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TOWARDS A EUROPEAN ENERGY POLICY

Response to Policy Paper 34 « Clinton, Obama, McCain - Europe's Best Hope for Fighting Climate Change »

U.S. Climate Policy and the European Response:
A Way Forward

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Stephen Boucher has written a very interesting paper that does a fine job of outlining the approaches of the three leading U.S. presidential candidates to climate change issues and suggesting an appropriate EU response. Furthermore, Boucher has a good understanding of various elements of the push and pull of U.S. politics. His analysis of the gap between stated and revealed preferences about willingness to pay for environmental taxes is an important analysis often overlooked by optimists. The current U.S. recession adds an additional element of uncertainty and difficulty to predicting U.S. behavior and formulating an appropriate European response. Aside from those statements, I had four particular thoughts in response to the paper:

First, it is important that **U.S. and EU discussions on climate change should focus on the near-term and not**

the very distant future. While long-term thinking is useful and goals are admirable, commitments to do something by 2050, whether made by the U.S. or EU, are simply not politically credible. Politicians will promise pie in the sky for forty years from now, knowing they will not be held accountable. It

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is much more useful for Europe to focus on credible nearterm goals, even modest ones, in their negotiations with the next U.S. President—goals that actually will have teeth and accountability.

Second, it is important to **focus on actual results, rather than simply treaty agreements**. The next President will focus on what the EU actually does rather than simply what has been agreed upon by treaty. While EU rhetoric on climate change has been much more engaged than rhetoric in the U.S., in terms of tangible, meaningful, actions the EU has done not much more than the U.S to achieve real CO₂ reductions—relying largely on Russian 'hot air' and phony CDM credits (the work of my colleagues Michael Wara and David Victor is particular useful in exposing the CDMs' fatal flaws). European performance, rather than European words, will turn heads in America. The mismatch between Europe's rhetoric and reality has not gone unnoticed in the United States, especially among Kyoto opponents.

Third, as Boucher notes, and I would like to re-stress, the EU must come to agreement with the U.S. on China and India's role in a post-Kyoto world. One of Kyoto's fatal flaws (as argued by myself and others for several years) was the failure to engage China and India in meaningful commitments (let alone caps). Given the obvious rise of China and India and their increasing share of global emissions over the Kyoto period, this proved to be a disastrous strategy. The United States and Europe must be united in an approach to China and India that forces real change. A serious discussion of coal (which was, is and will continue to be the bedrock of the Chinese and Indian energy systems), including a much

more intensive and serious approach to carbon capture, is an essential part of this strategy. Focusing an intense joint diplomatic effort on getting China and India to agree to real ${\rm CO}_2$ commitments of some sort (though caps are likely not viable) is another.

Fourth, Boucher wisely emphasizes the technology development portions of the candidates' profiles. For those of us who believe that climate change will fundamentally have to be solved by a technological revolution, rather than efficiency, cap-and-trade, or conservation (though all of these can play a significant role) the candidates' various commitments in this sphere are encouraging. A joint technology effort between the U.S. and EU working with the private sector to develop and deploy low-carbon energy technologies is likely the most important action either party could take.

But regardless of the aforementioned specifics, what is most needed in the future is a dramatic change of tone in the dialogue between the U.S. and EU on climate issues. There is no question that the Bush administration's unproductive stonewalling on climate change has been extremely unhelpful in moving the dialogue forward. In this regard, any of the three candidates will represent a dramatic improvement in both substance and tone from the U.S. side.

Nonetheless, it must be noted that while the Bush administration's objections to Kyoto were often done in the service of politics, that does not mean that critiques of the overall Kyoto regime were not appropriate. Recently even several prominent Europeans (most notably Prins and

Rayner in their recent article in *Nature*) have made trenchant criticisms of the Kyoto Protocol and urged a fundamental rethinking of its design and incentive structures. Hopefully others in Europe will follow their lead and acknowledge that principled criticism of Kyoto is not environmental treason.

In conclusion, the U.S. must realize that denial of the issue and stonewalling, whatever our legitimate concerns, is not a productive or serious strategy. At the same time, the EU must realize that its often self-righteous tone, in the light of what might be generously called an extremely tepid real performance in CO_2 reduction, has alienated many American policymakers. Many of these policymakers, especially conservatives, are quite suspicious by nature of global treaties such as Kyoto, particularly when China and India do not make meaningful commitments to CO_2 reduction.

As Boucher, accurately observes, a new U.S. administration will almost certainly bring a new, more positive tone, to climate change negotiations. Will the EU follow suit? ■

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