across the developing world that will directly and negatively affect the United States and other developed countries.

Thus far, there has been relatively little discussion in Washington about the particular problems climate change poses for developing countries – and even less commitment of resources. Some of those resources will come from the private sector, but large amounts must come from government. Unfortunately, the funds that the Waxman-Markey and Kerry-Boxer bills direct to the developing world are woefully inadequate.

Both bills provide assistance derived from revenues generated by the cap-and-trade programs they create. Title IV of Waxman-Markey provides 1 percent of emission allowances for adaptation in 2012-2021, 2 percent in 2022-2026 and 4 percent in 2027-2050. The legislation provides the same amounts for the same periods in helping developing countries deploy clean energy technologies. The Kerry-Boxer bill, in its current form, takes a similar approach and provides similar percentages of emissions allowances. According to the Congressional Research Service, based on the Congressional Budget Office's estimates regarding the value of overall allowances under Waxman-Markey, 1 percent designated for adaptation for developing countries would amount to \$687 million annually through 2021, despite a need likely easily exceeding 100 times that figure.

The Europeans, though more forthright than the United States in publically estimating the resources required by developing countries, have been less than forthcoming in making financial commitments. Just last Friday, for example, the European Union asserted that developed countries needed to provide

\$75 billion annually to developing countries by 2020 to help them cope with climate change, beginning with a “fast start” of \$7.5-10 billion each year for 2010-2012. After pointing out the sums needed, however, the EU made no promises to provide funding.

That developed countries should commit substantial resources to developing countries in helping them cope with climate change has long been recognized. The United Nations Framework Convention on Climate Change (UNFCCC), which the United States ratified in 1992, noted the discrepancy between those causing climate change and those suffering its consequences: “the largest share of historical and current global emissions of greenhouse gases has originated in developed countries,” while “low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change.”

Further, the UNFCCC recognized that, “the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions.”

Article 4 of the Framework operationalized the concept of “common but differentiated responsibilities,” by committing the developed nations to “assist the developing country parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.” The Bali Action Plan further committed wealthy nations to “enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation... [including] improved access to adequate, predictable, and sustainable financial resources and financial and

technical support, and the provision of new and additional resources, including official and concessional funding for developing country parties.”

At its core, the principle of “common but differentiated responsibilities” acknowledges the need for equity in addressing global warming as it places more responsibility on the developed countries responsible for the bulk of greenhouse gas emissions. The parties to the UNFCCC also understood that the broadest possible acceptance of the Convention’s obligations were a prerequisite for its success, which in turn required developed and developing countries to accept asymmetrical rights and obligations.

Both the House and Senate legislation on climate change make reference to these concepts. Regarding to U.S. obligations under Article 4 of the UNFCCC as well as the Bali Action Plan, for example, the Waxman-Markey bill notes the need “assist the developing countries most vulnerable to the adverse effects of climate change with financial resources and investment to support action on mitigation and adaptation and technology cooperation,” including through “improved access to adequate, predictable, and sustainable financial resources and financial and technical support, and the provision of new and additional resources, including official and concessional funding for developing country parties.”

Simply allocating funds to help developing countries cope with climate change will not work, of course, unless appropriate mechanisms are created to ensure those funds are used effectively. Toward that end, the UNFCCC established the Global Environment Facility (GEF), which manages the Least Developed Countries Fund, Adaptation Fund and Special Climate Change Fund. In addition, the United States led efforts to create a Clean Technology Fund as part of a broader Climate Investment Fund (CIF) within the World Bank, and a number of other countries developed additional bilateral and multilateral initiatives. The amounts actually deposited in these funds, however, remain well short of commitments – which themselves pale in comparison the resources

needed. For example, total contributions to the GEF for the period from November 2006 to June 2010 will amount to less than \$2.3 billion, with Treasury reporting that the United States currently remains \$169 million in arrears. For the CIF, despite an FY 2009 Administration request of \$400 million, Congress failed to appropriate any money at all.

Since these mechanisms are new and have limited resources and experience, it remains unclear whether their operational and governance structures will be adequate to the task if and when appropriate levels of funding become available. Clearly, however, to be effective, these and other funding mechanisms must fully engage the communities at risk since adaptation and mitigation efforts require the direct involvement of those communities. In addition, such mechanisms should strive for maximum transparency, provide sustained funding streams at adequate levels, avoid conditionality, and maintain broad, active and representative governance structures. Both Waxman-Markey and Kerry-Boxer provide broad guidelines for multilateral and bilateral assistance, but leave the executive branch wide latitude to develop plans for execution.

Designing and implementing mechanisms to provide substantial, stable, and predictable resource transfers will be difficult and expensive, but climate change is an enormous challenge in any number of respects. I believe the world is making progress, however, and the United States is providing leadership. But as we head toward Copenhagen, I think it is vital for us to heed President Obama's call for providing developing countries the financial and technical assistance they need, and for us to fulfill the Waxman-Markey legislation's stipulation that those nations be granted adequate, predictable, and sustainable financial resources for adaptation and mitigation. The cost will be high, but they will be higher still if we delay our efforts and allow the harmful effects of global warming to overwhelm developing countries. It is very much in our interest to make adequate funds available. It is also very much our moral obligation.

The Honorable Gerald E. Connolly (VA-11)

**HCFA Full Committee Hearing: Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol
Wednesday, November 4, 2009
10am**

With the upcoming Copenhagen negotiations, the United States has the opportunity to renew its commitment as a global partner in addressing climate change. Thankfully we now have a President who not only acknowledges the science of global warming but also is motivated to do something about it. House passage of the American Clean Energy and Security Act this past summer, coupled with the Administration's stated goal to reduce U.S. emissions to 14% below 2005 levels by 2020, and the Senate's pending markup of its own energy bill have brought new momentum to America's efforts to curb greenhouse gases, invest in renewable electricity and protect consumers.

The evidence for climate change is overwhelming. Ice core samples show that concentrations of atmospheric carbon dioxide and methane have steadily increased since the industrial revolution. The visual evidence is even more dramatic. Glaciers are melting at a rapid pace; by 2030, all the glaciers in Glacier National Park will have melted. In fact, two-thirds of them are already gone. Sea levels are rising, imperiling barrier islands and low-lying communities, including some in my home state of Virginia.

It is long past time for the federal government to step up this global challenge. In the absence of federal leadership, our state and local governments have picked up the baton and started running ahead without us. In fact, during my tenure in local government in Fairfax County, Virginia, I led an effort with the Sierra Club known as Cool Counties to recruit all 3,066 counties across the nation to commit to reducing their own greenhouse gas emissions 80 % by 2050. It was a companion effort to the Cool Cities initiative led by the nation's mayors. I also led two visiting delegations to Europe, where our

international local government counterparts are more engaged in combating climate change. Germany, for example, has become a leader on solar and wind power, installing solar panels on many of its government buildings. During her address to a joint session of Congress yesterday, German Chancellor Angela Merkel again stressed the urgency for leading industrialized nations to lead this charge against a shared threat, which she likened to a modern day Cold War.

There are several issues that must be resolved before a climate deal is finalized. A major point of contention in the global climate debate continues to be the responsibility of industrialized nations in reducing global emissions. Another has been the amount of financial assistance that low income countries ought to receive in steering away from high emission activities.

Though there are several details that remain to be negotiated, one thing is clear—prompt action is necessary. It is time for the United States to reclaim its role as a leader in this global debate, and I look forward to today's testimony.

Committee on Foreign Affairs
“Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?”

Wednesday, November 4, 2009

Questions for the Record

Response from The Honorable Todd D. Stern, Special Envoy for Climate Change,
U.S. Department of State

Rep. Barbara Lee

Question 1:

International Negotiations

Administration officials have stated that “nothing the U.S. can do is more important for the international negotiation process than passing robust, comprehensive clean energy legislation as soon as possible.

In light of the Bush Administration’s decision to walk away from the Kyoto protocol in 2001, how critical is Congressional legislation to regaining the trust of the international community that will be necessary for a global commitment to meet aggressive greenhouse gas reduction targets?

Answer:

Completed domestic clean energy legislation is vital to forging a successful international agreement on climate change. By providing a clear basis for the United States’ commitment to address climate change, such legislation has the potential to fundamentally alter U.S. negotiators’ discussions with the international community. In the longer term, the United States, as the world’s largest and most advanced economy, is seen as the country that can and should lead the climate effort. A robust U.S. commitment to achieve stabilization of greenhouse gas emissions in a timely manner will be seen as a benchmark by which all countries measure their own actions.

In the absence of legislation, the global community will place substantially less trust in our commitment to be part of the global solution.

Question 2:

How important is a strong climate commitment from the United States to compelling a short-term reduction in emissions growth, and longer-term reductions in absolute emissions, from key countries such as China and India?

Answer:

Just as the United States wishes for robust climate actions from India and China, so India and China expect substantial climate commitments from the United States. China and India have substantial wherewithal to act, but they look to the United States, as the largest advanced economy, for action, and much is expected from us by virtue of our unsurpassed capacity to lead in the response. Thus, a strong climate commitment from the United States is necessary to action from key countries like India and China.

Question 3:

Despite longstanding concerns over the World Bank's lending to high-emitting fossil fuels projects, the President's FY 2010 budget requested \$600 million for the World Bank's Climate Investment Funds and no specific funds under the United Nations Framework Convention on Climate Change (UNFCCC) such as the Least Developed Countries Fund (LDCF).

Can you elaborate on this preference? Shouldn't the United States be looking beyond climate financing mechanisms at the World Bank, to empower those administered under the UN Framework?

Answer:

The Administration believes that both the multilateral development banks and the UN agencies can be appropriate channels for multilateral climate finance, among others, based on their respective comparative advantage. The UN agencies have extensive on-the-ground presence in the developing world and experience working directly with countries on capacity-building activities, including at a small scale. The development banks have the capacity, fiduciary standards, and experience necessary to manage large-scale funds and deploy them through major investment programs. The President's FY2010 budget does contain a request for a contribution to the Least Developed Countries Fund (\$30 million) and the Special Climate Change Fund (\$20 million) under the UNFCCC. This would be the first time the United States has contributed to either fund, and in a single year would make us the second largest overall net contributor to both funds.

Question 4:**Adaptation Funding**

United States support for climate change adaptation, mitigation, and clean technology transfer assistance to developing nations not only reflects our "common but differentiated responsibility" as articulated by the United Nations Framework Convention on Climate Change (UNFCCC), but is also a central component of upcoming climate negotiations.

A United Nations report released in September indicated that it will cost between \$500 billion and \$600 billion every year for the next ten years to allow developing nations to grow using renewable energy resources instead of dirty, carbon-intensive fuels.

What level of adaptation and mitigation funding from the United States will be viewed as living up to our responsibilities given the United States' historical share of global emissions?

Answer:

While agreeing that the existing levels of available resources need to be scaled up significantly, the Administration does not endorse any particular estimate of finance requirements. We note that many studies of climate finance needs exist, employing widely varying methodologies to arrive at their widely divergent aggregate figures. Most of these studies agree that much of any climate response will come through the mobilization of domestic and international private capital, which is a function of policies that developing countries themselves put into place.

It is clear under almost any study that, given the scale of the climate challenge and the substantial risks associated with inaction, scaled-up public resources will be needed. The President's FY10 budget request, which represents an approximately fourfold increase from FY09, to \$1.2 billion, represents a vital step in reestablishing the United States as a leader in contributing to climate solutions in developing countries. We anticipate ramping up these contributions in future years.

Question 5:

Vulnerable Populations

Earlier this year, I introduced H.Con.Res. 98, a congressional resolution which recognizes the disparate impact of climate change on women, and the efforts of women globally to address climate change. This resolution affirms the commitment of Congress to support vulnerable populations including women, to prepare for, build resilience for, and adapt to the impacts of climate change.

What steps is the United States taking, or can we take, to integrate gender concerns into climate negotiations, especially with regard to the development of climate mitigation programs and parallel adaptation efforts?

Answer:

We share the concern that it is important to support vulnerable populations, including women, in adapting to climate change. Women, especially in poorer countries, are among those groups that have been identified as particularly vulnerable to the impacts of climate change, as have poorer populations generally. The United States is aiming to

design an effective overall response to climate change – both in terms of global greenhouse gas reduction and efforts to reduce vulnerability – that will minimize the effects of climate change on women and other vulnerable populations. We have also welcomed language in the UNFCCC recognizing the particular vulnerabilities of women under a changing climate and supporting the consideration the consideration of gender specific impacts as part of climate adaptation efforts globally.

Question 6:

What about indigenous populations? How can we ensure offset schemes or new mechanisms for curbing emissions, for example from deforestation, respect their rights and concerns?

Answer:

Effective implementation and sustainable results – particularly for activities related to land management, including reducing deforestation – will only be achieved with an open and transparent process. This will require broad stakeholder participation and taking into account the needs and interests of local communities, forest dwellers, and indigenous peoples (and the collective rights of indigenous peoples, where relevant). We support strong indigenous peoples’ engagement, and respect for their needs and interests, in every stage a project design and implementation, particularly in the land management context. We have supported text in the UNFCCC negotiations that would aim to foster such engagement and respect.

Question 7:

Climate Change and Emissions Reductions

Congress has an opportunity to act now before the impacts of climate change are severe enough to provoke solely reactive policies. Such policies will fail to account for long-term sustainability, and cost the US and the entire global community not only resources, but lives.

Can you speak to what you would consider to be an ideal timeline for United States and the international community to act in addressing climate change? What does the science tell us?

Answer:

The science of climate change tells us that our unsustainable emissions of greenhouse gases are causing climate change, and that observed impacts, already significant, can be expected to accelerate in coming decades as the climate catches up to our recent emissions. The impacts of human-induced warming should we fail to reduce emissions are projected to be severe: increased frequency and intensity of flood and drought, prolonged heat waves affecting most of the US, sea level rise, loss of sensitive species and ecosystems, including much of the world's coral reefs, increases in forest fire,

and others.

To minimize the severity of these impacts and to reduce the risk of passing tipping points, the United States has supported a global goal of reducing global emissions to 50% of 1990 levels by 2050. This level is in line with the broad scientific view that global atmospheric temperature increase ought not exceed two degrees centigrade over preindustrial times. A U.S. emission reduction pathway along the lines of that reflected in House bill 2425 would constitute a robust U.S. contribution to such a global effort.

Question 8:

Some experts propose that the United States should pursue bilateral agreements over any form of binding international agreement on climate change.

Can you speak to the feasibility of achieving meaningful global reductions in greenhouse gas emissions under a patchwork of bilateral agreements versus a comprehensive international treaty?

Answer:

Successful climate diplomacy must harness multilateral, regional and bilateral solutions. All have their place, but given the global nature of emissions, a global approach is the preferred vehicle. A U.N. agreement that includes requisite action from all major emitters is ultimately the most efficient approach, and the United States is vigorously pursuing such an agreement through the UNFCCC. Almost all countries in the world are Party to the UNFCCC, and view this as the forum for negotiating global climate agreements. As larger economies contribute more to the climate problem, the United States has ramped up its dialogue and cooperation with these countries as well. We have significant bilateral engagement with key countries across the globe including Brazil, China, India, Indonesia, and Mexico. These efforts complement our efforts to achieve agreement through the UNFCCC, but are not a substitute for such an agreement.

Question 9:

How will the U.S. “pledge and review” proposal ensure that an international agreement will yield greenhouse gas reduction commitments demanded by science, and the previously recognized “common but differentiated” responsibility of developed nations?

Answer:

The United States is committed to reaching a strong international agreement in Copenhagen that will reflect robust targets and ambitious actions embodied in both U.S. domestic law and in the important national actions of all countries with significant emissions profiles. We seek firm commitments from all key countries, consistent with a

level of ambition needed to meet the objective of the Convention, and mechanisms to ensure that countries stand behind these commitments.

As set forth in the July Declaration of the Major Economies Forum, we would expect developed countries to take on emissions targets and the major developing countries to undertake actions whose projected effects on emissions represent a meaningful deviation from business as usual in the midterm. The U.S. will assess the impact of these actions on an ongoing basis, both in the context of our own domestic efforts and the latest climate science, to assess the adequacy of the global response to the climate change challenge. Meaningful mitigation efforts in major developing economies are absolutely necessary if we are to achieve a goal of halving global emissions by 2050.

We see the need for a strong system for measurement, reporting and verification (MRV) that would provide enhanced international transparency and credibility, and a process that would encourage and facilitate implementation of Parties' actions. Such a system would also help the global community evaluate whether Parties' actions are achieving the goals that science tells us must be met.

Question 10:

What compliance mechanisms would be put in effect under the "pledge and review" proposal in order to hold countries accountable if they fail to make required reductions?

Answer:

Our proposal envisions a robust system of measurement, reporting, and verification to foster transparency in implementation and encourage and facilitate compliance. Our proposal incorporates frequent and comprehensive reporting, international expert review team verification and peer review. Such a system is designed to enhance the credibility of reporting, be politically feasible, and create the dynamic needed to maximize adherence to the commitments that countries have undertaken.

Question 11:

Assuming the United States will be integrating an international offsets market into any domestic or international climate agreement, what tools are at our disposal to:

- a) ensure offsets are measurable, verifiable, and reportable?, and
- b) deter double-counting of avoided or reduced emissions that have been sold as offsets, but could potentially still be counted toward a countries overall reductions or level of emissions below business as usual?

Answer:

International offsets offer an important cost-containment tool in domestic cap-and-trade system. The Administration strongly agrees that any international offsets brought into the U.S. domestic system should be measurable, verifiable, and reportable.

The Waxman-Markey bill as approved by the House sets strong standards in this regard, requiring that international offsets meet or exceed standards for U.S.-sourced offsets. A variety of tools will be at our disposal, including the option to require that only offsets developed according to U.S.-approved methodologies be eligible for import; that all reductions be verified by an accredited third-party verifier; and that the regulator of the domestic system may implement additional screening procedures for offsets issued by an international body.

We also support recommendations that each country measure and report in a transparent manner its emissions, actions taken to reduce emissions, and international transfers of offsets. National and international offset registries can play an important role in this regard. Full transparency will deter countries from double-counting emission reductions achieved in one country but acquired by another through an offset market.

Committee on Foreign Affairs
“Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?”

Wednesday, November 4, 2009

Questions for the Record

Response from The Timothy E. Wirth, President of the United Nations Foundation and Better World Fund

Rep. Barbara Lee

International Negotiations

Q1: Administration officials have stated that “nothing the U.S. can do is more important for the international negotiation process than passing robust, comprehensive clean energy legislation as soon as possible.

In light of the Bush Administration’s decision to walk away from the Kyoto protocol in 2001, how critical is Congressional legislation to regaining the trust of the international community that will be necessary for a global commitment to meet aggressive greenhouse gas reduction targets?

Q2: How important is a strong climate commitment from the United States to compelling a short-term reduction in emissions growth, and longer-term reductions in absolute emissions, from key countries such as China and India?

When the United States agreed to the Kyoto Protocol in 1997 but was first unable and then unwilling to ratify it, other nations took note, and they are watching now to see whether Congress will act on climate legislation before the U.S. government makes another international commitment.

The House of Representatives took a very important step forward by passing the American Clean Energy and Security Act in June, and the world now is waiting for the Senate to act. Because of the Kyoto experience and because the Administration is waiting for a clear signal from Congress, a global commitment to greenhouse gas reduction targets will not occur until the United States takes action domestically.

India and China are seeking greater American engagement, but they are also taking steps on their own to increase their energy efficiency and their use of low-carbon energy – steps that will reduce their emissions growth in the short term and set the stage for stronger action later.

Q3: Despite longstanding concerns over the World Bank’s lending to high-emitting fossil fuels projects, the President’s FY 2010 budget requested \$600 million for the World

Bank's Climate Investment Funds and no specific funds under the United Nations Framework Convention on Climate Change (UNFCCC) such as the Least Developed Countries Fund (LDCF).

Can you elaborate on this preference? Shouldn't the United States be looking beyond climate financing mechanisms at the World Bank, to empower those administered under the UN Framework?

This is an important question that deserves serious consideration and will be discussed further in Copenhagen and beyond.

Using even the most optimistic estimates, the public finance mechanisms that exist today, such as the Clean Development Mechanism (CDM), Global Environment Facility (GEF), and the Adaptation Fund of the Kyoto Protocol, will not be able to provide the level of investment that will be needed. Additional sources and mechanisms for both public and private finance must be put in place to finance and incentivize the global transition to a low-carbon economy and to help cover the costs of adaptation. In addition to official development assistance (ODA), options include auction revenues from greenhouse gas markets and global market-based levies – for example, on international air travel and maritime freight transportation. Ultimately, the private sector must take on the majority of investments in low-carbon energy technologies. Governments around the world should guide and leverage these investments in the right direction by providing an enabling environment with a stable regulatory framework and necessary incentives.

In the short term, we recommend the creation of no new global institutions for deployment of resources from existing funding channels, provided that accountability mechanisms and transparent decision making are established to overcome current lack of trust by donor and recipient countries. In the longer term, we recommend the establishment of a new funding mechanism with an innovative structure and inclusive governance to manage multiple sources of funding and ensure accountability to the UNFCCC. This funding mechanism would program resources at a 'macro' level and provide disbursements that reflect countries' priorities through existing operational channels. The funding mechanism would also monitor and evaluate progress, and adjust its policies according to changing scientific information about climate change and its impacts, as well as lessons learned.

Adaptation Funding

Q4: United States support for climate change adaptation, mitigation, and clean technology transfer assistance to developing nations not only reflects our "common but differentiated responsibility" as articulated by the United Nations Framework Convention on Climate Change (UNFCCC), but is also a central component of upcoming climate negotiations.

A United Nations report released in September indicated that it will cost between \$500 billion and \$600 billion every year for the next ten years to allow developing nations to grow using renewable energy resources instead of dirty, carbon-intensive fuels.

What level of adaptation and mitigation funding from the United States will be viewed as living up to our responsibilities given the United States' historical share of global emissions?

As noted in reports by Global Leadership for Climate Action – a collaboration between the United Nations Foundation and the Club of Madrid – what is required for climate action is on the order of tens of billions of dollars. Elementary principles of justice demand that the world's response strategies and adaptation funds give special priority to the poorest countries. The world's poor, who have contributed the least to greenhouse gas emission, will suffer the worst impacts of climate change and have the least capacity to adapt.

Official development assistance (ODA) has not reflected the agreements in Rio in 1992, when the UN Framework Convention on Climate Change was finalized. One recent analysis found that developing countries have received less than 10 percent of the funds promised by developed countries to help them adapt to the impacts of climate change. The poorest countries have received the least help, with Africa, the poorest continent, getting less than 12 percent of all the climate change-related funds spent globally in the last four years. Although developed countries have together pledged nearly US\$18 billion in the last seven years, and despite world leaders' rhetoric that the financing is vital, less than US\$900 million has been disbursed, and long delays are plaguing many funds.

We recommend that US\$1 to \$2 billion of additional official development assistance (ODA) be provided immediately by developed countries to help Least Developed Countries (especially in Africa), selected small island developing states (below a certain gross domestic product), and other most vulnerable developing countries that are already suffering from climate impacts. The funds could be provided as a special window in the fifth replenishment of the Global Environment Facility (GEF). The funds should be used for the implementation of National Adaptation Programmes of Action (NAPAs) in the context of poverty alleviation strategies and plans, focus on actions at the local level, and help enhance the resilience of people and ecosystems. Funds should flow to community-level organizations, women's groups, and nongovernmental organizations (NGOs).

In the longer term, we recommend that a climate fund (or funding mechanism) be established in the context of a new and comprehensive climate agreement to support developing countries' actions related to mitigation and adaptation. It should include both public and private resources, starting at US\$10 billion and growing to \$50 billion per year. It should have an innovative structure and governance that is transparent and inclusive. In addition to ODA, it should consist

of innovative and predictable sources of finance, including auction revenues from greenhouse gas markets and global market-based levies—for example, on international air travel and maritime freight transportation. The United States should contribute an appropriate share of such a fund.

Vulnerable Populations

Q5: Earlier this year, I introduced H.Con.Res. 98, a congressional resolution which recognizes the disparate impact of climate change on women, and the efforts of women globally to address climate change. This resolution affirms the commitment of Congress to support vulnerable populations including women, to prepare for, build resilience for, and adapt to the impacts of climate change.

What steps is the United States taking, or can we take, to integrate gender concerns into climate negotiations, especially with regard to the development of climate mitigation programs and parallel adaptation efforts?

Q6: *What about indigenous populations? How can we ensure offset schemes or new mechanisms for curbing emissions, for example from deforestation, respect their rights and concerns?*

As noted above, developed countries should immediately provide funds for the implementation of National Adaptation Programmes of Action (NAPAs) in the context of poverty alleviation strategies and plans, with a focus on actions at the local level, to help enhance the resilience of people and ecosystems. Funds should flow to community-level organizations, women's groups, and nongovernmental organizations (NGOs).

Sound management of forest carbon is a global public good, and developing countries should be compensated for managing their forests for their global benefits. Reducing deforestation offers a relatively inexpensive opportunity to reduce carbon dioxide emissions, and effective strategies to accomplish that goal consider the conservation of biodiversity, the provision of ecosystem goods and services, and the improvement of livelihoods for neighboring communities.

Climate Change and Emissions Reductions

Q7: Congress has an opportunity to act now before the impacts of climate change are severe enough to provoke solely reactive policies. Such policies will fail to account for long-term sustainability, and cost the US and the entire global community not only resources, but lives.

Can you speak to what you would consider to be an ideal timeline for United States and the international community to act in addressing climate change? What does the science tell us?

The scientists tell us that we're running out of time. At the International

Scientific Congress on Climate Change in March 2009, some 2,500 scientists agreed: “Recent observations confirm that, given high rates of observed emissions, the worst-case [Intergovernmental Panel on Climate Change] scenario trajectories (or even worse) are being realized.... There is no excuse for inaction.” The scientific consensus is that global greenhouse emissions need to peak in the next 10 years, followed by substantial reductions to at least 50 percent below 1990 levels by 2050 – a formidable task that requires collective action without further delay.

Recent reports show that the levels of carbon dioxide in the atmosphere are rising faster than anticipated and that the effects are already far-reaching – on temperature patterns, extreme weather events, glacial melting, and acidification of the oceans. New studies show that climate change will cause agricultural productivity to decline by as much as 50 percent in some areas of Southeast Asia and Sub-Saharan Africa, even as the world’s population is growing rapidly, and economic development means greater demand for food. Low-lying small islands, some of which stand only a few feet above the water, are at risk of disappearing altogether due to sea-level rise – thereby forcing entire countries to relocate elsewhere.

Public policy, even under the best scenario, is not keeping up with what the science tells us we must do. Further delay in responding to these warnings increases the risk of possible “tipping points”: the rapid disintegration of ice sheets, the sudden release of methane from warming permafrost in the North – tipping points that could turn a challenge into a catastrophe for our children, grandchildren, and the future of life as we know it on earth. We need to act immediately to reduce carbon emissions.

Q8: Some experts propose that the United States should pursue bilateral agreements over any form of binding international agreement on climate change.

Can you speak to the feasibility of achieving meaningful global reductions in greenhouse gas emissions under a patchwork of bilateral agreements versus a comprehensive international treaty?

Q9: How will the U.S. “pledge and review” proposal ensure that an international agreement will yield greenhouse gas reduction commitments demanded by science, and the previously recognized “common but differentiated” responsibility of developed nations?

To be effective, any climate change agreement must be both global and comprehensive. It should include all countries, all sectors, all sources and sinks, and mitigation as well as adaptation. Such an agreement will be successful only if it is perceived by all participating countries to be equitable. The agreement must be measurable and verifiable and eventually enforced by a legal framework and economic incentives.

As President Obama said recently, we still have much negotiation ahead of us, but we are moving in the right direction. Apparently the Administration's negotiators have settled on a "short form agreement" strategy that will include:

- Mitigation commitments of some type by all the major players;
- Some registry of those commitments with an international authority (though not legally binding);
- Genuine transparency for each national process, perhaps similar to those of the WTO;
- The start of a global adaptation fund, administered by a balanced board;
- A window for technology sharing and funding, perhaps through regional centers or universities;
- A forestry component;
- A long-term goal, perhaps more than the already agreed 2 degrees Centigrade; this might be a reduction of carbon emissions of 80% for developed countries and 50% for developing countries by the year 2050.

These components may be woven together into a "Prompt Start" declaration that could go into effect right away and would be a step toward a legal treaty which could be negotiated as soon as next year.

Even as discussions proceed on the elements of a new agreement on emissions limits, tangible progress can be made right now, on first steps that will engage a wider array of countries and result in immediate action.

Building block agreements, including energy efficiency, renewable energy and technological innovation, would augment and support the formal United Nations-led negotiations. If developing and developed countries join in these early, concerted actions that take on the climate challenge directly, it would build trust and momentum toward a comprehensive deal in Copenhagen.

Reaching a deal in Copenhagen will be hard enough; leaving all the negotiations to the last minute could make it unachievable. Preliminary agreements will engender good faith and make a down payment on the more serious commitments that must follow.

The U.S.-China announcements during President Obama's visit in November are welcome steps forward, especially the affirmation in the U.S.-China Joint Statement that "an agreed outcome" at the UN climate talks in Copenhagen should include emission reduction targets by developed countries and nationally appropriate mitigation actions by developing countries; substantial increases in adaptation assistance, and constructive action on technology cooperation and deforestation. Such an agreement would provide a major step forward toward "final legal agreement" in 2010.

We strongly support the statement that “transitioning to a low-carbon economy is an opportunity to promote continued economic growth and sustainable development in all countries.”

Q10: What compliance mechanisms would be put in effect under the “pledge and review” proposal in order to hold countries accountable if they fail to make required reductions?

Q11: Assuming the United States will be integrating an international offsets market into any domestic or international climate agreement, what tools are at our disposal to:

- a) ensure offsets are measurable, verifiable, and reportable?; and***
- b) deter double-counting of avoided or reduced emissions that have been sold as offsets, but could potentially still be counted toward a countries overall reductions or level of emissions below business as usual?***

The first step toward compliance is accurate data collection. In that context, one noteworthy achievement during the President’s trip to China was the memorandum of cooperation agreed between the Environmental Protection Agency and the National Development and Reform Commission of China, which outlined several areas of possible collaboration, including technical assistance and expertise sharing to help China develop robust greenhouse gas inventories and to assess the impacts of climate change on economic development, human health, and ecological systems. This may be a first step toward establishing international reporting norms on China’s emissions.

Eighteen percent of global emissions come from land-use changes—a greater share than either global transport or the industrial sector. Most of this is due to deforestation. Addressing greenhouse gas sinks—including potential credits for afforestation, reforestation and avoided deforestation—should be a component of future climate agreements. Improving science and measurement of above-ground and below ground stocks of carbon is an integral part of this process, but rapid strides have been made in recent years, particularly in verifying forest carbon, through satellite imagery and other advanced techniques.

Committee on Foreign Affairs
“Copenhagen and Beyond: Is there a Successor to the Kyoto Protocol?”

Wednesday, November 4, 2009

Questions for the Record

Response from The Honorable Eileen Claussen, President of Pew Center on Global Climate Change

Rep. Barbara Lee

Question 1:

International Negotiations

Administration officials have stated that “nothing the U.S. can do is more important for the international negotiation process than passing robust, comprehensive clean energy legislation as soon as possible.

In light of the Bush Administration’s decision to walk away from the Kyoto protocol in 2001, how critical is Congressional legislation to regaining the trust of the international community that will be necessary for a global commitment to meet aggressive greenhouse gas reduction targets?

Answer:

The enactment of strong, comprehensive climate change legislation is the most critical step the United States can take to regain the trust of the international community. The U.S. abandonment of the Kyoto Protocol, and the inaction of successive administrations, have left many countries apprehensive about U.S. willingness to undertake – and commit to – the strong actions needed to address climate change.

Without the full engagement of the United States, there is little prospect of establishing a fair and durable international climate agreement. Enactment of the type of legislation now before Congress, however, would put the United States in a strong position to help forge an effective agreement. Mandatory domestic emission targets would provide the basis for the United States to undertake a legally binding commitment. In addition, provisions in the House-passed American Clean Energy and Security Act of 2009 (H.R. 2454) and in proposals before the Senate would set aside some emission allowances in a U.S. cap-and-trade system to provide a reliable source of financial support for adaptation, reduced deforestation, and technology deployment in developing countries. This would enable the United States to commit to providing such support, an essential element of a new climate agreement.

Question 2:

How important is a strong climate commitment from the United States to compelling a short-term reduction in emissions growth, and longer-term reductions in absolute emissions, from key countries such as China and India?

Answer:

A strong U.S. commitment is critical to ensuring strong, sustained action by the world's other major economies. China, India and other major developing countries have adopted national climate strategies outlining steps they are taking that help to reduce or avoid greenhouse gas emissions and, in many cases, additional steps they would take with international support. We can be most confident that these and the other major economies are undertaking their strongest possible efforts if they commit to those efforts as part of a comprehensive multilateral agreement. They will be willing to make such commitments only if the United States, the largest historic emitter of greenhouse gases, commits at the same time. The United States should commit both to reduce its own emissions and to provide support, where appropriate, to developing countries. In exchange, the United States should expect all major economies to undertake binding commitments within a framework that provides for robust verification of countries' actions and for a clear determination of whether or not countries are fulfilling their commitments.

Question 3:

Despite longstanding concerns over the World Bank's lending to high-emitting fossil fuels projects, the President's FY 2010 budget requested \$600 million for the World Bank's Climate Investment Funds and no specific funds under the United Nations Framework Convention on Climate Change (UNFCCC) such as the Least Developed Countries Fund (LDCF).

Can you elaborate on this preference? Shouldn't the United States be looking beyond climate financing mechanisms at the World Bank, to empower those administered under the UN Framework?

Answer:

We strongly support the President's FY 2010 budget request for the World Bank's Climate Investment Funds. Mobilizing financial resources on the scale needed to decarbonize the rapidly growing economies of the developing countries will require a wide range of investment sources, including conventional private finance (both in-country and foreign investment), private finance through carbon markets, and bilateral and multilateral public finance. Any funding mechanism used to deliver multilateral support must have the institutional capacity to efficiently allocate significant public sums

among competing projects, ensure accountability in the use of these funds, and leverage private sector finance. The existing multilateral development banks have these capacities. The UNFCCC, on the other hand, has relied almost exclusively on the Global Environment Facility (a partnership of the World Bank, the UN Environment Programme, and the UN Development Programme) to administer funds under the UNFCCC and the Kyoto Protocol, including the LDCF. Developing countries have expressed many concerns, however, with the GEF's operations.

The Climate Investment Funds (CIFs) established at the World Bank by the United States and other countries are an effort to meld the Bank's institutional strengths with a new governance structure providing for balanced representation of are administered by the are invested as agreed. Many developing countries have been consulted in the design of, and are supportive of, the CIFs. For the immediate future, they provide ready vehicles for quickly and efficiently applying "prompt-start" finance that is likely to be pledged at the UN Climate Change Conference in Copenhagen. Congress' approval of the President's full FY 10 request for the CIFs would significantly strengthen the Administration's ability to offer a credible pledge of "prompt-start" resources for adaptation, reduced deforestation, and technology deployment in developing countries. Continued efforts are needed to shift the World Bank's energy portfolio toward lower-carbon investments, but the Bank's past investment patterns should not disqualify it from playing a critical role for which it is uniquely suited.

Question 4:

Adaptation Funding

United States support for climate change adaptation, mitigation, and clean technology transfer assistance to developing nations not only reflects our "common but differentiated responsibility" as articulated by the United Nations Framework Convention on Climate Change (UNFCCC), but is also a central component of upcoming climate negotiations.

A United Nations report released in September indicated that it will cost between \$500 billion and \$600 billion every year for the next ten years to allow developing nations to grow using renewable energy resources instead of dirty, carbon-intensive fuels.

What level of adaptation and mitigation funding from the United States will be viewed as living up to our responsibilities given the United States' historical share of global emissions?

Answer:

Given the United States' historic contribution to climate change, and its contributions traditionally toward institutions such as the United Nations, other governments might expect the United States to assume responsibility for roughly 20 percent of the new public finance committed for international climate change purposes.

The European Commission estimates the need for fast-start finance for adaptation and mitigation in developing countries at \$7.5 billion to \$10.5 billion a year from 2010 to 2012. The Commission has recommended that the European Union contribute \$750 million to \$3.1 billion a year. For FY 10, President Obama is requesting approximately \$1.2 billion in international energy and climate appropriations.

The European Commission estimates the need for public finance in 2020 at \$15 billion to \$30 billion. The Environmental Protection Agency's modeling of H.R. 2454 suggest that the set-asides contained in the bill would generate more than \$5 billion in 2020 for adaptation, reduced deforestation, and technology deployment in developing countries.

Question 5:

Vulnerable Populations

Earlier this year, I introduced H.Con.Res. 98, a congressional resolution which recognizes the disparate impact of climate change on women, and the efforts of women globally to address climate change. This resolution affirms the commitment of Congress to support vulnerable populations including women, to prepare for, build resilience for, and adapt to the impacts of climate change.

What steps is the United States taking, or can we take, to integrate gender concerns into climate negotiations, especially with regard to the development of climate mitigation programs and parallel adaptation efforts?

Answer:

Climate change is not just an issue for our environment and our economy, it is also an issue of population dynamics, poverty and gender equity. While historically absent from the climate dialogue, in the last few years gender considerations have slowly but surely gained a higher profile.

Internationally, this is most evident in negotiations to design a post-2012 climate treaty. Within the negotiations on a shared global vision and adaptation – to which the United States is a party – there is draft text recognizing that the adverse effects of climate change will be felt most acutely in vulnerable developing countries, and particularly by women. It will be important to adopt such language in a final treaty, but it will be even more critical to operationalize this language through integration in present and future climate planning and implementation to ensure this recognition produces real and meaningful progress to address gender equity.

Question 6:

What about indigenous populations? How can we ensure offset schemes or new mechanisms for curbing emissions, for example from deforestation, respect their rights and concerns?

Answer:

The rights and concerns of indigenous people and local communities are receiving considerable attention in the international climate negotiations. In some areas (adaptation and forestry), indigenous peoples' rights and interests are becoming better reflected in proposals, alongside efforts to increase indigenous representation in the process and ensure that post-2012 activities are in accordance with relevant international human rights agreements, such as the United Nations Declaration on the Rights of Indigenous Peoples.

While the issue of indigenous rights must be addressed largely at the domestic level, there are "safeguards" that can be put in place internationally providing guidance to parties. For example, any decision emerging from UN climate discussions to reduce emissions from deforestation (REDD) in developing countries should encourage parties to respect the knowledge and rights of indigenous peoples and members of local communities, including their free, prior and informed consent; and promote the full and effective participation of all relevant stakeholders in actions.

As with gender considerations, while it will be important to include such safeguards in a new climate agreement, it will be even more critical to operationalize this language in project implementation. U.S. domestic legislation can help facilitate representation and participation by indigenous and local communities by requiring that countries uphold the safeguards. Importantly, both H.R. 2454 and The Clean Energy Jobs and American Power Act (S. 1713) introduced in the Senate include provisions mandating that offset projects give due regard to the rights and interests of local communities, indigenous peoples and vulnerable social groups; promote consultation with local communities during the project; and encourage sharing of profits with local communities and indigenous peoples.

Question 7:

Climate Change and Emissions Reductions

Congress has an opportunity to act now before the impacts of climate change are severe enough to provoke solely reactive policies. Such policies will fail to account for long-term sustainability, and cost the US and the entire global community not only resources, but lives.

Can you speak to what you would consider to be an ideal timeline for United States and the international community to act in addressing climate change? What does the science tell us?

Answer:

The principal message from the science is the urgency of starting now. We need both mandatory greenhouse gas limits in the United States and a new global climate agreement as quickly as possible. The U.S. emission limits proposed in H.R. 2454 are ambitious yet achievable. They would reduce U.S. emissions 17 percent below 2005 levels by 2020, and 83 percent by 2050. The 2020 target falls short of the developed country emission reduction range that, according to the most recent assessment of the Intergovernmental Panel on Climate, is required to limit global average temperature increase to 2 degrees Celsius. However, the bill would ensure continued and significant emission reductions in the decades following, establishing annual mandatory limits through 2050, a more rigorous long-term approach than that yet undertaken by any other country. If the efforts of other countries are commensurate, this steep and steady decline in U.S. emissions will help to significantly reduce the risks of dangerous climate change.

Question 8:

Some experts propose that the United States should pursue bilateral agreements over any form of binding international agreement on climate change.

Can you speak to the feasibility of achieving meaningful global reductions in greenhouse gas emissions under a patchwork of bilateral agreements versus a comprehensive international treaty?

Answer:

Bilateral and regional agreements play an important role in meeting the climate challenge, but are no substitute for a comprehensive multilateral agreement. Only a comprehensive treaty can strike the necessary balance among the many interests at stake and, thereby, ensure the strongest possible collective effort. Major-emitting countries will deliver their strongest efforts only if they are confident that their counterparties (and competitors) are also contributing their fair shares, and this is difficult if not impossible to achieve through a series of bilateral agreements.

However, bilateral agreements can help build confidence among parties and mobilize joint efforts not well suited to multilateral forums. For instance, the joint technology initiatives launched by Presidents Obama and Hu at the recent U.S.-China Summit have helped identify opportunities for concrete cooperation that can yield important dividends for both countries. Moving forward, the types of arrangements needed to link domestic carbon markets also might be best pursued through bilateral and regional agreements.

Question 9:

How will the U.S. "pledge and review" proposal ensure that an international agreement will yield greenhouse gas reduction commitments demanded by science, and the previously recognized "common but differentiated" responsibility of developed nations?

Answer:

The U.S. proposal for a new “implementing agreement” under the UNFCCC has been characterized by some as “pledge and review” – an approach in which countries make pledges, rather than commitments, and their actions are subject to international review. However, depending on the particular provisions incorporated, the structure proposed by the United States could also function as a legally binding agreement. For instance, the proposal includes placeholders for provisions on ratification and entry into force, essential features of a protocol or other legally binding agreement. Taken in this direction, the U.S. proposal provides a sound framework for strong, binding commitments.

The U.S. proposal upholds, but appropriately reinterprets, the principle of “common but differentiated responsibilities.” It maintains the distinction between developed and developing countries, requiring more of the former. However, it introduces a greater degree of differentiation among developing countries, in recognition that those with greater responsibility and capability should undertake stronger efforts than those that bear little or no responsibility or climate change, or are primarily its victims.

Question 10:

What compliance mechanisms would be put in effect under the “pledge and review” proposal in order to hold countries accountable if they fail to make required reductions?

Answer:

The United States has proposed provisions on “measurement, reporting and verification” that would provide for the submission of greenhouse gas inventories and reports detailing countries’ implementation of their agreed actions, and for expert international review of these submissions. These are critical elements. Under the U.S. proposal, the final stage of review would be a form of “peer review” in which a party makes a presentation to all parties in an open plenary, and other parties can question or comment on the party’s implementation efforts.

We believe a new climate agreement must go further. First, it should require that countries verify their actions according to international criteria, and report on their verification efforts in their implementation reports. Second, the agreement should establish procedures leading to a clear determination of whether or not a party is complying with its commitments. This function could be served by a body such as an implementation committee appointed by the UNFCCC Conference of the Parties. The compliance procedure should be largely facilitative – i.e., geared toward helping to identify and overcome obstacles to implementation in cases of non-compliance. In addition, the committee should enforce any rules regarding market eligibility (e.g., rules requiring parties to maintain national emissions inventories and transaction registries in order to participate in international emissions trading or crediting).

Punitive measures are unacceptable to many parties, and might or might not ensure stronger compliance. Perhaps the strongest deterrent to noncompliance is the desire to avoid “naming and shaming.” That deterrent is most effective, however, if the agreement establishes a mechanism to very clearly “name” countries that are not complying.

Question 11:

Assuming the United States will be integrating an international offsets market into any domestic or international climate agreement, what tools are at our disposal to:

- a) ensure offsets are measurable, verifiable, and reportable?, and
- b) deter double-counting of avoided or reduced emissions that have been sold as offsets, but could potentially still be counted toward a countries overall reductions or level of emissions below business as usual?

Answer:

As with domestic offsets, international emission offsets can be credibly generated in a number of categories, including forestry, agriculture, energy fuel switching, and transportation. International offsets should be measured against the same quality criteria as domestic offsets, i.e. they should be additional, permanent, monitored, independently verified, and address leakage, though the criteria for additionality could potentially be different for some project types. For instance, while renewable energy and energy efficiency projects should not be eligible for domestic offset credits because the U.S. electricity sector will be capped, they could be additional for offset projects in developing countries in which the electricity sector is not covered under a cap-and-trade system.

The role of international offsets in containing the cost of a cap-and-trade program is significant. EPA modeling shows that without these offsets, the cost of implementing H.R. 2454 could be as much as 89 percent higher. Therefore, it is crucial that our cap-and-trade system allow for the recognition of international offsets meeting U.S. quality criteria. International offsets can be assessed for quality either by the U.S. program administrator, by an international body if the U.S. program administrator determines that this body has a thorough and credible assessment process, or by both.

With regard to double counting, all international and domestic offsets should be listed in an appropriate registry, and domestic and international agencies should coordinate to ensure that double counting does not occur. A new international offsets transaction log should also be created to track the movement of both offset credits as well as credits from other trading systems such as the European Union Emissions Trading Scheme.