



**Keynote Remarks at  
U.S. Climate Action Symposium**

**Todd Stern  
Special Envoy for Climate Change  
U.S. Department of State**

**March 3, 2009  
Senate Hart Office Building  
Washington, D.C.**

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Thank you, Lord Stern. Thank you Jonathan Lash and WRI; Fred Bergsten and the Peterson Institute; and Nancy Birdsall and the Center for Global Development. You and your colleagues have done so much to ensure the right response to the climate crisis, and we all deeply appreciate that. And today, you've brought us together for a very important discussion.

Lord Stern, it is an honor to share the podium with you. You have made an enormous contribution to our understanding of this issue, including the complex questions of economic cost – both the cost of action and the costs of inaction -- which have too often been ignored. What is clear from Lord Stern's work is that the costs of action, though real, are affordable, while the costs of inaction – economic, environmental and national security – are so profound that if we fail at this moment of truth, it will amount to a breach of our generational contract to leave our children a better world. Thank you all for coming. This is a distinguished group: leaders from other countries, from NGOs, from corporations, and from here on the Hill. I am honored to be part of the day's events. And delighted that the U.S. Government now *can* be and *wants* to be a genuine part of such a gathering.

You know, when I think about the U.S. getting back in the game after sitting too long on the sidelines, I'm reminded of that famous 2-word press release that Michael Jordan issued in 1996 after having left basketball for most of 2 years. (I will confess to being from Chicago and to being a bit of a Chicago Bulls nut.) At any rate, as reported in 4-inch headlines in every paper in Chicago on that great day, Michael's statement read in full: "I'M BACK." And so while I definitely can't promise that we'll have as good a year as Michael Jordan – and I definitely don't mean to suggest that we're the league MVP -- I can say, "We're Back."

The U.S. is in the game. We are seized by the importance and urgency of the task. The President has made the transformation to a low-carbon economy a core part of his domestic agenda. And we are eager to get a strong new international agreement done in Copenhagen. What's more, the President has put together a terrific team of people to work on the climate/energy challenge, including Steven Chu, John Holdren, Carol Browner, Lisa Jackson, Nancy Sutley and many others.

It is of course, a vital thing that the United States *is* back, because the seriousness of the climate problem becomes more stark and disturbing with each passing year.

Recent science indicates that key climate impacts will happen more rapidly and be more severe than the IPCC assessments of only two years ago. Arctic sea ice is disappearing much faster than anticipated, and researchers now predict ice-free summers in the Arctic Ocean as soon as 2013, creating a feedback loop, as dark water absorbs more sunlight and increases warming. The melting of permafrost in the tundra in raises the risk of a huge methane release, with more dangerous feedback potential. The Greenland Ice Sheet is steadily shrinking. Sea level is now expected to rise much more than previously anticipated – some 0.8-2.5 meters in the 21<sup>st</sup> century. Water supplies are increasingly at risk with the melting of glaciers in Asia and the Western Hemisphere. And oceans are rapidly acidifying.

Now we are obviously on the front end of our work, and certainly do not have fully articulated views yet. I was sworn in as the Special Envoy for Climate Change only 19 days ago, my staff is still in formation and we are busy consulting with other governments, US stakeholders, Members of Congress and others. At the same time, we are keenly aware that time is short. The Bali Roadmap may have given the global community two years to reach a new accord, but it has given us in the U.S. Government only about 9 months. So we are already operating in high gear.

Secretary Clinton's trip to Asia started us off on a very positive note. The most striking takeaway, perhaps, was that the Secretary elevated global climate change to the top tier of U.S. foreign policy concerns. This was a new and powerful thing. Those of us who have tilled these fields for many years have often talked of the need to lift this issue out of the third tier of our key bilateral relationships. And Mrs. Clinton did that, in spades. In every country and with every leader, she made clear that she was seeking to address a three-part agenda – the global economic crisis, global climate change, and security challenges like Afghanistan and North Korea. Climate change was front and center; at the core of the business the United States sought to do with each of these nations. And I should say, as well, that our approach in each of these countries was to resolve to work constructively and respectfully together.

We have a great deal of work ahead of us now. Understanding that we are still well short of a full-blown plan, let me talk about 10 principles that will underpin our approach to Copenhagen and beyond. At their core, they are about using science, doing the math, paying attention to politics, and relying upon common sense rather than stale rhetoric.

First: we need to be guided by science. The point of an agreement, after all, must be to solve the problem. Thus, we should set our compass by a long-range objective, and we should lay out a pathway for getting there. This pathway will doubtless be more fleshed out in the short term – it is easier to see the down the road 5 or 10 years than 30 or 40. But the longer vision should at least be sketched out.

One of the defects of the Kyoto Protocol, at least as it was received here, was that it seemed very difficult but not very consequential, because with only a five-year time horizon, it was disconnected from any broader vision for solving the problem.

Being guided by the science also means that there need to be regular reviews so that we can, if necessary, recalibrate what we're doing. So far, the actual facts on the ground (and in the air and the oceans) have outstripped even the worst-case scenarios of the modelers. Developments in coming years could demonstrate that even the ambitious steps we hope to take in Copenhagen fall well short of the mark. If so, we will need to know that in real time and have the capacity to reconvene earlier than anticipated.

Second: we in the United States recognize our responsibility, as the largest historic emitter of greenhouse gases, to play a leading role in the effort to contain global warming. Consistent with that responsibility, we are in the early stages of putting in place a strong, mandatory plan to cut emissions and develop a low-carbon economy. This includes a broad-based cap and trade program, which President Obama reaffirmed as a top priority just last week in his speech to Congress and in the budget he submitted. It will also include a robust set of clean energy measures such as tough efficiency standards for autos; new efficiency standards for appliances; a major push for renewable energy; and a 10-year, \$150 billion investment in clean energy research, development and demonstration.

Of course, in light of the deep and wide economic crisis we are in, there will be real pressure, both substantive and political, to go slow and to right the economic ship before setting sail toward a new low-carbon horizon. But doing that, in my judgment, would be a serious, consequential mistake.

It is not that transitioning to a low-carbon economy will be cost-free – of course it won't. We need major up front investments. And we need to use policy measures to promote low-carbon energy sources that, at least in the short term, cost more than the fossil sources they would replace (although let's not forget that some of those fossil sources have enjoyed government support and subsidies of their own for decades).

But this transition, once triggered by strong, unambiguous policy and price signals, is likely to unleash a torrent of new innovation and investment. There is enormous pent up desire among scientists, engineers and entrepreneurs in this country and around the world – especially among the younger generation of talent – to be part of the clean energy solution and to make their names and their fortunes doing so. Not that they are waiting. They are working right now to deliver the future. But with clear policy signals, they will be able to really let it rip.

This task of new innovation and investment is so vast – literally the transformation of the energy base of the global economy – that it can become a key driver of economic growth in the 21<sup>st</sup> century.

There is another key reason why we cannot postpone the low-carbon project until after the economy stabilizes. The effort at stabilization itself will entail an enormous fiscal response by governments around the world and it is critical that this response push us in the right direction, not deepen the carbon hole we are already in. President Obama understands this, and so his \$780B stimulus plan includes some \$80B for green recovery. I might add that China, for its part, has included at least \$50B for green development in its own \$585B stimulus plan. These are the models that need to be replicated everywhere. If, instead, the infrastructure built with

government stimulus funds around the world locks in high-carbon energy for the next two generations, we will have made a huge and fateful mistake.

To borrow from President Obama, we must seize opportunity from ordeal and make sure that the stimulus programs around the world designed to pull us out of this recession propel us toward a brighter future, not toward a day of reckoning.

Third: the United States is committed to reaching a strong international agreement in Copenhagen based on both the ambitious actions that will be embodied in U.S. domestic law, and on the premise that the agreement will reflect the important national actions of all major economies to contain their respective emissions. This agreement should encourage the most cost-effective reductions – including reductions from the use and management of forests – consistent with the dictates environmental integrity.

As part of an international agreement, the United States and other developed countries will need to join together to establish mechanisms ensuring a significant flow of funds to developing countries, especially the most vulnerable ones. Such funds will assist them both with adaptation to the harmful effects of climate change, some of which are already locked into the system, and with mitigation efforts designed to set their economies on a low-carbon course. Financing and technology will also need to be part of the package with regard to the major emerging economies, with flows linked to real actions that reduce emissions.

Financing will doubtless come from a variety of sources, including those generated by carbon markets; private sector funds, perhaps spurred by policy incentives; and official funds. Official funds themselves can come in a variety of forms. The Climate Investment Funds at the World Bank, for example, are a way to target a number of funding gaps in advance of a post-2012 agreement. These are funds that the administration supports and for which we will propose funding in FY 2010. But official resources alone cannot do the job.

The day is not here yet, but is probably not all that distant, when carbon will need to have a world-wide price, which would accomplish two things: reverse the incentive to cling to cheaper, high-carbon sources of energy; and create the opportunity for the kind of large financial flows needed.

Fourth: we recognize that developing countries, including emerging markets like China and India, have entirely legitimate development needs and cannot be asked to forfeit the aspirations of their people to a better life and a higher standard of living. Even now, for example, nearly 35% of Chinese live on less than \$2 a day. And India's per capita income and emissions are a fraction of those in OECD countries.

At the same time, though, as Secretary Clinton made clear at the cogeneration plant we visited in Beijing 10 days ago, there is a different path available now and the industrializing countries of the earth need to take that path, for their own good, the good of their children, and the good of the entire global community. They do not need to follow the fossil fuel path that industrialized countries took, at a time when no one knew anything about global warming. Now

we *do* know, and now there are alternative forms of energy available and more under development.

You know, as recently as 2002, India, with a billion people, had only 55 million telephones. But rather than insisting on getting the same kind of wired service that developed countries had, they simply leapfrogged straight to cell phones. Now, 350 million Indians have phones, and universal wired service is unnecessary. That's what needs to happen now in the development of low-carbon energy. Developing countries need to leapfrog the fossil fuel stage as much as possible, while countries that have already built a fossil infrastructure will have to bend all efforts to phasing out that infrastructure.

Fifth: do the math. If we are going to be guided by science, then we must be willing to follow the numbers wherever they lead. And this is the story the numbers tell: even if the developed countries succeed in making draconian cuts in their emissions – 80% or more by 2050 – the major developing countries are still going to have to make extremely large reductions of their own to reach acceptable concentration levels within that time frame.

It is simply not tenable to pledge fidelity to an ambitious objective on the one hand, but dodge around the fact that emerging market countries have to take large-scale action soon. There may be all kinds of different ways to express or reflect that concept in an international agreement; there may be different time frames at which the requirement to act decisively kicks in; and the principle of common but *differentiated* responsibilities must be respected. But absent strong action at scale by the biggest emerging economies, we simply can't get there from here.

As I said in China, this is not a matter of politics or morality, right or wrong. It is simply the unforgiving math of accumulating emissions.

Sixth: at the same time we are being guided by the science and doing the math, we cannot forget that we are engaged in a political process and that politics, in the classic formulation, is the art of the possible. Of course we cannot afford to be passive in our understanding of that principle – we need always to push the envelope of what is possible. But we ignore the principle at our peril.

Let me apply this principle in a couple of ways. Some assert that the United States can only meet its responsibility if it agrees to reduce emissions 25-40% below 1990 levels by 2020, equivalent to at least a 40% reduction below where we are right now (a much deeper cut than the EU would have to make compared to where they are now). But, first, as a matter of substance, this is not necessary. What counts is getting on a viable path between now and 2050. Reducing 25-40% below 1990 levels would be a good idea if it were doable, since it would allow a less steep reduction path in the 2020-2050 time period. But it is not independently necessary; a somewhat steeper path in the latter period could make up for the slightly slower start.

In addition, a 25-40% requirement for the United States would garner very little support here, because it would appear both unnecessary, for the reasons I just noted, and beyond the realm of the feasible. The most ambitious proposals that have been seriously considered here, both those introduced in Congress last year and the objective that President Obama has endorsed, call for

reductions equivalent to 1990 levels by 2020 and 80% below 1990 levels by 2050. These would equate to around 15% below 2005 levels by 2020, and over 80% below those levels by 2050. So insisting on a 25-40% cut below 1990 for the United States is a prescription not for progress but for stalemate. Again, we need to be guided both by science and by common sense.

Or take China. I believe that China can do big and important things in changing the arc of its emissions path. It has already taken very significant steps and enormous additional strides can be made. At the same time, it serves no purpose to ignore the realities of China's political economy – the need to create some 10 million new jobs a year just to keep up, and the absence at this time, of large-scale low-carbon alternatives to power its economic engine. The art of the possible cannot be ignored – but the range of what is possible must be constantly forced.

Seventh: those who react astutely and nimbly to the imperatives of the low-carbon transition will prosper, while those who seek to hold back the tides, or pretend that the tides aren't even there, will look back in sorrow. The reason is clear enough: as the evidence of climate change grows increasingly dire, high-carbon goods and services will, before too many passing years, become untenable, replaced by the low-carbon alternatives of a new era. Indeed, this is starting to happen – look at the growing demand for hybrid cars.

Or think about long-lasting infrastructure, like power plants. It costs substantially more right now to build new coal facilities that are capable of capturing and storing CO<sub>2</sub> than to build conventional high-carbon plants. But how good will the business judgment of companies or countries who make the high-carbon choice now look 5, 10 or 20 years from now, when it becomes clear that heavily polluting infrastructure is deadly and must be phased out long before the end of its useful life?

Countries that sink their treasure now into a dirty coal infrastructure or high-carbon production methods are not only jeopardizing the health of the planet, they are jeopardizing their own economic future. Think about the companies that bet on typewriters as the first personal computers rolled off the assembly lines. Or think of the auto companies who bet on SUVs as oil supplies started tightening and a world of carbon constraints started coming into view. Companies and countries have a choice now. Choosing the low-carbon path will take significant upfront investment and it will take a great deal of hard work. But it will put them on the right side of history.

Eighth: the private sector has to be a partner. Private investment and innovation is the key to resolving the climate crisis. A great deal can be done in bringing emissions down through the use of existing technologies, but powering the world on low-carbon energy will require new technological development and breakthroughs. Governments cannot bring the innovation, drive, creativity and resources to bear that the private sector can. But the private sector cannot complete the cycle from research to deployment and commercialization without the right kind of government incentives and support. We need to be in an active conversation with the private sector to understand what they need and how we can support each other.

Ninth: to promote agreement under the Framework Convention as well as to make rapid progress on actions to cut emissions, we need to invigorate a small group process in which

leaders of the world's major economies come together in a dialogue on energy and climate. That process began in 2007, but under the auspices of a U.S. Administration that opposed strong mandatory action to contain climate change. The small group process was right – it is essential to provide a venue outside the 190-nation Framework Convention process in which leaders can meet to discuss and advance these issues. But now we have to fill that process with content. This group should be a forum both to facilitate agreement at Copenhagen and to catalyze a wide-range of concrete, cooperative actions, joint ventures, sectoral agreements and the like, aimed at hastening the transformation to a low-carbon global economy.

Remember that while an agreement in Copenhagen agreement is vitally important, it will only be the start of our journey, not the end. It will provide a framework calling for ambitious actions. The actions will then need to be undertaken. And a small group process of the major economies will have an important role to play in following through.

Tenth: the countries of the world need to recognize the threat, pull our oars in the same direction, and do whatever it takes to succeed. Tired orthodoxies and endless reruns of north/south debates are not going to get us anywhere. We need a little less preaching about who is to blame and a little more of that old comic book sensibility of uniting in the face of a common danger threatening the earth. Because that's what we have here. It's not a meteor or a space invader, but the damage to our planet, to our community, to our children and their children will be just as great. There is no time to lose, so let us resolve to work together, guided by science, doing the math, appreciating the art of the possible, and at all times using our common sense for the common good.

Thank you.