



THE
PEW
CHARITABLE TRUSTS

Statement

of

Philip Clapp
Deputy Managing Director
Pew Environment Group

on the

Decisions of the 13th Conference of the Parties
to the
United Nations Framework Convention on Climate Change
Bali, Indonesia, December 3-15, 2007

before the

Select Committee on Energy and Global Warming
United States House of Representatives

December 19, 2007

Good morning, Mr. Chairman and members of the Committee. I am Philip Clapp, deputy managing director of the Pew Environment Group, the conservation arm of The Pew Charitable Trusts.

With a staff of more than 80 scientists, attorneys, economists, policy experts and communications professionals, the Pew Environment Group operates programs throughout the United States, as well as in Canada, the European Union, Australia, New Zealand, the western Pacific and the Indian Ocean. The Environment Group works to advance the frontiers of scientific understanding of the causes and consequences of environmental problems; to design innovative policy solutions to these problems; and to mobilize public support for implementing these solutions. Our efforts are focused on reducing the scope and severity of three major global environmental problems:

- *Dramatic changes to the Earth's climate caused by the increasing concentration of greenhouse gases in the planet's atmosphere;*
- *The erosion of large wilderness ecosystems that contain a great part of the world's remaining biodiversity; and*
- *The destruction of the world's oceans, with a particular emphasis on global marine fisheries.*

Global warming has been a principal focus of the Trusts' environment program since 1990.

I appreciate the Chairman's invitation to appear before the Committee to comment upon the Decisions of the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change, which was held in Bali, Indonesia, from December 3 through last Saturday, December 15.

It is important to note at the outset that the Conference of the Parties to the Framework Convention sat concurrently as the 2nd Meeting of the Parties to the Kyoto Protocol, which is an implementation agreement of the Convention. Having ratified the Framework Convention on September 8, 1992, the United States is a full party to that treaty. Its concurrence is required for decisions to be adopted by

conferences of the parties, which proceed by consensus, not by majority vote. When matters specific to the Kyoto Protocol are under discussion, the United States may participate as an observer, but its concurrence in decisions is not required since it has signed but not ratified the agreement.

The representatives of 188 nations who assembled in Bali faced three challenges:

- 1) to decide whether to launch formal negotiations on a new international global warming agreement to take effect when the emissions reductions commitments for developed countries negotiated at Kyoto a decade ago expire in 2012;
- 2) to establish a timetable for completion of a new treaty and the rules under which it will be negotiated; and
- 3) to agree upon the measures open for discussion in the negotiations.

There have been a number of inaccurate reports in the media that may have left many with the impression that actual emissions reduction targets to be applied to individual nations were under discussion in Bali. We are a long way from that stage in crafting a new international agreement. The Bali conference was a preliminary but critical negotiation about the kinds of measures nations were willing to consider for inclusion in a new treaty and the rules and timetable for the discussion. It was not about delineating individual national emissions reduction targets.

A New Treaty: How Committed is the U.S.?

When delegates arrived in Bali, there was already an international consensus on the first issue – launching formal negotiations on a new treaty. However, many nations questioned the United States' commitment to serious negotiations.

The world has negotiated two previous global warming agreements: the Framework Convention in 1992 and the Kyoto Protocol in 1997. The Framework Convention, which, at U.S. insistence, carried no international penalties for any nation's refusal to implement its commitments, has been a manifest failure. Under that agreement, the United States committed to reduce its greenhouse gas emissions to 1990 levels by 2000 and submitted a national plan for meeting the commitment, but failed to implement the domestic measures necessary to even halt

the growth of its emissions. In 2000, U.S. emissions were 13 percent above their 1990 levels, and we were – and continue to be – in violation of our ratified treaty commitments. Other nations pursued the same business-as-usual course as well.

By 1995, the failure of the Framework Convention was apparent, and nations agreed in Berlin in July of that year, at a conference similar to that held in Bali over the last two weeks, to decide whether to launch negotiations on an implementation agreement that would include international penalties for failure to comply with its provisions. The resulting Berlin Mandate set a two-and-a-half year negotiating timetable, scheduling adoption of an implementation agreement for Kyoto in December of 1997. The United States' failure to ratify the Protocol produced a lengthy delay; the agreement came into force only in 2005.

With only two years of implementation behind us, it is far too early to label the agreement either a success or a failure. It is not too soon to assess whether it is an improvement on the voluntary Framework Convention, however: the Kyoto Protocol is generating action by the governments of developed nations and by businesses to attempt to reduce their emissions for the first time. The European Union has established a carbon trading system and individual European nations have launched aggressive renewable energy and energy efficiency programs, to cite only one example. The Clean Development Mechanism, established under the Protocol to channel investment into more sustainable energy infrastructure in developing countries is generating 1.9 billion euros per year in emissions credits generated from business investment in developing countries. The Kyoto Protocol was never intended to be the final solution to the problem of global warming. Its emissions reduction targets were modest – 5% below 1990 levels – and its participation limited to 37 developed nations. It was intended to get the world started on building the market infrastructure necessary for a large shift in the world's energy economy, and that work is being done.

The expiration of the Protocol's original targets at the end of 2012 threatens even this small progress. Without a new round of negotiated reductions, the fragile new carbon markets will come to an end, as will the small beginnings of the shift in business investment away from fossil energy world-wide.

Equally important, scientists' understanding of the sensitivity of the climate system to greenhouse gases has advanced rapidly in the past five years, culminating in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change this year. The Fourth Assessment conclusively shows that many of the projections of the 1990's were wrong: they were far too conservative. The

impacts of global warming are being felt far more quickly than most scientists would have believed 10 years ago. The massive reduction in levels of Arctic sea ice, reducing what the layman thinks of as the North Pole to one half its size and opening the Northwest Passage to shipping for the first time in history, is only one of hundreds of observed phenomena indicating that we have drastically underestimated the speed with which rising greenhouse gas concentrations are undermining the world's climate system. Dr. Marika Holland and a team of scientists led by the National Center for Atmospheric Research shocked their colleagues in 2006 when they estimated from satellite observation that the Arctic would be ice-free in summer by 2040. During the American Geophysical Union conference held in San Francisco at the same time as the Bali talks, Dr. Wieslaw Maslowski revised his projection based on 2007 data. It is possible, he projects, that the Arctic will be ice-free in summer only five years from now, as early as 2012.

A majority of the nations represented at Bali believed that negotiations on a new treaty should be launched as much as two years ago. However, the United States appeared to be an obstacle to that effort because of the Administration's strong opposition to including binding emissions reductions in a new treaty. At the 11th Conference of the Parties, in Montreal in December of 2005, a walkout by the senior U.S. negotiator opposing any consideration of binding targets in new talks nearly scuttled the decision to hold the Bali conference in the first place. Only after it became clear that the United States would be publicly blamed for the collapse of the 11th Conference talks did the U.S. delegation return to the table.

As late as last spring, when German Chancellor Angela Merkel circulated her first draft text of a proposed global warming agreement for the 2007 G8 Summit, U.S. negotiators raised vociferous objections to virtually all her proposals. Among them were negotiation of a strong new international treaty which would hold global temperature increases below 2 degrees Celsius, beyond which scientists believe that catastrophic impacts are likely from atmospheric warming; a 20 percent improvement in the energy efficiency of each G8 economy by 2020; and a 30 percent increase in the energy efficiency of each nation's utility sector by 2020. Then-Prime Minister Abe of Japan added his own proposal that the G8 leaders adopt a 50 percent reduction in greenhouse gas emissions by 2050 as a formal goal for the new treaty. U.S. opposition watered the final G8 communiqué down to a weak endorsement of achieving a new international agreement under the U.N. process by 2009, and a willingness "to seriously consider" a 50 percent emissions reduction by 2050 as a long-term goal. The President's enthusiasm for achieving a new international agreement within the United Nations framework was

further called into question by his launch of a parallel set of discussions among major emitting nations, the first meeting of which occurred in Washington in September, discussed below.

Most nations came to Bali highly suspicious of public statements by the United States that it was committed to launching formal negotiations on a new agreement. Certainly, President Bush's long-held opposition both to binding international agreements and to setting specific targets for emissions reductions was one factor in that suspicion. But it is important to recognize that the United States has a 15-year history of making and breaking treaty commitments on global warming, of refusing to embrace or watering down strong emissions reduction goals, and above all of failing to act to reduce its emissions at home while lecturing the rest of the world on the need to do so. The next two years of negotiations will be strongly colored by that history, and the next president must make building trust among our negotiating partners, particularly in the developing world, a cornerstone of his or her approach to these negotiations.

Two Negotiating Tracks or Three?

The United States and the rest of the world continue to be fundamentally at odds over whether the next global warming agreement should include binding numerical commitments for emissions reductions. Other nations long ago concluded that voluntary international agreements had failed and that binding agreements were the only measures that at least had a prospect of spurring action.

The United States and the European Union both came to Bali armed with proposals for one, unified set of talks. The United States envisioned a single – or at least dominant – set of talks under the Framework Convention focused on the formulation of individual national emissions reduction plans under the umbrella of a long-term emissions reduction goal, but without any international enforcement mechanism or shorter term targets or carbon trading system. The European Union envisioned a broad negotiation that could include binding targets. Both sides were aware from the beginning that neither of these options would win approval.

In the end, the inevitable compromise is complicated but necessary. Negotiations will proceed both under the Framework Convention, where the Administration may discuss its voluntary approach, and under the Kyoto Protocol, where the Administration cannot block discussion of binding targets. This situation has existed for two years already, and will persist until President Bush

leaves office. It was agreed to simply out of the necessity to begin talks now rather than wait until 2009, when a new administration takes the helm.

The larger question is whether there is to be a third negotiating track, at odds with the two under the United Nations process. In response to Chancellor Merkel's proposals at the 2007 G8 Summit, President Bush launched a separate set of talks among the world's 17 largest emitting nations. The first meeting last September concentrated largely on agenda and process. On the first day of the Bali conference, however, the chairman of the White House Council on Environmental Quality circulated to the delegations of all 17 nations a detailed agenda and schedule for the "major emitters" discussions. The agenda includes monthly meetings through June, 2008, with the first scheduled for January 31 in Hawaii.

The Administration's intentions in these talks continue to be unclear. The U.N. process has now been structured to allow President Bush's negotiators to discuss any combination of proposals with any other set of nations. Why the major emitters process continues to be necessary is unclear. More important, the parallel nature of the process is profoundly disturbing. Each nation has only so many global warming negotiators. A series of monthly meetings scattered around the globe in the major emitters process will seriously undermine the ability of governments to carry forward discussions under the Bali Action Plan just adopted. The Administration needs to make clear the relationship between the two and what it anticipates to achieve in its proposed process. Agreeing to a long-term global goal for emissions reductions, which seems to be the only clear objective outlined so far, would not require monthly meetings through June. As a matter of fact, it could probably have been agreed to in Bali, where there seemed to be a consensus around Prime Minister Abe's original 50-percent-by-2050 proposal, or something somewhat stronger.

U.S. and Developing Country Responsibilities

Both the Framework Convention and the Berlin Mandate of 1995 recognized that developed nations had generated the vast majority of greenhouse gases accumulated in the atmosphere.

Europe (32%) and the United States (29%), which began coal- and oil-fired industrialization in the 19th century, are responsible for over 60% of today's manmade greenhouse gas concentrations. Japan, Russia, Canada and Australia industrialized next, largely in the 20th century, and have together contributed approximately 15% of today's concentrations. China (8.1%) and India (2.5%),

whose industrial development dates from the late decades of the 20th century, generated only a little over 10% of today's concentrations. Collectively, all other countries – more than 175 nations -- are responsible for only 13% of increased concentrations since the 1750's.

The United States acknowledged this responsibility in ratifying the Framework Convention under the first President Bush and in agreeing to the Berlin Mandate under President Clinton. Both agreements enshrined the principal that developed and developing nations bore “common but differentiated responsibilities” for reducing future greenhouse gas emissions. The Berlin Mandate and the Kyoto Protocol defined these differentiated responsibilities to mean that developed nations should take the first steps to reduce their emissions, with developing countries following later.

The United States and developing countries agree that this relationship needs to achieve a different balance in a new international treaty. The United States believes – and this extends beyond the Bush Administration to many in Congress – that at least large developing countries experiencing rapid economic growth must demonstrate a willingness to reduce their own emissions. Developing countries, on the other hand, have been loath to enter into those discussions until the United States demonstrates at least some willingness to live up to 15 years of promises about reducing its own emissions.

The watershed in Bali was that developing countries came to the table willing to discuss emissions reductions of their own for the first time. The Bali Action Plan opens discussion on “measurable, verifiable and reportable” emissions reduction actions that may be undertaken by developing countries.

For China, in particular, this is a critical first step. China has never before been willing to consider emissions reduction measures reportable to an international body. In addition, verifiable emissions reduction measures are a threshold requirement for China eventually to receive credit for emissions reductions measures in world carbon markets.

Rainforest nations, too, were willing to discuss quantifiable emissions reduction measures. They proposed negotiations on how emissions reductions achieved through policies to fight deforestation might qualify for market credits. Ironically, it was the United States, the country that invented the cap-and-trade, market-based approach to emissions reductions and foisted it upon the rest of the world at Kyoto, that blocked this proposal. The Administration, opposed to

binding targets and cap-and-trade emission reduction systems, could not permit talks to proceed on this basis.

It was the debate over the relative obligations of the United States and developing nations – and I intentionally say the United States, not “developed countries” – that led to the dramatic and embarrassing conclusion of the plenary session last Saturday.

The United States came to Bali fundamentally with nothing to offer anyone, but demanding a great deal from developed countries. Administration negotiators put no proposals on the table about what the United States would commit to in reducing its own emissions; with numerical targets and binding reductions off the table, there was little to say. The President has made a great deal of the necessity to transfer technology to developing countries to assist in reducing their emissions; this is one of the foundations of the Asia Pacific Partnership the White House launched in 2005. But when proposals were advanced to tie developing country emissions reductions to the scale and effectiveness of technology transfer and financing assistance, the Administration delivered a firm and consistent, “No.”

In the end, the U.S. delegation badly misjudged the depth of anger and hostility it had generated among developing countries in Bali and other settings. In the final session, India proposed that the same language that had been applied to developing country emissions reduction actions under a new treaty – “measurable, verifiable and reportable” – be applied to developed countries’ technology transfer and financial assistance obligations. The United States, confident that at least one of its shifting group of allies would join its position, objected. To the U.S. delegation’s undoubted surprise, every nation that rose to speak opposed the U.S. position. Canada and Russia, sometimes allies in these talks, were silent. Japan’s statement was equivocal. Even Saudi Arabia, strongly opposed to any further talks on greenhouse gas emissions reductions at all and usually a Bush Administration ally, supported the Indian proposal. Developing country after developing country rose in an increasingly strong wave of anger at the U.S. position. Faced with the prospect of being accused of collapsing the talks, the U.S. delegation reversed its position and accepted India’s proposal.

It was a deeply embarrassing moment for any American in the hall. In a decade of attending global warming negotiations, I have never seen the United States so thoroughly isolated, nor have I seen such a cauldron of hostility boil over at any nation.

Contrary to the statement released by White House Press Secretary Dana Perino within hours of the talks' completion last weekend – a statement in which the Administration came very close to disavowing the entire Bali agreement – developing countries demonstrated a willingness to get serious about reducing their own emissions. In fact, they invited the United States to begin those discussions. In the end, the United States found itself unable even to say, “Yes.”

This is a critical issue as we move forward in these negotiations. There is already quite a visible tendency within the Congress to try to sound tougher and tougher on China on just about any issue. Indeed, China's emissions will soon be equal to those of the United States, but the two nations are not equal economically: 57% of China's population still lives on \$5 a day. Having failed to restrain its own emissions growth, the United States has no standing to lecture China on its emissions. A negotiation with China will have to be a real negotiation in which the United States has something to offer for what we want in return.

The Bali conference launched formal negotiations on a new international global warming agreement and set a firm deadline of December, 2009, when the 15th Conference of the Parties will meet in Copenhagen, Denmark, for its adoption. We have a very short two years to shape a much more complex agreement than the Kyoto Protocol. I encourage the members of this committee to become more deeply engaged in the talks as they proceed. Domestic global warming legislation the House considers in the next Congress will directly affect and be directly affected by how these talks are proceeding, and domestic action and an international agreement must go hand-in-hand.

Again, thank you for inviting me to testify.