



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

**Remarks of Ambassador Bleich
at the National Business Leaders Forum
on Sustainable Development
at Parliament House, Canberra, Australia**

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Thank you to Molly Harriss Olson and to the National Business Leaders Forum for inviting me here to speak.

It used to be that in polite society the two topics you were supposed to avoid were politics and religion. Which is why people used to talk about the weather. Now the best way to start a controversy at a party is to talk about the weather: how it is changing, why it is changing, etc. So for those of you who have delicate sensibilities or who depend upon diplomats to speak soothingly about non-topics, I'm very sorry but I plan to talk about the weather.

The existence and causes of climate change are topics on which there is no shortage of opinions, conjecture, policies, fears and accusations. While this is just as true in the United States as it is in other countries, I'd like to make sure there is no mistake about this: the U.S. government position on climate change is clear.

Climate change is real.

It is influenced by human greenhouse gas emissions.

And it is among the most pressing challenges currently facing humanity.

Full stop.

But climate change is also part of a larger picture. Regardless of how people respond to the science on global climate change, we would have to change our energy systems anyway. How we currently use energy is a security issue, an economic issue, and a health issue that we can't avoid.

America and Australia are two of the most energy-intensive economies on earth. Our nations built our economies to run on inexpensive fuel supplies that once seemed limitless. But we now have to confront the fact that they aren't, and they will run out one



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

day in the foreseeable future. So we need to begin developing alternatives – bridge technologies and long-term future technologies -- or else our economies will come crashing down. The only debate is how long we have.

In the meantime, the status quo poses other hazards we can't tolerate. Fossil fuels are unevenly distributed around the globe. Large supplies are in locations with unstable governments or places that do not have our nations' best interests in mind. Letting these nations control our supplies or trade is as great a security risk as any weapon.

We are also putting our health and our environment at risk. Increased carbon levels of course threaten to raise ocean levels, strand millions of refugees, and produce massive food and water shortages. But even putting carbon aside, there is no dispute that these fuels burn dirty and pose many other environmental hazards. Greenhouse gases are just one of the hazardous byproducts from burning coal and oil, such as methane, nitrous oxides, and sulfur oxides. And the Gulf of Mexico is only the latest example of the downsides of our current energy supplies. As our own consumption keeps growing along with that of developing nations we are accelerating the rate at which we spoil our seas and skies.

Finally, energy is a competitiveness issue. In the next century, Australia and America are never going to win the race for which Country is most willing to exploit our resources and our workers. If we are going to prevail over other economies, it will be by using energy more efficiently, eliminating its external costs and risks, and creating new jobs and sectors in technology that other nations can't fill.

So it isn't just climate change. The greatest of our many challenges is developing a sustainable energy future.

Now while this is not easy, it is also not that hard when you look back over the history of challenges that human civilizations have faced. Societies have changed their energy sources many times in the past. We've evolved in our own histories from relying on human muscle to animals to wood, to wind, water and coal, to petroleum and nuclear energy to power our growth. There was a time when we sent ships all around the world to light our lamps with whale oil. That was not our best long term plan. Our economies – fortunately for the whales – evolved and survived all those transitions to newer sources of energy. If you go back through history, the economies that ultimately advanced in those periods were those that adapted best to supplying ample energy, food, and water.

Compared to those earlier societies and compared many other nations today, the U.S. and Australia are in a privileged position. We have had more warning, more options, a better ability to plan and model, and the ability to use existing bridge technologies and to improve legacy fuels while we transition. We can anticipate and model the costs of



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

shifting to new energy systems. In fact, academics are doing this, businesses are doing it, and even legislators are doing it. You see it reflected in legislation by Congress as well as in the Renewable Energy Target legislation here.

Business leaders know all this. You know it better than anyone, and you've known it for some time now. When I talk to the major energy companies, they don't expect that they will be in the oil or coal business 100 years from now. They believe that these technologies will stay predominant for some period of time, but eventually they and the world will all be moving to low-carbon, clean, sustainable energy supplies. Chevron, Exxon-Mobile, and Shell, for example, are all betting heavily on natural gas and carbon sequestration as the next big bridge technology. Their Gorgon Project off the North Coast alone costs more than Chevron spent to acquire Texaco. It is twice the market cap of Unocal. You don't lay down that kind of money without serious commitment.

Other companies and investors are just watching for the signals. Investors want to know what the targets and incentives are so that they can calculate markets. Companies are waiting to see the same targets and incentives so that they can decide how and when to change their power. That is why you are here. That is why some of the largest corporations in the U.S. are supporting comprehensive new energy legislation. They know that continued uncertainty makes the costs of failing to innovate and adapt harder to predict. Failure to begin to lock in a pathway to a low carbon future now will likely push those costs much higher later.

So what is the plan. Namely what is America's plan at home, and how do we see things playing out internationally.

Let me talk about what we are doing at home.

First, America understands that as one of the world's largest producers of energy and its largest consumer, we have a duty to put our own house in order. We have already made an unprecedented investment in transforming our energy economy at home. During the GFC, the Administration mantra was: "a crisis is a terrible thing to waste." The Recovery Act gave us a rare opportunity to make a massive investment in energy. That act included more than \$80 billion in investments, loans, and incentives to support shovel-ready clean tech programs, as well as research on everything from solar to hydrogen to biofuels to fusion. As a result of this historic investment, we're now building our nation's first three electric vehicle plants and 30 new battery and other electric-vehicle component plants. We are also training people to take those jobs. The Green Jobs act has already pumped \$500 million into training people for new green jobs.

Second, we are addressing the demand side. We've raised our fuel efficiency standards on cars and appliances. And we are promoting smart grids, smart meters, and other smart



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

technologies to reduce waste and overconsumption. In the past year we made the largest single investment in home energy efficiency in U.S. history.

Third, we are closer than we have ever been to passing comprehensive legislation that will power new industries, enhance our national security by reducing our dependence on fossil fuels, and create millions of jobs. We already have a comprehensive bill through the House that includes a cap and trade system for carbon. In the Senate, Senators Kerry and Lieberman just unveiled the Senate version, the American Power Act, which was crafted with bipartisan support. This legislation represents not just a fight against greenhouse emissions but also a whole new chance for industry to regain the high ground in energy innovation. Among other things, it would establish a cap and trade system that has a price collar on it. It has clear targets for cap reductions: reducing carbon emissions by 17% from 2005 levels by 2020 and by 80% by 2050. It provides consumer rebates, support for states, and it eliminates market speculation.

Now no one can predict exactly what any final legislation will look like. But one thing is clear. One way or another, there will be a price on carbon. Either it will be the cap and trade system in the House and Senate bills. Or there will be a tax on carbon. Or, if all else fails, our Environmental Protection Agency has begun a process to put in place a regulatory framework to reduce greenhouse gases that will have the same effect of imposing the cost of carbon on carbon generators.

Fourth and finally, we are not doing this just at the federal level. State and local governments, companies, and individuals are leading; not waiting to be led. That's especially true in my home state, California, where the state and local communities have pushed to develop their own initiatives, their own renewable power portfolios, and have made that state among the top in the world in renewable power generation.

The next issue is how do we see things shaping up internationally. There is a lot of hand-wringing going on about what occurred at Copenhagen and whether it was a success or a failure. Frankly, I think this debate has almost nothing to do with the objective policies that came out of Copenhagen and everything to do with the process and what people hoped or expected Copenhagen would produce. So let's be real about what actually happened at Copenhagen.

Although there was some dysfunction and chaos in the process, and the outcome was not perfect, the nations of the world for the very first time linked arms and agreed on critical elements essential to changing to a low carbon world. The Copenhagen Accord establishes that all nations must act to keep global average temperature from rising more than 2 degrees Celsius. It lists specific targets and actions by all major economies. It has transparency provisions so that we all can keep track of global emissions reductions and



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

so that nations don't cheat. And it creates a series of enormous funds for the poorest and most vulnerable nations.

The people who complain, had hoped that with a different process or greater cooperation from some nations, all of the world's leaders would have been able to take an even bigger leap of faith together. But we have to keep some perspective here. It was only a little over a decade ago that the U.S. Senate voted 95-0 against the Kyoto Protocol. At that time, the notion of a broad international agreement involving the largest carbon emitters was a pipedream. And yet today, reducing greenhouse gases is at the top of the world's agenda. While we may not be running yet – we are moving together in the same direction for the first time in history. More than 124 countries have now associated themselves with the Accord, and there are now more concrete action plans by countries to control emissions than ever before.

The other great achievement of Copenhagen is that it signaled a change in thinking. If Copenhagen had ended without an Accord because of fear of the unknown or of other countries, we would not merely have missed an opportunity. We would have taken two steps back. Because it would have meant that major nations of the world still thought about energy as a zero-sum game. Instead, the very fact of an agreement meant that these nations get it. Protecting an industry or resource sector won't help them if the markets break down and their customers are broke. A short-term advantage doesn't matter if long term their factories and properties are swamped by flooding or extreme weather events, their workers are starved by drought or crop failure, and their people poisoned by poor air quality. There is at last an understanding that what people called the hard way, is actually the easier way, and that the real hard way, is what we can't ever allow to happen.

Now the challenge is to build on that consciousness and momentum to ensure that global emission reductions are sustained and sufficient over time. Copenhagen was not the end of a process but rather the beginning.

The targets that countries have agreed to set will not alone get us where we need to be by 2050, and there are still some big challenges. One great challenge is in spurring on developing economies, many of which have never offered any mitigation targets of any kind, and are trying to figure out how to meet their commitment. Changes in these countries won't be at the same pace, or through the same methods, as in the U.S. But they're critical. Otherwise, the carbon we take out of the environment at home will simply be dumped back in by factories abroad. This is why we are working with China, India, Brazil, Indonesia and others in the Major Economies Forum process to find ways we can lead together.



Ambassador Jeffrey L. Bleich – National Business Leaders Forum

A second big challenge is resisting delay. We know that the costs of investing in new energy sources, as countries like the U.S., Australia, China, and India are all working to do, will grow the longer governments wait to act. So we need to take actions that encourage innovation now. I see positive signs of this. Just recently, the President announced another \$3 billion in new grants and tax incentives for renewable energy projects in the U.S. It was encouraging to see how many projects were out there ready to apply for that money. In fact, the program received applications for more than \$9 billion in projects.

Third, while we keep our hand on the throttle, we also need to be realistic that this is not something that will magically transform in a decade. This is a tough, century-long effort. For the foreseeable future, we likely will not have enough clean sustainable energy to pick up the increased energy demand, let alone to replace existing energy use. We're going to need both sustained commitment and new technological breakthroughs to achieve all our goals. So we need to be thoughtful about what we promise ourselves in order to avoid frustration and disillusionment. Whatever we promise we must be able to actually deliver. We need to walk the fine line of challenging ourselves to achieve, but not breaking political will by setting targets we can't meet.

This is not going to be easy. The President has said that this will be hard within countries; it is going to be even harder between countries. But I've worked with the President, first in the White House and now here in Australia, and he's at his very best when failure isn't an option. And that is our situation here.

Unless the science is spectacularly, unprecedentedly wrong, humanity is heading for big changes to its energy consumption and ways of living. There are a lot of moving parts. Ross Garnaut has called this area of policy "devilish." I've talked with many others who have said this is its own kind of policy hell.

But if we are in going through hell, a great leader once said, we should keep going. This determination to overcome our doubts is really the kind of energy humanity has always relied on. It is the reason you are all here today. It is the reason the President has pushed this forward in the midst of a year of tough domestic issues. It is the reason why I know we will see progress, and why all of those people across America were able to put aside their differences and say "yes we can."