

Stephen BOUCHER

Co Secretary General and researcher at *Notre Europe* for energy policy, think tanks and deliberative democracy.

## Cooperation, Competition, Solidarity

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However, beyond campaign platforms and rhetoric, which of the three contenders offers the best climate change credentials for Europe?

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[www.notre-europe.eu](http://www.notre-europe.eu)  
e-mail : [info@notre-europe.eu](mailto:info@notre-europe.eu)

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Stephen was a consultant in the energy policy field, and in lobbying and EU affairs in Brussels and London before joining *Notre Europe*. He was previously adviser on European and international affairs for the Belgian Deputy-Prime Minister and Minister for transport. He has also taught lobbying in Europe as Adjunct Professor at Sciences Po in Paris. He is French and American, and holds a Mid-career Master in Public Administration from Harvard University and a post-graduate degree in comparative politics from Sciences Po.

Co-Secretary General of *Notre Europe*, he is in charge of energy policy, think tanks and deliberate democracy.

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## Executive Summary

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**W**ith Barack Obama, John McCain or Hillary Clinton becoming President of the United States, there is hope that the USA could adopt bold legislation to fight global warming in 2009. Albeit with differences, all three have backed serious legislative proposals and indicated their desire to engage actively in international negotiations.

However, a Democratic President may find it difficult to forge a bipartisan consensus, while the Republican candidate has proposed legislation that does not meet the standards defined as appropriate by scientists to fight climate change effectively. Nevertheless, overall, all three candidates' plans compare favorably with the EU's. This provides a unique opportunity to bridge the transatlantic gap on the issue and present a common front, by seeking convergence between US and EU efforts, both internally and vis-à-vis the rest of the world.

In this perspective, if EU governments want to ensure that a global treaty sees the light of day at the end of 2009 and wish not to provide ammunition for

those in the USA wanting to dilute eventual US legislation, and if EU policy makers wish to bring developing countries on board, they should encourage American efforts by sticking to required targets and not dither on their own commitments. They should also encourage parallel examination of legislation, as time required to reach an agreement on a post-Kyoto treaty is very short. They also be well advised to refrain from talking about “border tax adjustments” and tariffs before 2010.

## Glossary

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**ARPA-E** – Advanced Research Projects Agency - Energy

**CCS** – Carbon Capture & Storage

**EPA** – Environmental Protection Agency

**EU-ETS** – European Union Emissions Trading Scheme

**GHG** – Greenhouse Gases

**LCV** – League of Conservation Voters

**PPM** – Parts per million

**UNFCCC** – United Nations Framework Convention on Climate Change

**US-CAP** – United States Climate Action Partnership

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## Introduction

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**W**hether Americans are from Mars and Europeans from Venus or not, we are all facing climate change. And, for the first time in many years, it would seem that Venus and Mars could become aligned on climate change. We indeed now know that US voters will eventually, for the first time ever, have two presidential candidates who want strong action on climate change, even if precise stances differ. On the Republican side, John McCain, with Joe Lieberman, introduced the first-ever climate bill to the Senate. For the Democrats, Hillary Clinton and Barack Obama have both announced detailed climate plans. The next President of the United States will in all likelihood push for a cap-and-trade system similar to Europe's.

However, beyond campaign platforms and rhetoric, which of the three contenders offers the best climate change credentials for Europe?

What support is the future President likely to receive from Congress, public opinion and business to implement climate change legislation on par with Europe's ambitions?

**What should the EU and national governments do now to maximize the chances of forging a transatlantic consensus and shaping jointly a successor treaty to the Kyoto treaty in 2009?**

These are the three questions which this paper seeks to address.

## **I - Which US presidential candidate offers Europe the best climate credentials?**

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In recent years, EU policy makers have become increasingly pessimistic about their ability to work out a global deal with the United States on climate change. In fact, the notion that Europe should spearhead efforts to fight global warming stemmed not just from the desire to stimulate the growth of energy efficiency industries at home. It also reflected the realization that Europe could not wait for the USA, nor a new US administration. The EU thus established a pioneering Emissions Trading Scheme (EU-ETS) in 2005, and put forward a package of legislative measures on January 23, 2008, to amend the system for after 2012.<sup>1</sup>

With the prospect of Hillary Clinton, John McCain or Barack Obama becoming President of the USA, the situation is now different. All three acknowledge that human-induced climate change is happening and speak forcefully about the importance of fighting it.

<sup>1</sup> For further information, see: [http://ec.europa.eu/environment/climat/emission/ets\\_post2012\\_en.htm](http://ec.europa.eu/environment/climat/emission/ets_post2012_en.htm)



However, one needs to look at the fine print to assess each candidate’s respective resolve and plans to fight global warming if elected 44th President of the USA. In particular, Europe needs to pay attention to key aspects of a cap-and-trade system, i.e. whether the putative President will:

Set clear and sufficient targets for emissions reductions	A global reduction of 80% below 1990 levels is widely considered as required to achieve average global atmospheric concentrations of global warming pollutants not exceeding 450 parts per million (ppm) in CO2 equivalent, allowing an increase in temperature not exceeding 2°C above the preindustrial average, as dangerous and irreversible effects experienced at this level are likely to worsen rapidly above 2°C warming. 2°C is the EU’s stated long term goal.
Encourage broad coverage of greenhouse gases and industries	The wider the coverage, the more flexibility there is for participants to cut emissions at the lowest cost.
Allocate permits freely or auction them	Auctioning is preferable, as it guarantees efficient allocation. Allocation rules should also be consistent across countries.
Cooperate actively with the rest of the world, notably Europe and the BRICs	The larger the number of countries involved, the more effective the scheme will be, and the lesser competitive distortions.
Invest in complementary policies such as renewable energy and efficiency	A cap-and-trade scheme cannot address all emissions of greenhouse gases. Complementary measures are required.

### 1.1 John McCain – Green credentials or camouflage?

For John McCain, “The issue of climate change is one of the most important issues facing our nation and the world today.”<sup>2</sup> On the positive side, as previously mentioned, he can be credited for taking a bold step: co-authoring the first-ever Congress bill on climate change. In 2003, he and Senator Joe Lieberman introduced the “Climate Stewardship Act”, which called for a cap-and-trade system similar to Europe’s. It was defeated that same year,

2 <http://presidentialprofiles2008.org/McCain/tab1.html>

but the two congressmen reintroduced it in 2005, and again in 2007.<sup>3</sup> He has also voted against drilling in the Arctic National Wildlife Refuge, contrary to President George Bush’s desire and despite party pressure. As suggested by political commentator and senior staff writer at *Grist.org* David Roberts, “These aren’t chopped liver. All were acts of courage undertaken in a time of Republican majority, when they offered little political reward.”<sup>4</sup>

Relative to other Republican candidates, McCain is definitely good news for Europe and climate change. Other Republican hopefuls, such as Mitt Romney, only grudgingly acknowledged human influence on the climate and were very critical of McCain’s stance.

Yet, there are real weaknesses in his record and in his climate proposals. The League of Conservation Voters (LCV), which tracks congressional members’ voting record on the environment, also notes that McCain was absent from all votes on environment-related legislation in 2007. LCV gives his record on environmental issues a measly score of 26 out of a 100 for his entire career in Congress (and a resounding 0 for 2007), compared with 90 for Clinton (which she proudly quotes on her website), 96 for Obama, and 53 for the Congress as a whole for 2007.<sup>5</sup> In 2005, he voted against a Renewable Electricity Standard that would have required electric utilities to produce a mere 10% of their electricity from renewable sources by 2020. His bill was the first, but is no longer the most ambitious.<sup>6</sup> Carl Pope, executive director of the Sierra Club, the largest US environmental NGO, also criticizes the difference between McCain’s words and actions. He argues that, in 25 years in Congress, McCain has demonstrated a “*pattern*

3 The text can be found [here](#). It is the Senate version of the House’s Climate Stewardship Act (H.R.620).

4 In “John McCain and Climate Change”, [www.thenation.com/blogs/passingthrough/?pid=283389](http://www.thenation.com/blogs/passingthrough/?pid=283389), accessed March 20, 2008.

5 2007 National Environmental Scorecard, [www.lcv.org/scorecard/](http://www.lcv.org/scorecard/)

6 For a systematic comparison of bills, the Congressional Research Service has compiled the following report: “Greenhouse Gas Reduction: Cap-and-Trade Bills In the 110TH Congress”, by Larry Parker and Brent D. Yacobucci. January 31, 2008 – [www.ncseonline.org/NLE/CRSreports/07Dec/RL33846.pdf](http://www.ncseonline.org/NLE/CRSreports/07Dec/RL33846.pdf)

*of voting with polluters and special interests instead of consumers and the planet.”*<sup>7</sup> In summary, McCain appears genuinely strong on climate change, less so on broader environmental issues.

McCain’s proposed Act (renamed “Climate Stewardship and Innovation Act” –S.280- and reinforced in 2007) requires a decrease in greenhouse gas emissions of 15% by 2020 and 65% by 2050 below 1990 levels.<sup>8</sup> This remains the lowest **target** of any proposed US bill on climate change. While the proposal has been endorsed by Environmental Defense, a respected NGO, as “*aggressive in the short term and responsible over the long term*”,<sup>9</sup> Greenpeace and others have been critical.

**Coverage** is broad, both in terms of industries and gases (see Table 1 below).

On the matter of **international cooperation**, McCain told LCV that he would “*use the powers of the presidency to see that the international community, including China and India, fulfill its obligations to address climate change in a manner that will effectively protect the global environment and our economy.*”

Regarding **alternative energies**, he strongly favors nuclear energy, for which his climate bill contains substantial financial support. He supports fuel efficiency standards, energy efficiency and renewables, but without specific targets. He is in favor of biofuels, but refuses to subsidize ethanol.<sup>10</sup> He also backs carbon capture and storage (CCS).<sup>11</sup>

7 Quoted by Edwin Chen, Bloomberg, March 21, 2008, [www.bloomberg.com/apps/news?pid=20601087&sid=a\\_wczlDzkvA&refer=home](http://www.bloomberg.com/apps/news?pid=20601087&sid=a_wczlDzkvA&refer=home)

8 This represents a 62% reduction if one takes into account 1990 emissions, 5.5292bn metric tons according to EPA “Inventory of Greenhouse Gas Emissions and Sinks” - [www.epa.gov/climatechange/emissions/downloads/2007GHGFacts.pdf](http://www.epa.gov/climatechange/emissions/downloads/2007GHGFacts.pdf)

9 “Environmental Defense Welcomes Strengthened Lieberman-McCain Global Warming Bill”, 11 Jan. 2007 [www.edf.org/pressrelease.cfm?ContentID=5812](http://www.edf.org/pressrelease.cfm?ContentID=5812)

10 This is encouraging, as ethanol’s environmental record has been increasingly questioned in recent months, but not surprising, as McCain is from Arizona, not the Midwest, where he has not campaigned.

11 CCS seeks to mitigate climate change by capturing CO2 from large point sources such as fossil fuel power plants and storing it instead of releasing it into the atmosphere.

## 1.2 Hillary Clinton – A second chance after Bill?

Europeans remember how on 11 December 1997, the Clinton-Gore administration signed the Kyoto Protocol, but also how President Clinton was prevented from submitting the protocol to the Senate for ratification, as the Senate had adopted in July of the same year a Resolution –named ‘Byrd-Hagel Resolution’ after its sponsors-, which stated that the United States should not be a signatory to any protocol that did not include binding targets and timetables for developing as well as industrialized nations.

Today, Hillary Clinton boldly states: “*We face a daunting crisis in global warming – one that could bring cataclysmic results and we need to act as a nation,*” adding: “*If Congress does not act, then I will take action through the EPA to reduce global warming pollution. (...) For the sake of our economy, our national security, and the health of our planet, we simply cannot afford further delays, and I will get to work immediately on these issues.*”<sup>12</sup> With Hillary Clinton, the United States could therefore have a second chance to join international efforts to fight climate change.

As noted, her voting record is better than the Republican candidate’s. She has sponsored several bills related to climate change, notably the Sanders-Boxer “Global Warming Pollution Reduction Act”<sup>13</sup>, which has the most ambitious emissions reductions targets: **80% below 1990 levels by 2050 with 100% auctioning**.<sup>14</sup> This target is considered a minimum by the scientific community. Proceeds from the sale of permits would be used to provide tax benefits for working and middle-class families and energy intensive industries, as well as incentives for energy efficiency and renewable technologies.

12 [www.lcv.org](http://www.lcv.org)

13 Text can be found [here: http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110\\_cong\\_bills&docid=f:s309is.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:s309is.txt.pdf).

14 World Resources Institute, “A Comparison of Legislative Climate Change Targets in the 110th Congress”, December 7, 2007, [www.wri.org/publication/usclimatetargets#](http://www.wri.org/publication/usclimatetargets#)

She has been a member of the Environment and Public Works Committee since she was elected to the Senate and she currently chairs its Superfund and Environmental Health Subcommittee. As an indication of the significance she attaches to the matter, Clinton's campaign website<sup>15</sup> provides very detailed plans on climate change and other energy matters.

Clinton acknowledges that *"Climate change is a global problem that requires a global solution."* She therefore states that she will *"re-engage in [international] negotiations, work to bring rapidly developing nations like China and India along, and convene high-level meetings every three months with the goal of getting a new deal in place by the end of 2009."* She proposes the establishment of an "E8" comprising the world's major carbon-emitting nations: the United States, Canada, Mexico, the EU, China, Russia, Japan, India, South Africa, and Brazil.

Regarding **alternative energies**, Clinton wishes to *"use executive orders to restore federal leadership in energy efficiency and the use of renewable energy."*<sup>16</sup> According to her website, the proceeds from the auction of emissions permits would be used to encourage renewable and other alternative energies: *"A Strategic Energy Fund would inject \$50 billion into research, development and deployment of renewable energy, energy efficiency, clean coal technology, ethanol and other homegrown biofuels [and] would give oil companies a choice: invest in renewable energy or pay into the fund."*

Of concern has been Hillary Clinton's strong support for ethanol, including corn-based ethanol, despite growing concern about its environmental impact. Her stance has become more nuanced in the face of criticism, but she has not yet abandoned corn ethanol and has also voted for a controversial energy bill that included substantial subsidies for US ethanol pro

<sup>15</sup> [www.hillaryclinton.com/issues/energy/](http://www.hillaryclinton.com/issues/energy/)  
<sup>16</sup> [www.lcv.org](http://www.lcv.org)

duction. This may come as no surprise, as she represents a state with a high rural population. It may affect her action as US President.

She wants *"an ARPA-E [Advanced Research Projects Agency - Energy], a new research agency modeled on the successful Defense Advanced Research Projects Agency."* She calls for getting 25% of US electricity from renewables by 2025, although some question, if not the desirability, certainly the feasibility of such a plan.<sup>17</sup> Her plan envisages, among other measures, 10 "Smart Grid City" partnerships *"to prove the advanced capabilities of smart grid and other advanced demand-reduction technologies."* Regarding nuclear power, she *"believes that energy efficiency and renewable are better options"*, opposes subsidies, and wishes not to emphasize it as a power source unless waste-storage and other problems are solved. She agrees to coal-to-liquid fuels *"if they emit 20% less carbon over their lifecycle than conventional fuels"* and agrees to federal public support for CCS demonstration projects.

She has also signed on as a cosponsor of three cap-and-trade bills in the Senate, including two that fall short of the standards laid out in her own plan. Whether this indicates pragmatism or that she would be willing to endorse less ambitious plans if elected President is unclear. Like other candidates, she would have far more power over the process and may try to compromise less should she become President.

### 1.3 Barack Obama – Hope... also for climate change?

*"Well, I don't believe that climate change is just an issue that's convenient to bring up during a campaign. I believe it's one of the greatest moral challenges of our generation,"* declares Barack Obama on his website.<sup>18</sup> His

<sup>17</sup> NB : the EU's goal is 20% for renewables by 2020 of the total energy consumed, not just electricity.  
<sup>18</sup> [www.barackobama.com/issues/energy/](http://www.barackobama.com/issues/energy/)

stance and program on climate change are very similar to Hillary Clinton's. He also sponsors the Sanders-Boxer bill with its target of **80% below 1990 levels by 2050** and **100% auctioning**, with the proceeds going to the development of clean energy, energy efficiency improvements and addressing transition costs. He is also an original cosponsor of the McCain-Lieberman proposal.

Regarding **international cooperation**, he promises to “*re-engage*” and “*work constructively*” with the United Nations Framework Convention on Climate Change. Rather than an “E8”, he calls for a “*Global Energy Forum — that includes all G-8 members plus Brazil, China, India, Mexico and South Africa — the largest energy consuming nations from both the developed and developing world. The forum would focus exclusively on global energy and environmental issues.*”

More generally, Obama promises much more money than Clinton for **alternative energies**, in particular biofuels, an important topic in Illinois, where he comes from: “*\$150 billion over 10 years to advance the next generation of biofuels and fuel infrastructure, accelerate the commercialization of plug-in hybrids, promote development of commercial-scale renewable energy, invest in low-emissions coal plants, and begin the transition to a new digital electricity grid.*” He wishes to “*double science and research funding for clean energy projects including those that make use of our biomass, solar and wind resources.*” He shares Clinton's goal of 25% renewable electricity by 2025 (which, as mentioned, is probably impractical). He now favors “low carbon coal technology”, although he was until recently unabashedly in favor of coal liquefaction technologies. It is only after blowback from the press that he has modified his comments to say that he favors them only when they have a carbon benefit. He is from a coal state, after all, and it will be interesting to see how this could affect not only his run for office, but also any actions in office. Regarding nuclear energy, he declares: “*I believe future federal support for any technology must be carefully measured in the*

*context of two key goals of energy security and environmental stewardship. No technology offers a perfect answer, and no technology should be rejected outright. I do believe, however, that any additional federal support for one technology must be weighed carefully with the risks or benefits of federal support foregone for other technologies.*”

### 1.4 Three potentially credible partners

One might consider Obama's environmental record, Clinton's precise plans, or McCain's boldness in sponsoring legislation in Congress to suggest that one or the other is a better candidate for fighting climate change. One can also find fault with each candidate. A crucial assessment was made by the Union of Concerned Scientists (UCS). Recalling that a minimum of 80% below 2000 levels is required from the United States to limit the global temperature increase to 2°C, UCS argues that the Sanders-Boxer Bill achieves that, but not the McCain-Lieberman Bill.<sup>19</sup> Notwithstanding this assessment, McCain has not sufficiently strengthened his proposals. In his defense, considering his party's stance, this would probably be politically suicide at this stage, and one should not exclude his willingness to agree to a higher target if elected President.

Albeit with shades of green, it appears overall that all three current US presidential hopefuls have relatively good credentials to fight climate change—especially if compared with former Republican candidates—and collaborate with the EU to negotiate a successor treaty to the Kyoto Treaty. Another question is whether Europe's plans will measure up with the United States'.

<sup>19</sup> [www.ucsusa.org/global\\_warming/science/emissionstarget.html](http://www.ucsusa.org/global_warming/science/emissionstarget.html)

## 1.5 How do US plans compare with the EU's?

The short answer is: favorably.<sup>20</sup> As summarized in Table 1 below, plans endorsed by US presidential candidates are on par with EU plans on several key dimensions of emissions trading. A notable exception is the issue of flexibility, where US proposals allow for overly generous use of reduction projects outside the USA.<sup>21</sup>

First, the long-term targets in US legislative proposals (between 65% for McCain and 80% for Clinton and Obama) are at least as ambitious as the EU's, if not more. Official EU statements have suggested that *“significant emission reductions of 60%-80% compared to 1990 will be necessary by 2050, if we are to reach the strategic objective of limiting the global average temperature increase to not more than 2°C above pre-industrial levels.”*<sup>22</sup> Yet, EU environment commissioner Stavros Dimas also recently spoke of the need for global emissions to *“be cut by at least 50% of 1990 levels by 2050.”*<sup>23</sup>

The percentage of auctioning is higher. And coverage, both in terms of industries and gases is also potentially greater. For the EU, it represents about half its economy from 2013. For the US, about 80%.

**However committed the next US President, what matters is not just his / her resolve, it is the support s/he will receive -or not- from Congress and the public. Will the forthcoming President of the United States be able to tackle climate change head on?** Table 1. Benchmarking McCain, Clinton, Obama and the EU's plans

20 Fuller details of proposed US bills: see Congressional Research Service, [www.ncseonline.org/NLE/CRSreports/07Dec/RL33846.pdf](http://www.ncseonline.org/NLE/CRSreports/07Dec/RL33846.pdf), from which some of the data in Table 1 is derived.

21 Under the Kyoto protocol, developed countries can buy emission permits from other signatories to the Kyoto Protocol and use them towards meeting their emissions targets.

22 Press release, memo/08/35, January 23, 2008, “Questions and Answers on the Commission’s proposal to revise the EU Emissions Trading System”, Q. 10.

23 Introductory remarks by Stavros Dimas, EU environment commissioner, UN climate change conference, Bali, December 11, 2007, <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/808>. Also, “global emissions need to be halved by the middle of this century”, Press release, memo/08/34, January 23, 2008, “Questions and Answers on the Commission’s proposal for effort sharing”, Q. 13

	McCain-Lieberman Bill (S.280)	Sanders-Boxer Bill (S.309)	EU Commission proposals (COM(2008)30 final)
<b>Targets</b>	<p>Absolute cap on total emissions from all covered entities:</p> <p>Beginning in 2012, emissions from covered entities are capped at 6.13 billion metric tons, minus 2012 emissions from non-covered entities.</p> <p>Beginning in 2020, emission cap: 5.239bn metric tons, minus 2020 emissions from noncovered entities.</p> <p>Beginning in 2030, emission cap: 4.1bn metric tons, minus 2030 emissions from noncovered entities.</p> <p>Beginning in 2050, emission cap: 2.096bn metric tons, minus 2050 emissions from noncovered entities.</p> <p>This represents a reduction of approximately 65% by 2050 below 1990 levels.</p>	<p>2020: emissions should equal 1990 levels;</p> <p>2030: 26.7% below 1990 levels;</p> <p>2040: 53.3% below 1990 levels;</p> <p>2050: 80% reduction below 1990 levels.</p> <p>This represents a yearly regular reduction of 5.2%.</p> <p>A clause allows for a tightening of targets if concentrations exceed 450 ppm.</p>	<p>20% below 1990 levels by 2020.</p> <p>30% below 1990 levels by 2020 if other developed countries agree to make comparable efforts in the context of a new global climate change agreement for post-2012.</p> <p>This reduction requires a linear annual reduction of 1.74%.</p> <p>This factor will determine the cap for the ensuing trading periods, but may be reviewed beyond 2025 at the latest as “significant emission reductions of 60%-80% compared to 1990 will be necessary by 2050.”</p> <p>However, EU environment commissioner has talked of an indicative goal of 50% by 2050.</p>
<b>Sectors covered</b>	<p>Utilities, industry, and transport units that emit over 10,000 metric tons of GHG per year.</p>	<p>EPA promulgates rule within two years of enactment that applies the most cost-effective reduction options on sources or sectors to achieve reduction goals.</p>	<p>Power stations and combustion plants, oil refineries, coke ovens, iron and steel plants and factories making cement, glass, lime, bricks, ceramics, pulp, paper and board with a rated thermal input over 25MW, with reported emissions higher than 10 000 tons of CO<sub>2</sub>eq.</p> <p>Commission proposed in December 2006 to include aviation (COM(2006)818 final).</p>

<b>Gases covered</b>	Carbon dioxide (CO <sub>2</sub> ); methane (CH <sub>4</sub> ); nitrous oxide (N <sub>2</sub> O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulfur hexafluoride (SF <sub>6</sub> ).	Same as S.280 plus “any other anthropogenically-emitted gas that the Administrator, after notice and comment, determines to contribute to global warming.”	CO <sub>2</sub> until 2012. After 2012, also N <sub>2</sub> O emissions from the production of nitric, adipic and glyoxylic acid production and perfluorocarbons from the aluminum sector.
<b>Allocation</b>	Through auction, the proceeds going to a “Climate Change Credit Corporation” responsible for using the proceeds to reduce the costs borne by consumers.	100% auctioning. EPA may choose to provide for trustees to sell allowances for the benefit of entities eligible to receive assistance under the proposal.	Gradual auctioning, with an estimated 60% of the total number of allowances being auctioned in 2013.  [100% auctioning for power utilities. In other sectors, especially those exposed to international competition, allocations for free will be phased out progressively from 2013, resulting in no free allocation in 2020.]
<b>Flexibility</b>	Up to 30% of required reductions may be achieved through credits obtained through pre-certified international emissions trading programs, approved reduction projects in developing countries, domestic carbon storage, and reductions from non-covered entities.  Banking is permitted.	No limit on use of domestic biological sequestration to meet reductions requirements.  Flexibility for companies to bank, borrow and trade allowances.	No increase of JI/CDM credits before an international agreement is reached, and increase limited if an international agreement is reached (and thus overall emissions target is increased).  Banking permitted.  Carbon sinks like forests are excluded.
<b>Sanctions</b>	Excess emission penalties are equal to three times the market price for allowances on the last day of the year at issue.	Existing enforcement provisions of Section 113—including legal and financial sanctions—of the Clean Air Act are extended to program. <sup>1</sup>	European Commission may take a member state before the Court of Justice. If a member state fails to comply with the Court’s judgment, the Commission may ask the Court to impose a financial penalty on the state concerned.

## II - What support is the next US President likely to receive to implement bold climate change action?

One will not fail to note that none of the above bills have yet become law. Currently, the only legislation progressing in the Senate is the “America’s Climate Security Act”, introduced by Sens. Joe Lieberman and John Warner on October 18, 2007, which many have heralded for its bipartisan cosponsorship. Some have already been rejected, sometimes several times. In effect, what will matter will not be solely the President’s plans, but the negotiation between him or her, the House of Representatives and the Senate. Furthermore, “*Congress will need to work in a bipartisan fashion. Democrats will not enact a strong new climate law without the help and support of their Republican colleagues,*” as John McCain observed in a recent op-ed.<sup>24</sup> The presidential candidates’ plans outlined above therefore need to be examined in the light of political dynamics.

<sup>24</sup> John McCain, Joe Lieberman, “The Turning Point on Global Warming”, The New Times, February 13, 2007

## 2.1 The heat is on...

On the positive side, the operational environment for the forthcoming US President will be much more favorable to action on climate change than the one faced by President Clinton in 1997. Congress, the Supreme Court, and several States have moved on. There has also been a sea change in public opinion, the media and the business community. In **Congress**, the Pew Center of Global Climate Change has counted over a hundred climate change-relative proposals: *“As the scientific evidence of climate change has mounted, so has congressional activity. The number of climate change-related legislative proposals increased from seven introduced in the 105th Congress (1997-1998) to 25 in the 106th Congress (1999-2000), to over 80 in the 107th Congress (2001-2002) to 96 in the 108th Congress (2003-2004). One hundred and six legislative proposals were introduced in the 109th Congress (2005-2006).”*<sup>25</sup>

Majority support for climate change is likely in the near future: Democrats have control of both houses since January 2007, and key positions are held by supporters of climate change legislation.<sup>26</sup> Democrats have organized several hearings on global warming, in contrast to Republicans who assigned the issue to a lower priority when they were in the majority.

In April 2007, the **Supreme Court** rebuked the Bush administration for refusing to regulate greenhouse gas emissions. The court ruled that the EPA failed to follow Clean Air Act procedures to decide whether to regulate GHG emissions or not. This ruling puts additional pressure on the federal level to tackle climate change. Although he opposed it, House Energy and

<sup>25</sup> Source: [www.pewclimate.org/what\\_s\\_being\\_done/in\\_the\\_congress/109th.cfm](http://www.pewclimate.org/what_s_being_done/in_the_congress/109th.cfm)

<sup>26</sup> Including John Dingell (Democrat-Michigan) who chairs the House Committee on Energy and Commerce, Nick Rahall (Democrat-West Virginia) who chairs the House Committee on Natural Resources; they both have a strong record on the environment. Dingell is a key player in the House debate over global warming (but some doubt his support for climate legislation: see <http://www.washingtonpost.com/wp-dyn/content/article/2007/02/06/AR2007020601604.html>). Jeff Bingaman (Democrat, New Mexico), sponsor of the “Climate and Economy Insurance Act”, chairs the Senate Committee on Energy & Natural Resources. Similarly, the Senate Environment & Public Works Committee is headed by Barbara Boxer (Democrat-California), also co-author of ambitious climate legislative proposals.

Commerce Committee Chairman John Dingell (Democrat - Michigan) summarized the situation created by the new ruling as follows: *“The Supreme Court has made its decision and the matter is now settled. Today’s ruling provides another compelling reason why Congress must enact, and the President must sign, comprehensive climate change legislation.”*

Also, several **states** have announced plans to cut GHG emissions, including through emissions trading schemes similar to the EU ETS. The Regional Greenhouse Gas Initiative (RGGI) will go into effect January 1, 2009, capping emissions from all power plants in 10 Northeast states.<sup>27</sup> RGGI has established an important policy precedent by requiring nearly 100% auctioning of emissions allowances. Its objective is a 37% emission reduction below a “business as usual” scenario by 2019.

The Western Climate Initiative (WCI), launched in February 2007, includes six western states (Arizona, California, New Mexico, Oregon, Utah and Washington) and two Canadian provinces (British Columbia and Manitoba). The goal is to establish a blueprint by August 2008 for a regional, multi-sector market program, such as cap-and-trade, to achieve 15% emission reductions below 2005 levels by 2020.

The Midwestern states have also launched a climate agreement modeled after the WCI in November 2007.<sup>28</sup>

In Florida, the Governor signed an executive order in 2007 that sets a goal of reducing Florida’s global warming emissions by 80% by 2050. At the local level, a **Mayors’ Climate Change Agreement** was launched in 2005. As the time of writing of this paper, 961 “cool cities” had registered.<sup>29</sup>

<sup>27</sup> Maine, Massachusetts, New York, Vermont, New Jersey, Maryland, Connecticut, New Hampshire, Delaware, and Rhode Island. The Eastern Canadian Provinces and New Brunswick are also observers in the process.  
<sup>28</sup> [www.pewclimate.org/what\\_s\\_being\\_done/in\\_the\\_states/regional\\_initiatives.cfm](http://www.pewclimate.org/what_s_being_done/in_the_states/regional_initiatives.cfm).  
<sup>29</sup> <http://coolcities.us/>

The **business community** also has spoken in favor of a comprehensive government response to the issue. Large US corporations have thus formed the United States Climate Action Partnership (US-CAP), calling for “a mandatory economy-wide, market-driven approach to climate protection.”<sup>30</sup> The members’ list is impressive, including Alcoa, Ford, General Electric, and Xerox. Signatories to the Global Roundtable on Climate Change, which include CEOs of major international and US-based corporations, have also expressed a desire for government action on climate change through a statement released in February of 2007.<sup>31</sup> The United Steelworkers, with the Sierra Club, has commissioned a series of new reports highlighting the economic opportunities that could come from a serious investment in renewable energy. In fact, observes the Centre for European Reform, “*Contrary to fears that the EU would hand the US an unfair competitive advantage by unilaterally moving to put a price on carbon emissions, it is US companies that fear for their competitiveness, at least in future growth industries.*”<sup>32</sup>

Most importantly, **public opinion** has shifted, albeit belatedly. 91% of Americans have heard of the issue.<sup>33</sup> 71% view human activity as a significant cause of climate change.<sup>34</sup> A large majority (59%) favors quick action, including by raising taxes.<sup>35</sup> In a 2007 Eurobarometer poll, the same average percentage said that the problem should be dealt with very urgently.<sup>36</sup> Roman Catholic, Evangelical and Baptist leaders have made statements about the responsibility of Christians to be good stewards of the earth and caretakers of the poor, calling for the prevention of the devastating effects of global warming. Overall, **the one issue area voters will be**

<sup>30</sup> [www.us-cap.org/](http://www.us-cap.org/)

<sup>31</sup> [www.earth.columbia.edu/grocc/](http://www.earth.columbia.edu/grocc/)

<sup>32</sup> Paper forthcoming.

<sup>33</sup> Pew Global Attitudes Project, June 2006, <http://pewglobal.org/reports/display.php?ReportID=252>

<sup>34</sup> BBC World Service / GlobScan survey, published September 2007, [www.worldpublicopinion.org/pipa/articles/btenvironmentra/412.php?nid=&id=&pnt=412](http://www.worldpublicopinion.org/pipa/articles/btenvironmentra/412.php?nid=&id=&pnt=412)

<sup>35</sup> Ibidem.

<sup>36</sup> A summary of “International Polling on Climate Change” has been compiled by WorldPublicOpinion.org, Dec. 6, 2007.

**most focused on during the presidential campaign, when it comes to the environment, will be energy and global warming. Voters will expect action from the new President on this front.**

These are all encouraging signs. Al Gore’s message has come across. EU policy-makers would nevertheless be wise to remain cautious.

## 2.2 ... or is it really?

While there has been a convergence of views between the USA and Europe, substantial differences remain. Before getting too optimistic, EU leaders should keep the following questions in mind over the coming months.

### **How much will US public opinion accept to pay to fight climate change?**

US public opinion has clearly been moving in the right direction, as it has elsewhere in the world. Nearly everywhere people agree today in principle to strong action on climate change. A Fall 2007 BBC/GlobeScan/PIPA poll found that 65% of Americans agreed to “*increase the cost of the types of energy that most cause climate change, such as coal and oil, in order to encourage individuals and industry to use less.*”<sup>37</sup>

However, these results should be taken with a grain of salt. Not that the methodology is flawed, but people react differently when their pocketbook is actually affected through increased prices and taxes. For instance, in the latest Eurobarometer poll on the subject, 75% of the Europeans surveyed said they would be ‘ready to buy’ more expensive ‘green’ goods, but a mere 17%

<sup>37</sup> [International Polling on Climate Change](http://www.worldpublicopinion.org/pipa/articles/btenvironmentra/412.php?nid=&id=&pnt=412), WorldPublicOpinion.org



actually did so in the month preceding the survey.<sup>38</sup> An analysis of the polls quoted above show that a majority of US citizens are opposed to increasing taxes to encourage conservation.<sup>39</sup>

Also, support for climate change action remains relatively recent in the USA. With the USA potentially headed toward a serious recession, policies affecting people's purchasing power may become distinctly unpopular.

**What if Republicans take over the Senate?** In Congress, Democrats' majority is likely to be maintained. However, one cannot rule out that the current power balance in Congress could be put into question in the forthcoming November 4, 2008 election, when all 435 seats in the House will be contested, as well as a third of the Senate seats (35 to be precise).

The November Senate 2006 election indeed gave Democrats only a very slim majority: 51-49, thanks to two Independents.<sup>40</sup> Going into this election, 22 seats are held by Republicans, 12 by Democrats. Overall, at least a dozen seats are viewed as competitive, including five where Republican Senators are retiring. It is estimated that this puts Republicans at a disadvantage. While pundits count on Democrats maintaining their majority in the Senate, Election Day is still far in the future, with much that could happen in between. In the event of a tie, the Vice-President casts the deciding vote, so whether s/he is Republican or Democrat could tip the majority one way or the other.

Democrats' majority in the House of Representatives is more substantial, with 232 Democrats, 198 Republicans, and 5 vacancies. Analysts point to the fact that the prolonged war in Iraq is likely to affect the result even more than it did in 2006, strengthening the Democrats' stronghold on

<sup>38</sup> Eurobarometer survey: *Attitudes of European Citizens Towards the Environment*,

<sup>39</sup> Thomas Brewer, Georgetown University, Associate Fellow, CEPS, "Public Opinion on Climate Change Issues in the G8+5 Countries", Updated and posted to [www.usclimatechange.com](http://www.usclimatechange.com) on 15 March 2007

<sup>40</sup> Bernie Sanders of Vermont and Joe Lieberman of Connecticut, who both caucus with Democrats.

the House. Nevertheless, predictions are difficult, in particular with an undecided Presidential campaign running in parallel.

A change in majority would fundamentally alter the prospects for US climate change legislation. Senior Republicans still resist Democrats' perceived zeal on climate change. Rep. Joe Barton (Republican-Texas), the most senior Republican on the Energy Committee (which he has chaired in the past), disparaged efforts by Nancy Pelosi, the Speaker of the House, to create a new "Committee on Energy Independence and Global Warming", arguing that its only purpose was "*servicing as a platform for some members to grandstand and play to the constituencies that are so insistent that we destroy our economy in the name of political correctness.*" He and Rep. Dennis Hastert (Republican-Illinois) –former chair of the subcommittee on Energy and Air Quality, now retired– have blocked previous climate change legislation in their respective committees.

The difference in voting records on the environment between Republican and Democrat members of Congress is stark. The LCV score for party leaders for Congress as a whole in 2007 was 89 for Democratic leaders and 4.5 for Republican leaders.

**Are economic and political leaders as green and keen as can be?** Support in the corporate community also needs to be put into perspective. For instance, the US-CAP only calls for emissions to reach levels "*between 70–90%*" of today's levels within fifteen years of enactment. It wants emissions sinks, plenty of flexibility with projects outside the USA, substantial R&D support and "*incentives to use low-GHG technologies*", among other sweeteners.

Finally, one should not forget that the US debate on climate change is still heavily influenced by climate change deniers. A number of think tanks actively cast doubt on the science of climate change. Their views are widely

publicized. For instance, the National Center for Policy Analysis published a report in February 2008 arguing that “*several assessments have shown that the techniques and methods used to derive and verify the IPCC’s climate predictions are fundamentally flawed.*”<sup>41</sup> Such organizations as the Global Climate Coalition, the Scientific Alliance, the Science and Environment Policy Project, the Western Fuels Association, the Greening Earth Society, and others, often funded by various oil producers, have aggressively sought to contradict climate science. The success in the USA of Michael Crichton’s novel *State of Fear*, which suggests that the scientific evidence for global warming is thin, is reflective of their influence.

Regarding the substance of legislation and international negotiations, the insistence on including developing countries could remain divisive if approached inflexibly as it has been to date.

**Which forthcoming US President will reflect the nation’s mood most accurately? Which one will succeed in delivering bold climate change legislation?** Answers to these questions will depend on a number of factors. In principle, Clinton or Obama seem committed. However, the fact that they have backed impractical targets for renewable electricity is worrying: will their promises evaporate in January 2009 or are they indicative of what they will truly strive for?

Furthermore, they could be forced to revise demanding legislative proposals in the face of recession, perhaps waning public support, a reduced majority in Congress (or an unlikely lack thereof), and probable resistance from the BRICs in negotiating a new climate change treaty. In such a context, McCain may find it easier to reach out to both sides of the party divide and build the required bipartisan alliance than Ms. Clinton –perceived as divisive by Republicans- and Mr. Obama, because viewed as liberal. John McCain

<sup>41</sup> “Climate Change Forecasters on the Hot Seat”, H. Sterling Burnett. National Center for Policy Analysis. Brief Analysis No. 609. February 18, 2008. [www.ncpa.org/pub/ba/ba609/ba609.pdf](http://www.ncpa.org/pub/ba/ba609/ba609.pdf)

is ahead of most other Republicans on climate change, and he has ruffled many feathers among Republicans with his active fight to reform campaign finance. But he is still a Republican. And from the point of view of Europe, better a slightly less ambitious US cap-and-trade system than none at all.

As *The Economist* recently wrote: “*Although it is easy for a president to promise international cooperation on climate change, it is hard to make Congress enact laws that trample on vested interests, threaten to hamper growth or price Americans out of their huge cars. The Senate would not have ratified Kyoto even if Mr Bush had asked it to.*”<sup>42</sup>

**The time is ripe, but time is short, and while there is much hope for optimism, there is also cause for worry. What should Europe do now to prepare for international negotiations in 2009 with a new US administration?**

<sup>42</sup> March 29, 2008.

### III - What Europe should do now

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#### 3.1 Europe's objectives

The EU's paramount interest today is to **ensure successful negotiations for a new global climate change treaty**. After all, the USA and Europe represent together some 40% of world GHG emissions.<sup>43</sup>

Following the G8 meeting in Heiligendamm and the UNFCCC meeting in Bali in December 2007, the door is open, while many feared failure. However, the timetable agreed in Bali is very narrow: a draft treaty needs to be ready for approval by all 189 parties by the end of 2009 in Copenhagen. Preparations will continue in 2008, but, as long as the new US President has not taken office, chances for an agreement and significant progress are low. The EU will have to press forward with international negotiations and its own legislative process nevertheless, bearing in mind the fact that

<sup>43</sup> 2005 figures, [www.eia.doe.gov/environment.html](http://www.eia.doe.gov/environment.html).

legislative work will be virtually impossible after the end of February 2009 because of the upcoming EU parliamentary elections. Meanwhile, efforts to enact US legislation are likely to continue and may come to fruition in 2009-2010.

A related objective is to **maintain “leadership” in the fight against climate change by acting internally**, as a strategy to encourage global action. EU Environment Commissioner Stavros Dimas thus recently stated: *“By implementing the most ambitious set of climate and energy targets anywhere in the industrialized world we are once again demonstrating the European Union’s leadership in addressing climate change. (...) This is crucial as we head into negotiations on a new global agreement. We now look to other developed countries to live up to their responsibilities and follow our example.”*<sup>44</sup>

Another important objective is to **reduce the impact on competitiveness** for EU industry.

What EU governments and institutions can do in the forthcoming months in relation to US plans for climate change can only be modest in the context of an electoral campaign. However, with the promising trends described above, an unprecedented opportunity has arisen to form a transatlantic alliance to lead efforts to fight global warming. Climate change could now be seen as a common cause for the EU and the USA, rather than an issue that pits both sides of the Atlantic against each other. There is the possibility to help drive the world towards an international agreement that seriously tackles the issue of global warming.

In light of these objectives, EU policy-makers should, more specifically:

- Maintain high standards;

<sup>44</sup> 15 February 2008, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/246&format=HTML&aged=0&language=EN&guiLanguage=en>

- Monitor closely US efforts and debates and engage in discussions over precise mechanisms in order to address competitiveness concerns jointly;
- Encourage common thinking on China and India.<sup>45</sup>

These tasks will fall primarily to the French administration under its presidency of the EU in the second half of 2008, to European Commission officials, and to the Swedish presidency, in the second half of 2009, as the Czech government has clearly indicated that climate change will not be a priority, unlike for the French and Swedish governments. Despite Czech President Vaclav Klaus’ skepticism regarding climate change, the Czech government has nevertheless indicated informally to its French partners that it will not hinder France’s efforts to conclude legislative negotiations on the Commission’s proposals by the end of 2008.

### 3.2 Maintain high standards

If the EU wishes to play an active role, it should not provide ammunition for those in the USA seeking to lower long-term objectives nor weaken future US legislation. This could happen with the current dilution of goals indicated by the fact that the EU had committed to a reduction by 25-40% in Bali. The EU environment commissioner, as mentioned above, has talked of an insufficient goal of 50% emissions reduction below 1990 levels by 2050. This goal was in fact endorsed at the June 2007 G8 meeting in Heiligendamm. This sends the wrong signal.

A weakening of EU resolve has also been noticed concerning auctioning rules. Emphatic talk about the EU’s leadership should not hide this. At present, the best thing the EU can do in 2008 is therefore to put its

<sup>45</sup> Of course these recommendations do not seek to encompass all that the Europe or the United States should do to cooperate more effectively on climate change, for instance in relation to research and development.

own house in order. This would mean reaching a preliminary agreement between the Council and the Parliament by the end of 2008 and sticking as closely as possible to the Commission's proposal. This will require resisting national industry lobbying on a number of dimensions.

European policy makers should also consider enforcing the 30% emissions reduction target by 2020 even before an international agreement is reached. If Hillary Clinton or Barack Obama is elected, this will help them stick to the more demanding plans they have backed. If McCain is elected, this will help him go higher than the 65% reduction goal by 2050 he has announced, considered insufficient, and at least not go lower.

On the other hand, one should be wary of letting the current US administration's recalcitrance push Europe to make counter-proposals that are *too* bold. A careful balance needs to be found between proposing anything too radical, while keeping the pressure on, and preparing for quick movement in January 2009.

### 3.3 Initiate discussion on mechanisms

Two striking observations can be made regarding the current situation. First, for the first time, legislative proposals seeking to address climate change happen to be under discussion in parallel on both sides of the Atlantic and may come to fruition in 2009. Second, as seen above, while there are real similarities between US and EU plans, the United States may possibly go further than the EU on a number of aspects, and vice versa.

The opportunity is thus ripe for Europe to engage the United States in climate policy deliberations and for EU discussions to benefit from US plans. Whether with each campaign individually, or the US policy arena collectively, the most important thing is for Europe to engage Americans

actively on the climate issue. The American mainstream is fast becoming aware of the climate problem, and could benefit from learning of Europe's experience in tackling the issue. Also, it is crucial that both US and EU policies trend towards harmonization and integration, especially for the functioning of carbon markets. Therefore, at this formative stage, the European Union, the United States, and the world would benefit from a closer alignment of climate policies across the Atlantic. Efforts should be focused on finding common legislative ground, so as to increase the likelihood that the US outcome can work with the EU regime, and vice versa.

Until the future tells us who becomes the next US President, EU policy-makers would therefore be well advised to follow closely discussions and legislative progress on climate change in the USA. They should continue carrying out negotiations with the Bush administration while remembering that a more climate-ambitious administration will be coming soon. Pursuing informal channels of diplomacy is also in order. Making contact with the staff of all three candidates would be wise. Informal diplomacy, with the help of relevant EU and US think tanks and officials would not be time wasted. Engaging private sector stakeholders across the two sides of the Atlantic is also important, to foster common thinking and support.

### 3.4 Encourage common thinking on China, India and other major emitters

The critical issue moving forward is treatment of BRICs and differentiated responsibility. This is the stated reason of the Byrd-Hagel resolution opposing the Kyoto treaty in 1997, and could ultimately derail - or at least stymie and delay - US climate policy action. Therefore, addressing this issue is essential for ensuring US action, no matter who the President-elect is. Europe has a vital and important role to play in facilitating these difficult discussions, as it did in Bali.

Also, the EU and the future US President will agree that the best way to tackle global warming while limiting the impact on their competitiveness is by involving as many countries as possible under the principle of common but differentiated responsibility. This requires bringing in developing countries, if necessary starting from relatively limited emission cuts. There will be no Congress backing if the BRICs are not seriously committed. However, the current bill moving through Senate requires “comparable” action from developing countries, indicating that it may become more flexible on the issue.

Considering the outcome of the December UNFCCC Bali meeting, it would seem that China is ready to play a more constructive role. China and other emerging countries agreed for the first time in Bali to try to make “*measurable, reportable and verifiable*” emissions cuts.<sup>46</sup> However, they did not appear to be ready to agreeing to any mandatory restrictions in the near future. Their priority remains economic development.

Both the EU and the USA should therefore seek jointly to make use of these positive signals for a global climate treaty, while engaging in discussions with all major emitters with an open mind. Most importantly, they should not talk unwisely of “border adjustments”<sup>47</sup> and tariffs on imported goods from countries without carbon pricing. Rightly so, EU Commission President Barroso said that this issue would only be reviewed in 2010 in the light of international negotiations. EU government should adhere to this discipline. This is true also for the USA, where import tariffs have been requested by a number of business interest groups.

<sup>46</sup> See conclusions of United Nations Climate Change Conference 2007: [http://unfccc.int/meetings/cop\\_13/items/4049.php](http://unfccc.int/meetings/cop_13/items/4049.php)

<sup>47</sup> Also known as ‘border tax adjustments’, they are import fees levied by countries with carbon taxes or cap-and-trade schemes on goods manufactured in countries with no such provisions.

## Conclusion

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**E**urope should already start looking beyond the Bush Administration and begin to engage alternative and emerging policy leaders. This is a crucial period in US climate policy formulation and Europe has a rare and fleeting opportunity to help inform US climate policy development. For those in Europe who assume that a Democrat as President of the USA would be more inclined to join forces with Europe to lead the global fight against climate change, this paper suggests that there is in fact a unique opportunity lying ahead to join forces with the forthcoming US administration, no matter who wins the November election.

However, it also argues that the resolve of any of the three could be dampened if faced with resistance. Or, possibly, with Europe’s own lack of ambition.

EU policy makers today should be governed by an exceptional sense of urgency. If Europe adopts clear legislation, it could bolster efforts by those in the USA who have similar goals.

They should also be governed by the notion that convergence is desirable, as opposed to a form of beauty contest some seem to believe the EU is engaged in with the United States. This could lead to the creation before the end of 2009 of a transatlantic consensus helping shape a successor treaty to the Kyoto treaty. As Europe wrestles with the difficulty of being leader and worries about the impact on its economy, its best hope today is to prepare to join forces with the next US administration, setting bold long term emissions targets and encouraging cooperation with developing countries.

The EU and the United States are each other's main trading partners and account for the largest bilateral trade relationship in the world. They are also the largest players in global trade. Combined, they account for some 57% of world GDP. There is much to be gained from a strengthened EU-US partnership on climate change.

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