Towards a New Global Framework on Cutting Greenhouse Gases

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Thank you, Constanze, for that very kind introduction. It's great to see so many friends here, both from Washington and from overseas.

A little less than one year ago, I was in Berlin – also hosted by the German Marshall Fund. And I gave a talk, also about U.S. policy on reducing greenhouse gas emissions. So this is a nice follow-up. In the two-and-a-half years I have been in my current position—a time during which we have been fighting two wars—I do not think I have given a single speech or interview that has generated as many web-hits, or as much blog-commentary as my speech in Berlin last year.

Thank you, Minister [Egon] Kochanke, for your words, for graciously hosting this dinner tonight, and for the German Government's joint sponsorship of this seminar series. I should also say thanks, of course, to the Government of Denmark, the European Union, the German Marshall Fund and the Heinrich Boll Foundation.

Climate change is really a very serious issue, but also a fascinating one. We learn something everyday. Someone mentioned to me yesterday that 90 percent of greenhouse gas emissions coming from cows actually come from cow burps. Out the mouth. And I thought, "Dang, we've been measuring the wrong end!"

Let me begin by saying how happy I am that those of you who have come from Europe are here. I know a lot about the debate on climate change in Europe, and I know the way the United States is often discussed as part of that debate. It's not always pretty.

But now you are here, and I would ask you this: Leave behind all those stereotypes of the United States. Forget everything the pundits want you to believe. Take a fresh look, with your own eyes. Challenge your own assumptions. And take home with you facts and perspective and a commitment to working together that gets us beyond old arguments. We do need to address this issue together.

Let me just state our thinking clearly, so there can be no mistake:

- The United States is deeply concerned about global warming.
- We know that human activity – modern economic life – contributes to global warming.
- We are doing something about it – nationally, and multilaterally.
- We are getting results in reducing our own emissions growth, on a par with what Europe and other developed countries are getting. And we have national plans in place to go farther.
- Because the future growth in emissions is largely in the developing world, we are leading the effort to work with all the world's largest economies – including major developing nations – to build a new, common framework for the period beyond 2012, through the UN.
- And with our public and private sector investment in technology, we are leading the world in the essential task of breaking the link between global wealth and global warming.

America is a diverse, de-centralized country. A country of innovation. A country that embraces change, and empowers those with the best ideas. A country with a *can-do* attitude.

And we have an amazing record – on conserving our wilderness areas and wetlands, on fighting acid rain, on cleaning our waterways, on creating wealth and ensuring social mobility and distributing prosperity.

Now, I hope I have gotten your attention. Bold assertions, you say. Let me now try to back them up.

I want to organize my remarks around three basic points.

- First, I want to debunk some of the myths that circulate out there about the United States concerning climate change. I want to do some myth-busting.

- Second, I want to describe our efforts to work toward a post-2012 framework on cutting greenhouse gases that is truly global and effective. We are pushing multilateralism, and real action.

- Third, and the key thing I hope you take away this evening, is the role of technology in making any kind of meaningful, long-term progress on greenhouse gases. There is a direct link between modern economic activity and the production of greenhouse gases. We need to break that link. And we can only do so by changing the way our economies work. And this requires new technologies.

Grand global targets, the export of whole industries to other countries, or the buying of carbon credits from countries with no emissions targets themselves won't get the job done. We need to change our own economies by introducing new technologies

that break the link between economic growth, and greenhouse gas emissions. Between global wealth, and global warming.

Myth Busting
Now let's have a little fun. A little myth-busting.

Myth Number One: The United States is the world's largest emitter of greenhouse gases.

Well, maybe, maybe not. We were, but some studies now say that title belongs to China. Regardless of who is now at the top, more significant is the fact that China's economy is one-sixth that of the United States.

This means that the greenhouse gas intensity of the U.S. economy is far lower and, in fact, falling. We are on track for surpassing the President's goal of cutting greenhouse gas intensity by 18 percent by 2012.

And as China's economy grows and raises living standards for the Chinese people – as we hope it will – the growth in emissions will be extraordinary, unless we can help China overleap some of our old industrial technologies and put in place cleaner technology from the start.

This reminds me of the phenomenon of access to telephones in Central Europe in the early 1990's. Under communism, the waiting list for a land line was months or years. But when the free market came, land lines ceased to be an issue. Everybody bought cell phones. Relatively poor countries used new technology to overleap old problems.

Myth Number Two: Because the United States did not support the Kyoto Protocol, this means the United States is "doing nothing" about climate change.

Well, that's just wrong. There are many ways to address emissions. We have put in place policies and investments aimed at improving the way our economy works, and we are seeing promising results.

The United States government has invested $37 billion since 2001 in climate change programs and research.

This includes $18 billion spent since 2001 to develop new clean technologies. Japan and the United States together account for 80% of all world-wide investment in new clean energy technologies.

Since 2001, the United States has invested more than $2.5 billion to research and develop clean coal.

We have spent $1.1 billion on a government/private sector partnership called the Nuclear Power 2010 program designed to help private industry obtain licenses for new designs that could result in new power plants ordered by 2009 and operating by 2014.

Because hydrogen has huge potential as a source of clean energy, we also have the "Nuclear Hydrogen Initiative" to develop technologies that use nuclear reactors to produce hydrogen, which could then be used for powering everything from electricity to cars.

U.S. government investment, however, is dwarfed by U.S. private sector investment. And this is good news. Because the global economy dwarfs the capacity of governments to manage it. But if people are investing in clean technology because the profit motive drives them to do so, we will see real change in the way economies function.

According to New Energy Finance, which defines new investment as public and private funding of clean energy companies and assets, the amount of new money invested worldwide in clean energy grew to $117.2 billion last year, up 35 percent from $86.5 billion in 2006.

Venture capitalists are pouring money in because they are asking, "How can I use a new, cleaner or less-energy intensive technological process to out-compete old-technology competitors?"

Investment bankers report that there is a huge second wave of investment in green technology – larger and more sustainable, and more far-reaching than the first wave that hit in the 1980s.

Another visible result, therefore, is that the price of alternative sources of energy in our country has been falling steadily since the 1980s. Again, that is good news because this will lead the private sector to drive for efficiency and change – and that is what we are seeing.

More results: U.S. ethanol production has increased by 250 percent since 2000. New energy capacity coming on line from renewable sources has gone from 2 percent in 2004 to 22 percent in 2006.

But what about results in actual emissions?

The growth in U.S. greenhouse gas emissions has slowed considerably since the 1990's. In the period of 2000-2005, the latest period for which we have comparable UN data, the U.S. and the EU-25 experienced roughly the same rate of growth in carbon emissions – about 1.5 or 1.6 percent.

During this time, the U.S. economy grew substantially – by more than the size of the economy of Italy. And our population grew by more than the size of Greece. Yet emissions rose only 1.6 percent.

In the single year 2006, U.S. carbon dioxide emissions actually fell by 1.3 percent, even though the economy grew by 2.9 percent. We need to see how much of this is a one-year phenomenon, and how much is sustainable. But it is a critical example of the need to break that link between growth and gases.

Myth Number Three: The United States opposes setting targets, and especially opposes any mandatory steps to reduce emissions.

As I mentioned already, back in 2001, the President set a goal of reducing the greenhouse gas intensity of the U.S. economy by 18 percent by 2012. We are down 8.5 percent already, and are well on track for surpassing that 18 percent goal.

That's not all. In his State of the Union Address last year, President Bush launched his "Twenty in Ten" initiative, which called for the reduction of gasoline use by 20 percent in 10 years, in part through a biofuels mandate.

Congress responded this year with the Energy Independence and Security Act of 2007, which the President signed into law.

This new energy law requires fuel producers to use at least 36 billion gallons of biofuel in 2022.

It mandates a national fuel economy standard of 35 miles per gallon by 2020 – which will increase fuel economy standards by 40 percent and save billions of gallons of fuel.

The law will also produce significant reductions of U.S. electricity demand through new lighting and other appliance efficiency standards, including the mandatory phase-out of incandescent light bulbs.

These new mandates for motor vehicles, lighting and appliances, taken together, could reduce projected U.S. CO_2 emissions by billion of metric tons.

Putting that in layman's terms, the reduction in emissions – from these mandated targets in the energy law – if those targets are finally achieved – will be on par with the emissions to be cut under the Kyoto Protocol, if the Kyoto goals are themselves achieved.

So the U.S. actually does set targets and mandates – and puts in place the policies to meet them.

Myth Number Four: The U.S. is isolated, facing an angry world.

Actually, we're working with the entire world, and are leading multilateral efforts to bring about a successful agreement on a post-2012 framework for reducing greenhouse gases.

The United States fully supports the work of the UN Framework Convention on Climate Change. We take part in all the meetings, share all our data, and fund more of the scientific research than anybody in the world.

The most recent multinational success was in Bali where, like many countries, we worked tirelessly to reach consensus, and our collective efforts were rewarded by the roadmap for developing a multilateral and effective post-2012 framework.

We had three objectives going in:

- to reach a global consensus that would launch the negotiations;
- to agree on a comprehensive roadmap that would include meaningful actions not only by developed countries, but also by developing ones; and
- to agree on a schedule for the negotiations.

We achieved all of these objectives, and that helps us in our goal of reaching a new post-2012 framework by the time of the Copenhagen meeting of the UNFCCC in 2009.

The President's Asia-Pacific Partnership initiative is another multilateral case in point, one that shows that cooperation leads to results.

The APP engages the governments and private sectors of seven partners -- Australia, Canada, China, India, Japan, Republic of Korea, and the United States -- to enhance deployment of clean energy technologies and address their energy, clean development, and climate goals.

One success of the APP is how they succeeded in bringing energy efficiency labels to appliances in China. Increasing the energy efficiency of just one appliance is expected to reduce emissions by 17.7 million metric tons of carbon dioxide annually.

We have partnered with 20 other nations and the European Union in the Methane-to-Markets program. This program has a project network of over 600 private sector, government, and NGO members and we hope to recover up to 183 million metric tons of carbon dioxide-equivalent annually by 2015.

The United States and the European Union have robust cooperation on a range of other projects, including biofuels, energy efficiency, and reducing trade barriers on clean energy goods and services.

A Post-2012 Framework

OK, enough myth-busting. My second major point is that we are leading a global effort to produce a post-2012 framework on cutting greenhouse gases that is truly global and effective.

We want the UNFCCC process to succeed. And to help it succeed, we have launched a series of meetings of the 17 largest economies in the world – who make up over 80 percent of global emissions. The goal is to work toward this global framework based on national and regional plans for reducing emissions, and also by providing assistance to, and securing commitments by, the major developing nations. If this group of 17 can take real action in their own economies – as the United States and Europe and others are already doing – we can make real progress.

So what do we want? We want a post-2012 framework that includes the following characteristics**:**

- A long-term global goal for greenhouse gas reduction, in balance with the imperative of economic growth.
- National plans to advance the global goal in the mid-term in effective and measurable ways.
- Clear, reliable metrics. We must come up with a mixture of binding, market-based, and voluntary measures, as well as comprehensive measurement and accounting systems that can effectively track progress.
- Support change in key sectors, particularly power generation and transportation, by developing, and financing the deployment, of new technologies.
- Robust programs to address adaptation, forestry, and technology access for all UN member states.

Let me just repeat this here. The United States is committed to working under the auspices of the UNFCCC to reach a post-2012 framework that addresses all of these areas I have just mentioned.

Now, in the months ahead, we want to use the Major Economies process to advance these goals. The next meeting is a week from today in Honolulu, Hawaii. I understand that France has offered to host the next meeting later this spring, and we are hoping to have a meeting of the leaders of the major economies later this year. If successful, this Major Economies process will make a vital contribution to the success of the UN negotiations.

Bali was an important success on the road to creating a truly global and inclusive post-2012 framework. For the first time in such negotiations, the developing world agreed to consider, in the words of the roadmap, “measurable, reportable and verifiable” actions to mitigate climate change.

The United States believes strongly that both developed and developing countries must commit to reducing GHG emissions to achieve an environmentally effective and economically sound post-2012 framework.

Why? Because even if we do nothing more than we are already doing today, the trend line for developed country emissions over the next 100 years is relatively flat. The major growth in global emissions will come from developing countries.

In fact, if we brought U.S. and European emissions to zero, global emissions would still rise to several times their current level based on the growth in developing countries alone. I brought along a graph that shows this in rather dramatic relief. So we need a truly global approach.

Breaking the Link

And my third and final major point is about the linkage of economic activity, greenhouse gas emissions, and the role of technology.

We all care deeply about human development in the world. Jobs, education, health care, safety and security – general well-being.

These things only come about through the healthy growth of modern economies. When we talk about "growth" – whether in our own societies or in the developing world – we're talking about bettering the lives of real people.

But it is the very act of powering a modern economy that produces greenhouse gases. And the more we help people to better their lives through modern economic activity, the more greenhouse gases will find their way into the atmosphere.

This presents us with a simple, but ultimately false choice:

- Do we forego the economic growth that provides for human development and well-being in the world, in order to avoid producing more emissions?

- Or do we favor human development, even if it means massive increases in greenhouse gases that can warm the planet?

Obviously, we want neither. We have to break the link between economic growth, and greenhouse gas emissions. We must break the link between global wealth, and global warming.

Today, we use an existing set of technologies – technologies that grew up over the past 200 years – and these produce existing levels of greenhouse gas emissions.

The only viable way forward is to actively develop new technologies that will power our economies, without the same level of emissions.

And by technology, I do not simply mean some mysterious unknown, although maybe there is something out there.

I mean things as simple as greater efficiency. Or cleaner ways of using existing fuels, like coal. Or ways to recapture emissions, such as through carbon sequestration. Or more aggressively using alternative fuels, like nuclear, wind, solar or bio.

They all count, and all are technology-driven ways to change our economies, and break that link between growth and emissions.

And these technologies must be shared. At the September Major Economies Meeting, the President announced an initiative to create an international clean technology fund to help finance clean energy projects in the developing world.

Conclusion

So to close, let me again stress that the United States is deeply engaged in dealing with the challenges of reducing emissions and addressing global warming.

We want to help build a post-2012 framework that is truly global and effective – one based on hard-nuts national plans, including our own.

We need to encourage the private sector, and we need to press the development and application of new technologies, so we can truly break the link between global wealth, and global warming.

Thank you for being such a great audience. I look forward to continuing the discussion, listening to your views, and addressing any questions you might have.

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