

ROADMAP TO COPENHAGEN: DRIVING TOWARD SUCCESS

HEARING BEFORE THE SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING HOUSE OF REPRESENTATIVES ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

SEPTEMBER 10, 2009

Serial No. 111-9



Printed for the use of the Select Committee on
Energy Independence and Global Warming

globalwarming.house.gov

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 2010

62-452

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

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ROADMAP TO COPENHAGEN: DRIVING TOWARD SUCCESS

THURSDAY, SEPTEMBER 10, 2009

HOUSE OF REPRESENTATIVES,
SELECT COMMITTEE ON ENERGY INDEPENDENCE
AND GLOBAL WARMING,
Washington, DC.

The committee met, pursuant to call, at 9:39 a.m. in Room 2175, Rayburn House Office Building, Hon. Edward J. Markey (chairman of the Committee) presiding.

Present: Representatives Markey, Blumenauer, Inslee, Cleave, Sensenbrenner, Blackburn, and Capito.

Staff present: Ana Unruh Cohen and Camilla Bausch.

The CHAIRMAN. Welcome to the Select Committee on Energy Independence and Global Warming. For those of you who have spent any time in the water this summer, you may have noticed that it was warmer than usual. On the east coast, typically chilly Maine beaches felt more like those usually found in Maryland, which were in turn feeling more like Florida. Worldwide ocean temperatures in July were the hottest recorded in the last 130 years.

While this might benefit your beach weekend now, it is the latest reminder of the serious consequences of global warming. As the oceans warm and become more acidic due to increasing absorption of carbon dioxide, coral reefs and other critical components of the ocean ecosystem are put at risk, threatening food supplies for a significant portion of the world.

Global warming is a global problem, in need of a global solution. The next opportunity to find that global solution is coming quickly. In December, the nations of the world will gather in Copenhagen, intent on finalizing an international climate agreement that will protect people and the planet and unleash a clean energy revolution.

Todd Stern, the United States Special Envoy for Climate Change, is with us today to report on the progress made thus far and the challenges that remain to reaching an agreement in Copenhagen.

Since the start of the Select Committee on Energy Independence and Global Warming, I have maintained that the most effective way of advancing the negotiations of the next international climate change agreement would be for the United States to show leadership by committing to mandatory domestic reductions of heat-trapping pollution.

In June the House of Representatives took the first step by passing the Waxman-Markey American Clean Energy and Security Act. To the rest of the world, House passage of this bill signaled Amer-

ica's growing commitment to preventing climate change and building a global clean energy economy. It helped leaders at the G8 and the Major Economies Forum held in Italy this July reach agreement on important points, including the need for emissions to peak as soon as possible, commitments to prepare low carbon growth plans, and a pledge by developing countries to take actions that would meaningfully reduce their emissions from their current trajectories.

I look forward to working with my Senate colleagues so that we can send the strongest possible signal from the United States Congress to the negotiations in Copenhagen.

Sending clean energy legislation that reduces global warming pollution to President Obama is not just important for international diplomacy, it is critical to our national interest. The great race of the 21st century will be to provide affordable clean energy to the world. Whether countries are trying to revitalize flagging economies or pull their people out of poverty, they are turning to clean energy technology. In a race that the United States once had a clear lead, we are now falling behind. The Europeans, Japanese, and increasingly the Chinese are using their domestic policies to drive the development of clean energy industries and stake their claims to the burgeoning global clean energy economy. If we want to be globally competitive, we must do the same.

The United States' effort to reverse the trend began with the 2007 energy bill's increase in fuel economy standards and commitment to renewable fuels. It accelerated with the \$80 billion investment in clean energy infrastructure and technology in this year's Recovery Act. It will culminate with a comprehensive clean energy law like the Waxman-Markey legislation that passed the House this summer.

The world is watching the United States. We should be responding to that concern the world has. It is time to reclaim our technical leadership on clean energy, our economic leadership in the next great global jobs race and our moral leadership to protect the planet. I am confident that this is the foundation upon which a new global climate agreement, one that includes all countries doing their fair share, will be built.

[The information follows:]

Opening Statement for Chairman Edward J. Markey
Select Committee on Energy Independence and Global Warming
“Roadmap to Copenhagen: Driving Toward Success”
September 10, 2009

For those of you who spent any time in the water this summer, you may have noticed it was warmer than usual. On the East Coast, typically chilly Maine beaches felt more like those usually found in Maryland, which were in turn feeling more like Florida. Worldwide ocean temperatures in July were the hottest recorded during the last 130 years.

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To the rest of the world, House passage of this bill signaled America’s growing commitment to preventing climate change and building a global clean energy economy. It helped leaders at the G8 and the Major Economies Forum held in Italy this July reach agreement on important points, including the need for emissions to peak as soon as possible, commitments to prepare “Low Carbon Growth Plans,” and a pledge by developing countries to take actions that would meaningfully reduce their emissions from their current trajectories. I look forward to working with my Senate colleagues so that we can send the strongest possible signal from the U.S. Congress to the negotiations in Copenhagen.

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The CHAIRMAN. I would now like to turn and recognize the Ranking Member, the gentleman from Wisconsin, Mr. Sensenbrenner.

Mr. SENSENBRENNER. Well, I certainly thank the Chairman from Massachusetts for recognizing me. What I would like to tell him is that in the Upper Midwest we had a very cool and dry summer. I live on a lake during the summer, and had you come and visited me I could have posted a picture of the screen of you jumping in my lake and turning blue. So I appreciate the world view that the gentleman from Massachusetts has got; but, remember, the Upper Midwest of the United States of America is part of the world as well.

I would like to join Chairman Markey in welcoming Todd Stern, the U.S. Special Envoy for Climate Change, to this hearing. We have 87 calendar days and 16 official negotiating days before the Copenhagen conference on December 7th, when delegates hope to replace the flawed Kyoto Protocol. And where are we on the road to Copenhagen? Are we working towards success or are we working, as I fear, toward a repeat of the Kyoto experience?

After 26 days of negotiations at three meetings this year in Bonn we are, in my opinion, a long ways from success. There are two parallel negotiations underway, one under the convention where the U.S. participates and the other under the Kyoto Protocol where the U.S. is an observer.

The upcoming 2-week negotiating session in Bangkok will start with well over 400 pages of text to consider. This compares with a little over 100 pages of text at a similar time in the 1997 Kyoto negotiations. In addition to having to wade through lengthy and complex negotiating text, there are irreconcilable differences in the positions of developed and developing countries on a number of thorny issues, particularly on funding, technology, and midterm mitigation targets. Developing countries are demanding that developed countries contribute up to 1 percent of their gross domestic product in developing countries for climate change over and above existing foreign aid. This would be an additional tab of more than \$140 billion a year for the U.S. alone. This is an unacceptable price tag for the beleaguered American taxpayer and will increase an already out-of-control Federal budget deficit. Many developing countries have said they will not sign any agreement that does not include massive transfers of wealth. These same countries refuse to consider any binding commitments to reduce emissions.

The developing countries are also leading efforts to weaken or even destroy intellectual property rights by seeking to gain free access to American and other developed countries' IPR for clean energy technologies. Their proposals include preventing patenting in developing countries, requiring compulsory licensing, and ensuring access to new technologies on a non-exclusive royalty-free term, all of which ignore the fact that new technologies will only be developed if there are incentives to create them.

Developing countries have also demanded that developed countries reduce their emissions by at least 40 percent below 1990 levels by 2020. Cuts of such magnitude could only be achieved by wrecking developed countries' economies and, indeed, the global economy. In the meantime, most developing countries say they are

unwilling to undertake any emissions reduction efforts in the absence of developed-country funding or free technology.

Finally, it appears that a majority of developed countries, including the United States, have agreed that developing countries should not have to take on legally binding emissions reductions commitments for the foreseeable future. Business-as-usual projections, so that even if developed countries reduce their emission to zero, global emissions will be higher in 2050 than they are today because of increases in the developing world.

As today's witness told the Center for American Progress in June, quote, According to recent modeling, even if every other country in the world besides China reduced its emissions by 80 percent between now and 2050—a thoroughly unrealistic assumption by the way—China's emissions would alone be so large to put us on a track of global concentrations far above what scientists consider to be safe, unquote—from Mr. Stern.

In light of this will the Senate ratify an agreement that lets China, India, Brazil and other major developing economies off the hook indefinitely? I have my doubts.

So what does all of this portend? My more than 12 years' experience with international climate change negotiations tells me we are heading towards a repeat of Kyoto; namely, an environmentally ineffective agreement that cannot be ratified by the United States Senate.

With so many controversial issues left unresolved, Mr. Stern and his negotiating team have 87 days of hard work ahead. I hope today's hearing helps provide a roadmap for a successful treaty that the American public and thus their elected Members of the Senate can support. Thank you.

The CHAIRMAN. The gentleman's time has expired. We now turn and recognize the gentleman from Oregon, Mr. Blumenauer.

Mr. BLUMENAUER. Thank you, Mr. Chairman. Continuing your weather dialogue here, we just finished experiencing the longest period in our community's history—Portland, Oregon known for rain—without rain this summer, entirely consistent with what the experts would tell us in terms of changes in global climate patterns.

I am very pleased that you have structured this hearing today. I hear my good friend from Wisconsin articulate the concerns about nations' stated negotiating positions. After other work over the course of the last year, I am struck by the growing consensus about the shared interests that we all share. The opportunities to blend the range of interest to be able to make sure that every country—not so much their stated negotiating positions, but what is in their long-term interests—what we can do to fashion an agreement I think is more possible than I would have expected.

It is clear that the Americans can no longer continue to waste more energy than anybody in the world, regardless of our concerns about climate change and the negotiations. I look forward to hearing from Mr. Stern about how these pieces are coming together, what he views as the opportunities for these aligned interests. And last, but by no means least, any observations that he may have about what we in Congress, and this committee in particular, can

do between now and December to help move this along in Congress and any assistance we may give in Copenhagen. Thank you very much.

The CHAIRMAN. Thank you. The gentleman's time has expired.

The Chair recognizes the gentlelady from West Virginia, Mrs. Capito.

Mrs. CAPITO. Thank you. I too welcome Mr. Stern. Just to make you familiar with me and the State that I represent, I represent West Virginia, which has a great stake in the decisions that you are making on the international stage. It is always difficult in our State, and has been historically, to balance the economic and environmental consideration. So I would ask you to—and I am certain that you will—take that into consideration, a State such as mine, and they are more heavily impacted than others in this country to the decisions that are going to be made on behalf of the United States in the international community and look just not at the environmental but the potential economic impact that these decisions will make. Thank you.

The CHAIRMAN. The gentlelady's time has expired.

The Chair recognizes the gentleman from Washington State, Mr. Inslee.

Mr. INSLEE. Well, continuing our reports of this summer, let me give you mine during my 3-day summer vacation at Lake Quinalt, Washington. From the Olympic peninsula, part of the Olympic National Park on the south side of Lake Quinalt, there are these incredibly huge trees, the tallest Sitka spruce in the world. But on the western ridge of every ridge that is exposed to the winds coming in from the Pacific Ocean, they look like they have been clear-cut because there was an enormous windstorm that knocked down thousand-year-old trees and huge—10, 20, 30 acre patches on the western ridge. These trees have been around a thousand years, but now something is changing to knock them over.

To me it was a pretty powerful statement about what happens when the climate changes to have to be climbing over these huge trees that have been knocked down. I do not know if that windstorm was specifically caused by climate change, but it was consistent with what the pattern suggests is going to become more frequent and we are seeing more frequently in the Pacific Northwest.

Two notes of optimism: This summer, technology has been advancing, which ought to give us more optimism. Ultimately, we have to have technology to solve this. Last week First Solar, an American company, just signed a contract to build the biggest solar electrical generating plant in China using American technology. This is a model for the future. We will start building lithium-ion batteries in this country and electric cars in this country. Technology should be giving us optimism in Copenhagen.

Second, there should be optimism in the U.S. Senate. We talked to 14 sort of moderate Democrats a few weeks ago. Something happened that has never happened in the history of the U.S. Congress. Members of the Senate listened to Members of the U.S. House and actually took notes. I was stunned. This has never happened. This is a wonderful opportunity for America to lead the world, both in Washington, DC, and Copenhagen. And, Mr. Stern, we wish you well. Thank you.

The CHAIRMAN. The Chair now turns and recognizes the gentlelady from Tennessee, Ms. Blackburn.

Mrs. BLACKBURN. Thank you, Mr. Chairman.

Mr. Stern, welcome. We are delighted that you are here. I will have to say that while I did not have a vacation, I had a “workation” in my district. But in Tennessee where I am from, as I was holding town halls, we found the weather was much cooler than average. One of my town halls that had five times as many people as expected, we were too large for the building and found ourselves out on the parking lot the first week of August, during the evening. And we were perfectly comfortable. It was 103, it was more like 83 degrees. So that came a little bit as a pleasant surprise for us.

And when it was August 30th and I was slipping a sweater on my 15-month grandson to go out in the evening, I thought, my goodness, this is the coolest summer that we have had in 113 years.

We welcome you and we are looking forward to hearing what you have to say. I will have to tell you while some of my colleagues favor a global treaty, I do not favor a global climate change treaty. It is an effort that I am not able to support. As I have studied the issue and realizing many Third World nations are beginning to say look, we need to be working on a standard of living, their people and their leaders are trying to figure out how to deal with immediate life-and-death issues every single day. They are worried about food and health and sustainable economic development and want to place those issues first and foremost before looking at climate issues that would have an effect on them 50 or 100 years down the road. I think that we need to be mindful of that.

Another item, technology. Mr. Inslee mentioned technology. Much of the innovation in technology that has taken place has taken place here in this country. Intellectual property protections for those innovators are going to be an imperative. But looking forward to the discussion today, I yield back, Mr. Chairman. Thank you so much.

Mr. CHAIRMAN. I thank the gentlelady.

The Chair recognizes the gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman. As we move towards Copenhagen, I personally am experiencing great delight because I think that with the United States fully participating and with the United States for the first time putting forth an effort to deal with one of the most difficult issues facing our generation—climate change—the rest of the world I think will take note, pay attention and even begin to participate.

I think that when you look at what is going on around the world, not ignoring even here in the United States, there is something that I think should send chills through most observant people who are not ideologically opposed to dealing with this crisis. So I am excited about the fact that this administration will be fully participating. I am excited about the fact that this committee lead by you, Mr. Chairman, has provided information to Congress, and I think we are on the road to the beginning of the healing of this planet. And so I appreciate your leadership and hope that you will go to

Copenhagen and that I will be with you. I yield back the balance of my time.

Mr. CHAIRMAN. We will go to Copenhagen together.

Now, I think we have completed all time for opening statements by members. So we will turn now to our witness, Mr. Todd Stern, who served in the White House from 1993 to, 1999 and from 1997 to 1999, coordinating the Clinton administration's Initiative on Global Climate Change. Mr. Stern served as the senior White House negotiator at the Kyoto in Buenos Aires negotiations. He has now been named by Secretary Hillary Clinton as the Department of State's Special Envoy for Climate Change.

Mr. Stern is the Nation's chief climate negotiator. He represents the United States internationally in all bilateral and multilateral negotiations regarding climate change. It is an honor for us to have you with us today, Mr. Stern. Whenever you feel comfortable, please begin.

STATEMENT OF TODD STERN, SPECIAL ENVOY FOR CLIMATE CHANGE

Mr. STERN. Thank you very much, Mr. Chairman. I should say that I spent many of my summers up in places like Eagle River, Eau Claire, and Lake Nebagamon in Wisconsin, up in those upper reaches where Mr. Sensenbrenner was taking about. But I will not get into the issue of whether the water is hot or cold right now.

I do thank you and the Ranking Member and members of this committee for inviting me here today, and let me thank you all for the hard work and leadership that you have shown over the past year.

This morning I would like to provide you with a brief update on the state of negotiations. The core issues remain mitigation undertakings for developed and the more advanced developing countries; a regime for measuring, reporting and, most importantly, verifying all actions taken; and the provision of appropriate financial technology assistance by major economies as well as issues of adaptation and forestry.

We are concentrating our efforts on three related fronts: the formal negotiating track of the U.N. Framework Convention, the Major Economies Forum and bilateral discussions.

Let me say bluntly that the tenor of negotiations and the formal U.N. track has been difficult so far. Developing countries tend to see a problem, not of their own making, that they are being asked to fix in ways in which they fear could stifle their own ability to live their standards of living. Developed countries tend to see an unforgiving problem that cannot be solved without the full participation of key developing countries, particularly China and other emerging market economies. And yet we must find a way to bridge this historic developed- and developing-country divide.

In the Major Economies Forum some good progress has been made. The leaders declaration in L'Aquila, Italy included a pledge by developing countries to undertake actions that would significantly cut their emissions in the midterm compared to business as usual; recognition of the broad scientific understanding that the increase in global temperatures ought not to exceed 2 degrees centigrade as compared to pre-industrial levels; an agreement that

emissions globally must peak as soon as possible; and agreement on broad principles of financing related to climate change.

Major developing countries, and that includes China, Brazil, India, South Africa, are in fact taking action. They recognize the seriousness of the problem, their own vulnerability to it, and the need for global action. And each of them has taken or announced significant steps. We applaud those steps, but more is needed.

We are calling upon China and the other major developing countries to undertake actions that will reduce their emissions below their so-called business-as-usual path in the midterm and to a degree consistent with what science is suggesting is necessary; to reflect those actions in an international agreement, just as we must reflect our own actions in such an agreement; to subject those actions to strong reporting and verification regime; and, in addition, all countries must develop low carbon growth plans, with assistance as appropriate, to steer the course of their own future development and put the world on the path to a low carbon global economy.

Now we cannot expect any country to commit to actions that are antithetical to their own need to fight poverty and build a better life for their citizens. And we have to send a message in word and deed. The effort to meet a new climate change agreement is not simply putting a cap on carbon, it is also about sustainable development. But in the world we live in now, the only sustainable development is low carbon development.

What do other countries, both developed and developing, have a right to expect from us? I think frankly that we stand and deliver; that we apply the global leadership that has been the hallmark of the United States to an issue of profound generational meaning. The steps that the President and Congress have already taken, including the \$80 billion for clean energy investments in the stimulus package and the new tailpipe fuel economy standards that EPA and the Department of Transportation pledge to issue are very important but just the beginning. The centerpiece is the comprehensive energy and climate legislation that the House passed in May. Nothing that the United States can do is more important for the international negotiating process than enacting robust comprehensive energy and climate legislation as soon as possible.

The United States can also be expected to play an important role in providing support for technology and adaptation to countries in need. We must make the development and dissemination of technology a top priority in order to bring sustainable low carbon energy services to people around the world, particularly the people in greatest need.

In this respect you might say the financing provisions of the Waxman-Markey bill are pivotal, in my judgment, to getting the deal. This is absolutely not charity. It is squarely in the United States' national interest to help ensure that all countries pursue a clean development path.

In short, we have a lot of work to do this fall. The Congress has a crucial role to play on the domestic front, and internationally we will be vigorously engaged with every relevant country and country block.

Mr. Chairman, the world is going to make history on this issue over the course of the next months and years. We will either make it for the right reasons, because we found common ground and set ourselves on a path toward a new sustainable low carbon model, or for the wrong reasons, because we blinked at the moment of truth and left our children and grandchildren to face the consequences. We have to get this right. I thank you and look forward to answering your questions.

The CHAIRMAN. Thank you, Mr. Stern, very much.
[The statement of Mr. Stern follows:]

Todd Stern

Special Envoy for Climate Change

Statement to the House Select Committee for Energy Independence and Global Warming

September 10, 2009

Thank you Mr. Chairman, Mr. Ranking Member, and members of the Committee for inviting me here today.

I want to thank you and the Committee in particular for all of your work during the past year. The passage of the American Clean Energy and Security Act by the House marked an important milestone in the effort to craft a 21st century energy policy that will galvanize our economy, enhance our security and protect our environment. The passage of your bill, in record time, has had a major impact on the nature of our international discussions. It demonstrates vividly that the United States is serious about climate change and clean energy, and it has clearly strengthened our overall position.

As you requested, I am here today to speak to you and answer your questions about the state of our negotiations on a new international climate agreement. With only three months left before the Copenhagen climate change conference, this is a matter of real importance to President Obama, Secretary Clinton and our whole Administration.

As you know, the problem we face is one of historic proportions. Science tells us that the world is on an unsustainable course. That, indeed, is why we must act with strength and determination at home. But at the same time, the climate challenge is global and the solution must be global. Only through a multilateral solution that involves everyone – and in which key players all contribute – can we solve the problem.

Let me begin by providing you with a brief update on the state of the negotiations, including what the crucial issues are, where we have made progress, where we still face significant challenges, and what we think needs to be done going forward.

As has been the case since I started at State in February, the negotiations we are engaged in revolve primarily around the following issues: mitigation undertakings for both developed and the more advanced developing countries; a regime for measuring, reporting, and verifying all actions taken; the provision of appropriate financial and technology assistance by major economies; and adaptation and forestry issues.

We are concentrating our efforts on three related fronts: the formal negotiating track under the United Nations Framework Convention on Climate Change, the Major Economies Forum for Energy and Climate, and bilateral discussions. In addition, we have also worked closely with our colleagues at the Treasury Department who have recently engaged in a new G-20 process on issues related to climate finance.

Let me say bluntly that the tenor of negotiations in the formal UN track has been difficult. North-South rhetoric still permeates the discussions, as it has for the past seventeen years. Developing countries tend to see a problem not of their own making that they are being asked to fix in ways which, they fear, could stifle their ability to lift their standards of living. Developed countries tend to see an unforgiving problem with potentially grave and irreversible consequences and that cannot be solved without the full participation of developing countries – particularly China and the other emerging market economies. According to the International Energy Agency, 97 percent of the projected increase in global emissions between now and 2030 will come from developing countries.

And yet we must find a way to bridge this developed/developing country divide, which is still the heart of the struggle for an international solution.

The good news – and it *is* good – is that the major developing countries have started recognizing the seriousness of the problem, their own vulnerability to it, and the need for global action. In some cases, they are taking action at the federal level that outstrips our own.

China, for example, has demonstrated a growing commitment to clean energy in the past several years. China's current five year plan includes the goal of reducing the energy intensity of the economy by 20% by 2010 and the aim of increasing the share of renewable energy in the primary energy supply to 15% by 2020. China has implemented increasingly stringent auto emissions standards. And there are many other initiatives underway.

India last year launched its first-ever National Action Plan on Climate Change. This plan outlines existing and future climate change mitigation and adaptation policies and programs. As part of this effort, India will soon launch a "National Solar Mission" to reach 20 gigawatts of solar capacity by 2020, which would be more than twice the current installed capacity in the United States. India has announced plans to bring one-third of its land under forest cover by 2012, and it will also soon announce a new national energy efficiency plan to upgrade energy efficiency standards and building codes.

Brazil is already an enviable model in many ways, as the world's major economy least dependent on fossil fuels. Brazil gets more than 40% of its energy from hydropower and it is a global leader in producing sugar cane ethanol. Brazil's challenge revolves fundamentally around deforestation. To address that problem, the Brazilian government is seeking to reduce deforestation 70% by 2017, which would dramatically reduce emissions.

South Africa has announced a national long-term mitigation strategy, aimed at stopping emission growth by 2025. Unlike Brazil, South Africa has a fossil fuel heavy energy portfolio. Coal provides about 88% of its total primary energy, and supports about 90% of electricity. Measures contained in the plan include ambitious mandatory energy efficiency targets and expanded renewable and nuclear generation by 2025.

In short, many of the biggest developing countries are focusing on climate change and taking, or starting to take, significant action. The challenge – and make no mistake, it is a real one – is to convince these and other countries that they must both step up their activities and reflect them in an international agreement. I have said on occasion that countries like these are often willing to *do* more than they are willing to *agree* to do. But we can't get an international deal done unless they are willing to *agree* in an international context.

The other relatively positive news this year has come from the Major Economies Forum, launched by President Obama earlier this year to provide an opportunity for more candid discussions than is possible in the 190-nation UNFCCC negotiations.

After four preparatory sessions and a Leaders-level meeting in L'Aquila, Italy, the MEF has indeed proven to be a useful venue. The Leaders Declaration at L'Aquila included several important points: (1) a pledge by developing countries to promptly undertake actions whose effect on emissions would represent a meaningful deviation from business as usual in the midterm; (2) agreement to prepare "Low Carbon Growth Plans;" (3) agreement that emissions should peak as soon as possible (while recognizing development imperatives); (4) recognition of the scientific view that the increase in global temperatures ought not to exceed 2°C; (5) agreement on broad principles for financing related to climate change; and (6) agreement to launch a work program on transformational technologies.

This is meaningful progress, and we will seek to build upon it in the weeks ahead by continuing to meet at the level of leaders' representatives in September, October, and November.

On the bilateral track, we have engaged in dozens of private discussions with key countries to delve into the particulars of our respective concerns and generate ideas for moving forward. These conversations also are an opportunity to discuss the important role that this issue plays in our overall bilateral relationships. This was evident in the US-China Strategic and Economic Dialogue that took place in June, where climate change was the featured issue in the joint opening session. We left no doubt that we consider climate and clean energy to be central to the US-China relationship.

In brief, then, we have made some progress this year and there is a positive foundation in many key countries from which to work. And yet time is short and the negotiations have still, too often foundered as a result of the, been developed/developing country divide.

In light of all this, what do we have a right to expect of China and the other major developing countries? They must take actions that will significantly reduce their emissions below their so-called "business-as-usual" path in the mid-term (around 2020), to an extent consistent with what is called for by the science; they must reflect these actions in an international agreement, just as we must reflect our own undertakings; and these actions must be subject to a strong reporting and verification regime. And all countries, developed and developing, major and lesser, must, with assistance where needed, develop low-carbon growth plans to steer the course of their future development and put the world on the path to a low-carbon global economy.

At the same time, we cannot expect developing countries -- or indeed any country -- to commit to actions that they cannot plausibly achieve or to make promises that are antithetical to their need to fight poverty and build a better life for their citizens. We have to send the message, in word and deed, that the effort to reach a new climate change agreement is not simply about putting a cap on emissions, it is about development -- low-carbon development. Countries that would cling to the old developing world adage that development must precede environment make a fundamental error: in the world we inhabit now, the only *sustainable* development is low-carbon development.

And what do other countries, whether developed or developing have a right to expect from us? Frankly, that we stand and deliver. That we apply the global leadership that is our hallmark to an issue of profound, generational meaning. The steps President Obama and Congress have taken already-- including the \$80 billion for clean energy investments in the stimulus package and the new joint tailpipe fuel economy standards that EPA and DOT pledged to issue -- are important but are just the beginning. .

The centerpiece is the comprehensive energy and climate legislation that bears your name, Mr. Chairman, and that the House passed in May. That's what puts in place a national law to limit our emissions and that puts us on a pathway toward a low-carbon economy that will create jobs across a range of emerging clean energy sectors. It is critical that the Senate now do its part to move this process forward in a timely manner. Nothing the United States can do is more important for the international negotiation process than passing robust, comprehensive clean energy legislation as soon as possible.

The United States can also be expected to play a key role in helping to provide support to countries in need for technology and adaptation. We must make the development and dissemination of technology a top priority in order to help bring sustainable, low-carbon energy services to people around the world, and we must do so in a way that recognizes the importance of protecting and enforcing intellectual property rights.

In this respect, the adoption of appropriate financing provisions is pivotal to getting a deal, and I hope that the Senate takes this into account as it develops its own version of a bill. This is not charity. It is squarely in our national interest to help ensure that all countries -- not simply the ones that already have the necessary infrastructure and resources at their disposal --pursue a clean development pathway. As has been often said, this is not at all like local environmental problems. The CO₂ emitted in the Middle East hurts us as much as the CO₂ emitted in the Mid-West.

Moreover, the national security threats posed by climate change are real. As detailed in a recent front page story in the *New York Times*, discussing the rising concerns of the national security community, a world of uncontrolled climate change -- with ever worsening storms, droughts, floods, the increased spread of disease; melting glaciers, rising sea levels, and more severe shortages of food and water -- means a world of new and intensified security threats as millions of people are displaced, states are destabilized, and competition for resources intensifies.

In short, we have a lot of work to do this fall. The Congress has a crucial role to play on the domestic front. And internationally, we will be engaged full-out on all three of our fronts – the UN talks, the Major Economies Forum, and bilateral consultations with every relevant country and country block. President Obama and the Secretary of State, along with our entire Administration, are committed to action on this issue.

We are approaching this issue with the sense of urgency that it demands and are determined to do all we can to make the progress that is necessary to have a successful outcome in Copenhagen. Mr. Chairman, the world is going to make history over the course of the next months and years. We will either make it for the right reasons – because we found common ground and set ourselves on a path toward a new, sustainable, low-carbon model; or for the wrong reasons - because we blinked at the moment of truth and left our children and grandchildren to face the consequences. We have to get this right.

Thank you, and I look forward to answering any questions you might have.

The CHAIRMAN. The Chair will now recognize himself for a round of questions.

I will begin by asking you: You had a very large role in the Kyoto negotiations; could you outline for us what you believe the main lessons that should be drawn from the Kyoto experience?

Mr. STERN. Certainly, Mr. Chairman. I think first and foremost I would say that Kyoto took place in what was fundamentally a domestic policy vacuum. It is critical that what we do internationally be synched up to what we are doing domestically; that there be political support; support here in the Congress for the kinds of actions that we are talking about taking internationally. So that was vividly not true during the Kyoto years. It must be true now. And that, again, is one of the reasons why the Waxman-Markey legislation is so fundamentally important.

Second lesson is that we cannot move forward on an agreement which fails to include the major emitting countries in the world, whether they are developing or developed. The problem is a global problem that cannot begin to be solved without the genuine participation of countries like China and the other emerging markets. The reality is that the United States and the developed countries are the big historic emitters—the United States the largest of all—but going forward, the vast majority of growth and emissions is coming from the developing world and they have to play a significant part.

The CHAIRMAN. So how will, in your opinion—

Mr. STERN. I am sorry?

The CHAIRMAN. How will successful negotiations in Copenhagen help American interests? If you could talk about that in the context of Waxman-Markey legislation and what the benefits for our penal would be?

Mr. STERN. Sure. I think there are a few things to be said. First of all, the climate change threat is a fundamental threat to the United States as well as to other countries. And that is true as a matter of economics, national security and the environment, all three of those. And not at all least from a perspective of national security which has been highlighted in recent years, and in reports by former admirals and generals that were put out by the CNA Corporation. There was a big story in the New York Times a month or two ago about this, and there is increasing focus within the national security community on this issue.

It is also true that, as a matter of the capacity to solve the problem, it is a global problem. If the United States is a large emitter, but 80 percent takes place outside of the United States, so for us to act without action around the world, there is no way to solve the problem. And further I think it will be—I completely agree with what you said when you said you referred to a great race in the 21st century with respect to clean energy and the development of clean energy. I think that has the potential to be the economic driver for all of us, including the whole world, not just the United States, but places that can be the recipient of the United States' high-tech exports is clearly in the interest of this country.

The CHAIRMAN. If you could, it would help if you would talk a little bit about the United States-China relationship, the issues of clean energy and climate, and the bilateral negotiations that have

been going on in terms of using that as an indicator of progress that has been made towards an agreement.

Mr. STERN. Right. Look, the United States and China are the two biggest players here. If there are two 800-pound gorillas on this issue, it is the U.S. and China, representing over 40 percent of global emissions. So there is no question that we can't get an agreement that is acceptable to us without the genuine participation of China. We have been intensively engaged with the Chinese at various levels, bilaterally, and in the Major Economies Forum and other places. We have made it quite clear to the Chinese that the kinds of things that we need, which I reference in my testimony, they are going to have to take action which is commensurate with the scope of the problem, with their role as now the large emitter. They are going to have to reflect that action in an international context. They are going to have to be prepared to have a strong verification regime and the like. These are all issues that we discuss with them. We are attempting to narrow differences.

Part of what is important I think with respect to China and other countries as well—we are focusing on China now—is that this issue has to be seen—and I think we have actually done a good job in conveying this in a whole array of different situations, starting with Secretary Clinton's trip in February. They have to see that this is a centrally important issue to the U.S.-China bilateral relationship. They care a lot about that.

The summit that is going to occur between President Hu and President Obama will probably be the biggest diplomatic event of the year for China. They do not want it to run off the rails. On the other hand, they are in all things tough negotiators and going to try to get what they see as most in their interest. I do think China wants to get a deal done. The question will be whether we can get the particulars put together in a way that works for them and for us.

The CHAIRMAN. Thank you. My time has expired. I recognize now the gentleman from Wisconsin, Mr. Sensenbrenner.

Mr. SENSENBRENNER. Thank you very much, Mr. Chairman. Historically, climate treaties such as the UNFCCC and Kyoto, have been submitted in the Senate as treaties. The Senate report prior to Kyoto stated that in the view of the Foreign Relations Committee, any amendment to the convention that adopted emissions target would have to be submitted to the Senate.

Will the administration treat a Copenhagen climate deal, if one is reached, as an Article 2 treaty requiring advice and consent by two-thirds of the Senate, or will the administration say that this is a congressional executive agreement that will simply need a majority vote in both houses?

Mr. STERN. Mr. Sensenbrenner, it is certainly our expectation that an agreement would be submitted to the Senate. We do not have any other plan at this point.

Mr. SENSENBRENNER. That is good to hear. Now the conundrum, of course, is that developing countries—and led by China and India—have adamantly objected to any type of legally binding emissions cap in the treaty. And when you talked in June to the Climate Actions Symposium, you started looking at the math of the increasing role to emissions in China and India, coupled with the

targets that are being proposed for the developed world, and you called this the unforgiving math of accumulating emissions. Your words not mine.

In light of this unforgiving math, would you agree to a treaty that did not include binding commitments from developing countries, particularly China and India?

Mr. STERN. Mr. Chairman, we have called for binding commitments by all the major players, and that is what we are seeking. It is in our view understandable and appropriate, really, that there be differences as between what the developed countries are doing and what developing countries are doing with respect to the actual content of actions. And I think those are differences that ought to disappear over time, but we still recognize that there is some basis.

Mr. SENSENBRENNER. The Bali agreement which was negotiated by the Bush administration did talk about differentiated commitments. I guess my question is: If China and India stonewall on the issue of binding commitments, is that a deal breaker that you and the administration would be willing to walk away from?

Mr. STERN. No. That is what I was just getting to, Mr. Sensenbrenner. What I was about to say is that I see a basis for some difference in content. I do not see a basis for saying we have to stand behind what we are talking about, and they do not have to stand behind what they are talking about. So we do think that that is quite important and, as they say, it is in the submission.

Mr. SENSENBRENNER. I can say that looking at it from a foreign—and relying on press reports—the response of the Environment Minister of India following Secretary Clinton's visit to New Delhi, at a press conference that she had there, certainly was not encouraging that India would sign up for binding commitments. So I wish you good luck in hopefully getting them to realize that they have to jump on board binding commitments if they expect the rest of the world to do that.

The final piece of questions that I would like to ask you, Mr. Stern, is as I mentioned in my opening statement, developing countries are trying to weaken intellectual property rights. I am very concerned that the developing countries have proposed preventing patenting and developing in their countries, requiring compulsory licensing, ensuring access to new technologies on a non-exclusive royalty-free term.

Does the administration support any of these positions, or will the administration work to make sure that the protection of intellectual property rights—which in my opinion is needed to assemble the capital to develop these new technologies—be included in a treaty that comes out of Copenhagen?

Mr. STERN. We do not support those positions, Mr. Sensenbrenner. Look, I think intellectual property is central to our system. Indeed, if you look at this problem, which is the way I look at it, I think the way we look at it, it is fundamentally an issue that is only going to be solved through innovation, with the development of new technologies promoted through the right rules of the road, to be sure. You cannot have a problem whose solution is based on innovation if you interfere with intellectual property rights.

Having said that, we also have to recognize that it is terribly important that we do find ways completely consistent with intellectual property protection, where we seek to diffuse and disseminate technologies to places, if needed. But we do not have—I do not think I have any difference of opinion with what you have stated.

Mr. SENSENBRENNER. That is good to hear. I yield back the balance of my time. Quit while we are ahead.

The CHAIRMAN. I thank the gentleman. I think it is important to note that you did work on intellectual property issues when you were on the staff of Senator Leahy in the Senate.

Mr. STERN. I did indeed.

The CHAIRMAN. Let me turn now and recognize the gentleman from Oregon, Mr. Blumenauer.

Mr. BLUMENAUER. Thank you, Mr. Chairman. I think a number of us who had the opportunity to spend a week in China earlier this year came away with the same expression of optimism that you mentioned in terms of the interest of the Chinese. I think it was conveyed formally and informally that there was great interest in securing an agreement, that it was clearly important to them, and the notion that there are lots of common interests. And I would like to return to that in a moment.

But before then, I would like to just follow up on your response to the initial question about what is different now than the Kyoto negotiation you were involved in earlier. You mentioned that we did not have the domestic policy vacuum, that we have greater structure framework. I am pleased that after 8 years of the United States being missing in action, that we have, I think, changed that and we are working on the policy framework.

But I am wondering if, other than the legislation that has passed the House, if you have other thoughts about changes to that framework, like the EPA's decision that we will be dealing with carbon pollution as something that is going to be subject to regulation. Are there other elements here that you see that change that framework?

Mr. STERN. Well, sure. I think that the EPA decision is an important one. I think that, again, I see the general domestic backdrop, what is happening here also with the underpinning in terms of broader understanding and support for the issue in the public, in the national security community, a much greater involvement in the business community and the high-tech sectors who I think do see clean energy as the way to go.

I mean, I think that people who lay their bets down on high-carbon infrastructure or high-carbon production measures now are a little bit like the guys who built the typewriter plants on the dawn of the PC revolution. It is a bad bet.

And so I think there is a different kind of cultural infrastructure, if you will, with respect to where the public is, where the business community is, where the national security community is, and where Congress is. I think all of those things are quite different and lay the foundation for us to move forward if we can get this right and if we can get our international partners to move along with us.

Mr. BLUMENAUER. It was interesting, the business community letter to the Senate yesterday, reinforcing your point.

Are there provisions in the House legislation that you see specifically making a difference to bring together domestic and foreign interests to be able to understand mutual benefits, so that we are bridging that gap and making it less adversarial despite perfectly predictable negotiating posturing?

Mr. STERN. Right.

Mr. BLUMENAUER. Elements that we have done here that will help make your task easier.

Mr. STERN. Yes. I would point to in particular—and they are related—I think there are provisions in the bill, one that involves a set-aside for international forestry at 5 percent of allowances, and another that provides a scaling-up set-aside for adaptation and mitigation, a percent for each, and scales all the way up to 4 percent for each in the mid-2020s. Those provisions are engines for financial support for poor countries around the world and in a way that I think is, again, very much in our interest, and both in our interest from a substantive standpoint and a diplomatic standpoint of being able to attract support from developing countries.

So I mentioned to you in my opening remarks that I am very hopeful that those provisions, or at least some facsimile thereof, can be maintained in whatever version of the bill comes out of the Senate, because I do think those are quite important.

Mr. BLUMENAUER. Lastly, is there anything additional from your vantage point that you think the House and this committee can do in the interim between now and Copenhagen that would be useful?

Mr. STERN. Well, I think Congressman, I think that any time Members of Congress, this committee or the House or the Senate, have an opportunity to speak with foreign government visitors on these issues and to speak to them in a way that imparts some sense of reality to their thinking, that is always good. And there are different players that that can be relevant for.

The trip you made to China I am sure was quite important in that regard. There are messages to be sent to places like India, but also to places like Europe. The thing that will allow us to get this done, if we can get it done, is combining the sense of what science requires with the sense of pragmatism. And there is often not enough pragmatism in the international arena.

I mean, we can get something done if it is based on something that we all need. We cannot get something done if it is based on what we all ideally want. There is a difference between what you need and what you want. If countries can focus on what their real needs are, not on ideology, not on old rhetoric, if they can be sensitive to what is doable in the United States—I am proud of what we are doing here, I think the bill that came out of the House was a huge advance. And there are those who say, Well, why aren't you doing five times as much of that? It is important to hear messages from Members saying this is good, solid, and an important start; this is consistent with what we need to do and you are not going to get more than that. Let's get real and try to work this out and get it done.

The CHAIRMAN. The gentleman's time has expired. The Chair recognizes the gentleman from Washington State, Mr. Inslee.

Mr. INSLEE. Thank you. When we went to China we were very impressed with their investments in new clean energy technology.

And we were impressed there were things they were doing we did not know before we went, including their renewable energy standards and the like. It is clear that they are moving. It is clear that they want to dominate some of these industries. And that is one of the reasons I am happy our stimulus package got us out of the gate.

I guess the question I have as far as an agreement with China, they talked about themselves as a developing country, which was interesting because we would drive by the main drag going past Gucci stores and Lexus dealerships.

Mr. STERN. Been there.

Mr. INSLEE. And Prada stores. It was difficult to understand that. To me it sort of looked like there was not two parts of the world: the developed world and the developing world. There were three parts: the developed world, the developing world, and China which is some sort of third tier in its classification.

Should we think of that in these terms and encourage China to think about themselves in those terms? And if so, where do they fit in that tier?

Mr. STERN. I have had very much the same reaction driving down the same road that you did, Congressman. I think China is kind of developed and a developing country at the same time. It is obviously a huge economic juggernaut when you see big cities, there are gleaming skyscrapers, and very modern looking. They still have somewhere between 3 and 400 million people, more people than live in this country, who live on a dollar or two a day. They are dirt-poor, particularly in the rural parts of the country.

So, they are kind of both. They are kind of are a hybrid, as you say. And I think that we have to and are pushing China hard to take strong action. You cannot sort of expect of China what you would expect of poorer countries in Africa or Latin America or Asia. They do need to be treated, as do other emerging market countries, in a way that requires real action. It is the only way to solve the problem. Over time, and I do not think a very long period of time, I think they will need to be treated exactly the same as developed countries. But we are not quite there yet.

I will say that if you look at what China is doing on this issue, it is actually quite impressive. It is not adequate yet, but they are doing a lot. I have sometimes said that I think the real competitive issue for us, the real competitiveness issue with us is that we might think we will spend the next 5 years pushing China, and then we will spend all the rest of the years chasing them if we do not get our own act together. They are moving and they see big markets and they are going to move if we do not.

Mr. INSLEE. I think all of our anxiety has been that China is not moving on global climate change. Our economic anxiety should be that they are moving on climate change because they want to dominate these industries. And we want to be players in this.

Mr. STERN. Right. Look at what they announced on the solar front, which is great. We need that to happen, but we need to be in the game fully ourselves.

Mr. INSLEE. I think our bill will help in that regard.

We talked to Prime Minister Singh of India a couple of years ago, and he told us—and I do not think he was joking when he said

this—he said India has agreed or will agree to a binding target of CO₂ emissions. We will agree never to exceed per capita—per capita—the average of industrialized nations’ emissions. They have sort of said, sure, we will with you. We will agree never to emit more than you do. We will agree to a binding target. Of course, if they get to that level, the planet will be cooked long ago. What do we say to that argument, and what is it in regard to India that we expect?

Mr. STERN. I say to the argument that obviously that is not good enough. It is the case, if you think about the trajectory of the bill that came out of the House, the per capita emissions of the United States aren’t going to decline very significantly over a period of 40 years or so, if you take this out to 2050. So the disparity—

Mr. INSLEE. If we pass our bill.

Mr. STERN. That is right. If the Senate passes a bill and we get a conference and the President can sign it, and we actually enact legislation—which, again, I think there is nothing more important than that—but if that kind of regime gets put in place, you are going to have the gap between the per capita emission between countries like India and countries like us dramatically decrease because of the efficiencies and the renewable energy developments and so forth that will be part and parcel of that legislation.

But in terms of what we are looking for from India now, it is very much the same structure as what I said for China. They need to articulate a strong, robust set of actions that will reduce their emissions significantly from where they would otherwise be from their business as usual. They have to reflect those in an international agreement and exactly what the structure of that is. It is a very live part of the discussions and negotiations.

There has got to be a verification system. I mean it goes under the rubric of MRB, measurement, reporting and verification. But verification is really the most important piece, so that everybody can see what everybody else is doing and have some level of confidence that if China or India or France or anybody else says we are going to do X, there is a system to see whether they have actually done X. There has got to be a mechanism for financing and technology dissemination. And those are the key issues and we are working with them on all of those issues, and India is difficult. There is no question about it, India is tough.

Mr. INSLEE. Thank you.

The CHAIRMAN. The gentleman’s time has expired. The Chair recognizes the gentleman from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman.

Mr. Stern, the world is in the throes of the great recession, and I think there are some European nations that are already experiencing some relief. And, of course, there is concern that we could pull people back down into a much greater recession if we do not recover.

Last year the U.N. suggested that \$86 billion a year would be needed to provide aid to developing nations as we begin to try to clean up this planet. My concern—and perhaps you have thought about it or maybe even had some discussion about it—at this point, the U.N. has collected nothing. And given the state of economics around the globe, is there a concern on your part that if we are

successful in Copenhagen, but demonstratively cannot provide money—I mean, we have people in the United States who object to paying the U.N. dues. So when we are asked to provide money for this and we run into problems at home, does that create cause for China and India to become even more resistant to their participation; since we are not putting any money forth, therefore we must not be serious?

Mr. STERN. It is a very good question, Congressman, and an important question. First of all, it is going to be important that there be financing assistance at some level provided, particularly to poor countries. It is also true, as Mr. Sensenbrenner said in his remarks, that the kinds of numbers that are tossed around by some in the negotiations are completely, wildly, unrealistic—1 percent of GDP, things like that that are untethered to reality.

We have to work with the EU, Japan, Australia, other developed countries, to develop an overall financing package which is consistent with kind of what we can do. Again this is an agreement that would kick in starting in 2013. So hopefully we will be out of the great recession and into a better period of growth by that time. But the amounts of money that are considered and ultimately agreed to have to strike a right balance to what is reasonable to provide on the one hand and it is consistent with, or at least gets us in the right direction with respect to the need, on the other side.

Again, I think that the provisions that are in the Waxman-Markey bill are really quite helpful in that regard, because they do generate some funds. Not vast amounts, but a good start through the sale of emissions allowances. So I think that is a good way to do it that does not have to get into the yearly appropriations kind of process. But this is a need that is going to scale-up over time that we just have to kind of step in a balanced, reasonable way, along with our developed country partners, so we are making a good start but it is affordable.

Mr. CLEAVER. Do you think that it is important—as of today we do not even have any administrative costs, which does not bode well for, at least I think, the picture that we need to paint of what is going to happen after Copenhagen. I think administrative costs have been estimated at about \$4 billion and, of course, we have nothing on that.

I do agree that Markey-Waxman does provide some help. And maybe you can help us with this. We need a unicameral system of government here in the United States so we could close down the Senate, either today or sometime before Christmas. I think that the House has already acted and we are 3 months away from Copenhagen. So I think it would be important to either close the Senate down or somehow get them to do something they do not like to do, which is vote on legislation.

Do you agree with me?

Mr. STERN. No comment. I am appearing before the Senate in a week or two and I worked in the Senate. I am a big fan of both bodies. I managed to grow up in Chicago and like the White Sox and the Cubs, so I am not going to get into that.

Mr. CLEAVER. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair will recognize himself for additional questions. Inside of the Waxman-Markey bill is individual provisions on renewable electricity standards for our country, energy efficiency standards for our country. How do individual complementary policies like that included in the legislation play a role in global—

Mr. STERN. Play a role?

The CHAIRMAN. What role would provisions like that adopted by the United States play in international negotiations on the responsibility of countries around the world to adopt similar provisions?

Mr. STERN. Well, I think provisions like that are very important both substantively and actually diplomatically. Substantively because they can push us in the direction of taking concrete actions to reduce emissions as well as improving our overall economic and clean energy profiles. I think they are important for that reason.

In addition, Mr. Chairman, there are different kinds of ideas that are being discussed right now with respect to what the structure of this agreement ought to look like. One of the ideas I think is quite an interesting one has been proposed by Australia, something similar by South Korea, a little bit different, which would contemplate countries entering their commitments to their policies on to a schedule, sort of like in a trade context and committing to carry them out. So I think that in a structure like that, which again we do find interesting, you could imagine putting in all of our critical policies and what they add up to. And I think that in doing that, it gives us the opportunity and pushes countries not only to have a number, but to say not just X percent, but here is how we are going to do—here is what we are going to do about it.

We have a policy on renewable energy standards, and appliances, and cap-and-trade system and we are putting our money where our mouth is. And so should you. So I think it is useful in that regard.

The CHAIRMAN. Can you talk about the sharing of technical know-how and expertise in emissions verification processes? How would that work? How do you envision the sharing of the expertise to occur and ensuring that there is in fact a verification system in place that would work.

Mr. STERN. Well, there are a couple of different elements to that. There is a measurement and reporting piece to that. The measurement in particular is a piece of that where I think that the technical expertise of countries like the United States will be important in helping various countries, actually even China, to be—to have greater capacity to measure emissions in a credible way. Verification is, as we see it, fundamentally an issue of trying to establish the countries that are actually doing what they have said they are going to do and this is a discussion which is live and going on in the negotiations right now. I mean I think that it will need to—a verification to work is going to have to balance rigor with not being overly intrusive because countries like us and other countries will have concerns about the degree to which people swoop in from outside. So there has got to be a good balance in how that is done and we are working on that.

The CHAIRMAN. In your opinion is it possible to develop a verification—

Mr. STERN. Yes—

The CHAIRMAN [continuing]. Which can accurately measure emissions reductions without having an overly intrusive system put—

Mr. STERN. Yes, I think—I think that it is, Mr. Chairman. I mean I think that again the measurement part is something that we have a lot of expertise in, other developed countries do, and we can help in what is often referred to as capacity building so that countries that have less expertise actually can go about effectively measuring emissions. That's one piece of it. The verification piece also has to do with the degree to which if countries as we are going to do X, Y, and Z, they can demonstrate that they are actually doing it, and I think that there's—some of that is going to depend in the first instance on what countries report. There would likely need to be some sort of expert review from the outside. There is a suite of elements that are going to have to be part of that, and I think it will be tricky but I think it is very important.

The CHAIRMAN. It is important, very important. So, for example, if we were looking at the steel sector in China, in the United States, and in India and we wanted to make sure that that sector was properly verified, would an agreement be reached as part of this ultimate treaty that would put in place a verification system that would be mutually agreed upon by those countries? If you would just—using steel as a specific example, could you walk through how that might—

Mr. STERN. Yeah. Well, I think it depends on the first instance what the actions are that a country has agreed to take. So let us assume under your hypothetical that China has agreed to do X, Y, Z things with respect to the steel industry. Then I think that first of all it would be important to work with the Chinese to make sure they are capable of measuring the emissions in a reasonably accurate way, and then I think it would be some combination of reporting in the first instance, and this is going to be true for any country, United States or anybody else, in the first instance reporting by the country saying we have agreed to do the following things, we are going to have this, that or the other kind of policies apply to steel mills, the building of steel mills or the running of steel mills in China, here's what we said we are going to do and here is what we are doing, and I think the capacity would be essential to have some kind of an outside expert review to be able to look to see what is being represented and determine whether it is accurate.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin, Mr. Sensenbrenner.

Mr. SENSENBRENNER. Mr. Stern, on June 10 you reported in the China Daily, quote, "We don't expect China at this stage to take on a national cap." You have been advocating for the national cap in the Waxman-Markey bill. Why is a cap good for us and not good for China?

Mr. STERN. Well, look I think it would be great if China took on a national cap. I don't think that's the only way to go. And I think that as I said earlier China—in talking to Mr. Inslee, China is in a kind of a hybrid position. China is—is obviously a developing juggernaut. It has got a very powerful economy. It is also still in many respects developing. So it is somewhere in between. And I think what we need to get from China is a set of actions that are strong.

Now, look at—what they are currently doing right now includes a 20 percent cut in their energy intensity. I think that that is something that is actually economy wide. It is not a cap in the same way that we are talking about but it is significant. I think that—and they have got a 15 percent by 2020 renewable energy standard. They have got vehicle standards that are pretty much comparable to ours. They have got a whole suite of other measures for efficiency and the like. I mean on the one hand it is significant and doing a fair amount. On the other hand, they are growing so fast that their emissions are still going up a lot. They need to do a set of policies that add up to a national reduction in their emissions. So that is the thing that we are most fundamentally interested in. If they did a national cap that would be great. I don't think they are going to do that yet, and I don't think it is crucial for us that that happen as long as there is a set of policies that add up to a real reduction.

Mr. SENSENBRENNER. See, I am concerned that the Chinese are taking advantage of the differentiated language in the Bali agreement, basically to cook the math in their favor. The Chinese economy is recovering from the worldwide recession faster than ours. Maybe that is because their stimulus package was more effective than the ones that we have employed. But the projection that I have heard is that the Chinese GDP will go up by about 50 percent from 2005 to 2010. Now, a 20 percent cut in energy intensity means that they still emit 30 percent more in emissions, and that certainly is not going to have the economic impact that the caps in the Waxman-Markey bill are going to impose on the United States. And the Byrd-Hagel resolution basically said the center wouldn't ratify a treaty unless it met two points. One is that it was worldwide in application and secondly that it didn't hurt the United States economy. And if we are reducing our emissions below where we are now and China is still allowed to increase its emissions by 30 percent, I just can see more wealth and more jobs being outsourced from the United States to China, and that is not anything that I am willing to support. I don't think the American public will support it either; so how do we deal with this issue?

Mr. STERN. Well, Congressman, I think that what we have—that what we have to keep our eye on is again the robustness of the Chinese program. I think in the right circumstances and we don't know what we have got yet, but in the right circumstances what we would like to see is a set of actions where they are reducing emissions compared to their business-as-usual path, which is at least in some broad way comparable to or in the range of comparability with what we are talking about. And I think that is possible. Now, we don't have that yet. We don't know yet, but that is what we are pushing toward. I mean again the reductions that they have been making over this 5-year period, they are not enough but they are actually fairly significant as compared to where they would otherwise be, and that again is I think what we still need to be focusing on.

The other thing with respect to our own concerns about our own companies is that the legislation that was passed out of the House includes a good deal of protection for energy-intensive, trade-exposed industries basically getting all allowances relating to this

legislation free so that those industries aren't going to pay any more into the 2020's. They aren't going to pay any more. It is not a case you have got this trade-exposed industry and they are going to pay so much because of this bill and the Chinese aren't. They are not going to pay.

Mr. SENSENBRENNER. With all due respect, Mr. Stern, boiling the math down to the bottom line meaning when you push the equals button on the calculator, what the Chinese say they are doing is they are cutting back on the growth rate of their emissions so that they will be still be 30 percent above 2005 levels whereas Waxman-Markey says that we have to reduce our emissions to 17 percent below a lower baseline, and that math just doesn't add up. And I think that my constituents and the Senate ultimately will have to view whether the deal is a good one for the United States and is in our national interest, and China going up 30 percent and us going down 17 percent with different baselines, in my opinion, flunks the good deal test by a long, long way. So I just urge you that you are going to have to figure out a way to figure out how to bridge the gap between plus 30 and minus 17.

Mr. STERN. Well, I appreciate your views, congressman. I do think that with respect to—to the world broadly, with respect to the major developing countries, a very important issue is one actually which is referenced in the leader's declaration from the Major Economies Forum, although not with the year specified yet, but that emissions are going to have to peak. They are not going to peak next year for China. They are just not. I mean you can't take an economy that is growing like that and put the brakes on flat. I mean if you look at what the trajectory is for China, it is completely different than the trajectory for the developed world; so you can't quite expect that. On the other hand, you can expect that over, you know, an appropriate period of time the emissions growth slows, they peak, and then they start coming down and what that time is is going to be an important part of the discussion.

The CHAIRMAN. The Chair recognizes the gentleman from Washington State.

Mr. INSLEE. I almost think before we have a Senate debate in a treaty, everybody has to watch *Slumdog Millionaire* to just get a sense of what we are dealing with with some of our fellow—fellow folks across the water.

I want to just ask what is—if you had two scenarios, which one would be better for the United States? One scenario where India, let us say those people who are now living with a piece of plastic stretched over their head on a piece of bamboo and maybe one shirt to their name and they wake up in the morning and try to figure out where they are going to get water. When you talk to those people that is what they say. What is the first thing you do when you wake up? They say, I try to find some water to drink. Then maybe I try to find some food to eat. And there are 300 to 500 million of those people that live that way. Now, we are asking them they need to act, but the question is what. So here are two scenarios: One scenario where those folks agree to a cap of the same cap that we have in the United States per person. They agree with us they will never emit more than we will today and they will agree to be bound by Waxman-Markey in a sense, but of course their emissions

go up by a factor of ten per person if they did that. They would still agree to a cap but it wouldn't do us any good. Or a situation where we demand and receive vigorous investments by them, vigorous changes in their regulatory structure, vigorous changes in their transportation infrastructure, vigorous efficiency standards in their building, some of which some of them have done. Of those two scenarios, my view would be an agreement where we win agreements by the developing world to take action, including China, as opposed to a cap which might be so high that they never actually ever do anything until the world is already destroyed. I will talk the action rather than the cap. What are your thoughts on that?

Mr. STERN. I completely agree, congressman. And that is very much consistent with—with our focus all through this year. It is consistent with the focus in our submission. It is consistent with the focus of what we are going to be discussing in the Major Economies Forum next week here in Washington. So I couldn't agree with you more.

Mr. INSLEE. Thank you. There are two of us anyway. That is a start. Thanks a lot.

The CHAIRMAN. Well, this has been an extremely informative, helpful briefing, Mr. Stern. We appreciate it very much. What I would like to do is give you a couple of minutes if you would like to summarize your case here to the Congress, what you think that we should do and what your expectations are for Copenhagen in terms of the results for our country and for the planet.

Mr. STERN. Thank you very much, Mr. Chairman. I appreciate the opportunity to have come before you today.

Look, I think that the most important thing without a doubt for the Congress to do is to enact—to pass legislation, send it to the President that he can sign that puts—that gives us the kind of credibility and leverage that would be enormously useful in the context of these negotiations. So in terms of what Congress can do, obviously there are a lot of things Congress can do, but that is job number one as far as I am concerned. We are going to be working hard through this fall to press our case with all of the critical parties, and that includes the Europeans, the nonEU developed countries like Japan and Australia, Canada, others, the major developing countries like China, India, Brazil, South Africa, and then the kind of rank and file, if you will, of developing countries. We need to make a case that—and I think that increasingly countries see this that this is an absolutely critical priority for the world, that there are security, economic, and environmental consequences of not acting that are just not acceptable. I mean the status quo is not sustainable, and we have a moment here where we can make real progress. So we have to get our own house in order as a priority and we have to work with our developed country friends and then developing to—to frame out a system that people can all agree on. I think it should be built on countries committing to a set of their own national actions. I mean that is what we have been talking about from the beginning and that is what we think is most effective. It has got to have that. It has got to have a verification system, and there has got to be a reasonable and balanced system for supporting the—through financing and technology, poor countries around the world.

It is also important I think and we have been doing this but we are going to redouble our efforts to make sure that the broad range of developing countries, not the big ones, they are in a different place. They don't actually—we are not looking for them to step up and say we are going to make mid-term reductions by 2020 in the following ways. What we need them to do is develop low carbon development strategies, low carbon growth plans, and if they are poor countries, then with technical assistance and financing support to do that, so that everybody can get on a path to a low carbon development and to building a low carbon global economy. That is the only way we are going to be able to proceed. Technology development is going to be a huge part of that, but we have to—we are going to need to move forward with all of these groups, and we are going to be trying to do that at all levels. There are a number of important opportunities that the President is going to have this fall, the Secretary of State. Of course me and my team will be proceeding at full throttle, and we are going to do our best to get this done.

The CHAIRMAN. It was a real privilege to have you come before us today. We wish you the best of luck. We will do our best from our side to work with the Senate in order to complete the legislation so that you can go fully armed into these negotiations the next 90 days are critical. And we very much thank you for your work on behalf of our country and the world. Thank you.

Mr. STERN. Thank you very much, Mr. Chairman.

The CHAIRMAN. This hearing is adjourned.

[Whereupon, at 11:00 a.m., the committee was adjourned.]

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#1)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

Would the Administration treat a Copenhagen climate deal, if one will be reached, as an Article II Treaty that required the advice and consent by 2/3 of the Senate?

Answer:

Our expectation is that a new legal instrument under the Framework Convention would be sent to the Senate for advice and consent to ratification. We continue to press for such an instrument in Copenhagen, including legally binding mitigation commitments from all major economies.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#2)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

During the September 18, 1992 hearing on the United Nations Framework Convention on Climate Change (UNFCCC), The U.S. Senate Committee on Foreign Relations asked the George H.W. Bush Administration whether protocols and amendments to the Convention and to the Convention's Annexes would be submitted to the Senate for its advice and consent. The George H.W. Bush Administration responded:

“Amendments to the convention will be submitted to the Senate for its advice and consent. Amendments to the convention's annexes (i.e., changes in the lists of countries contained in annex I and annex II) would not be submitted to the Senate for its advice and consent. With respect to protocols, given that a protocol could be adopted on any number of subjects, treatment of any given protocol would depend on its subject matter. However, we would expect that any protocol would be submitted to the Senate for its advice and consent.”¹

Does the Obama Administration agree with the George H.W. Bush Administration's response? If not, why not?

Answer:

Yes, we agree with this response.

¹ Hearing before the Senate Committee on Foreign Relations, 100th Cong., 2d Sess. (Sept. 18, 1992) at 105 (appendix).

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#2)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

During the September 18, 1992 hearing on the UNFCCC, the U.S. Senate Committee on Foreign Relations also asked whether a protocol containing targets and timetables for emissions reductions would be submitted to the Senate. The George H.W. Bush Administration responded:

“If such a protocol were negotiated and adopted, and the United States wished to become a party, we would expect such a protocol to be submitted to the Senate.”²

Does the Obama Administration agree with the George H.W. Bush Administration’s response? If not, why not?

Answer:

Yes, we agree with this response.

² *Id.* at 106.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#4)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

The Senate did not attach any formal conditions to its resolution of ratification for the Convention. But the report of the Senate Committee on Foreign Relations on the resolution stated:

“The Committee notes that a decision by the Conference of the Parties to adopt targets and timetables would have to be submitted to the Senate for its advice and consent before the United States could deposit its instruments of ratification for such an agreement. The Committee notes further that a decision by the executive branch to reinterpret the Convention to apply legally binding targets and timetables for reducing emissions of greenhouse gases to the United States would alter the ‘shared understanding’ of the Convention between the Senate and the executive branch and would therefore require the Senate’s advice and consent”³

The Committee made clear, in other words, its view that “[t]he final framework convention contains no legally binding commitments to reduce greenhouse gas emissions” and its intent that any future agreement containing legally binding targets and timetables for reducing such emissions would have to be submitted to the Senate.

The George H.W. Bush Administration concurred with that view and agreed to submit any such agreement to the Senate. That commitment was cited during the Senate debate on the resolution of ratification as an important element of the Senate’s consent.⁴

Does the Obama Administration concur with the George H.W. Bush Administration’s response? If not, why not?

³ S. Exec. Rep. No. 102-55 at 14.

⁴ 138 Cong. Rec. S 17150 (daily ed. Oct. 7, 1992) (statement of Sen. McConnell).

Answer:

Yes, we agree that the Convention's "aim" to reduce greenhouse gases to 1990 levels in the year 2000 was not legally binding and that a reinterpretation of that provision to constitute a legally binding target would warrant the Senate's advice and consent.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#5)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question: On June 4, 2009, the U.S submitted a “proposed implementing agreement” to the UNFCCC.

- 5.1 Does the Administration intend for its “Proposed Implementing Agreement” to be legally-binding, including the appendixes?
- 5.2 If the Conference of the Parties (COP) were to adopt such an implementing agreement, is the Administration committed to submitting it to the United States Senate for its advice and consent?
- 5.3 What is the rationale for proposing an “implementing agreement” in the form of a protocol under Article 17.2 of the Convention, rather than as a decision or an amendment under Article 15 of the Convention?
- 5.4 Why did the Administration decide that an “implementing agreement” to the UNFCCC is the best legal instrument to further “implement” the Convention?
- 5.5 What does the Administration believe to be the legal, policy and procedural advantages to the U.S. of this choice? Alternatively, what are the potential disadvantages?

Answers:

- 5.1 Many provisions of the proposed Implementing Agreement would be legally binding. For example, Article 1.1 on mitigation (Parties “shall” implement...) would be legally binding. Whether an appendix is legally binding depends upon the structure and language of that appendix. Mitigation actions listed in the appendix would be legally binding by virtue

of Article 1.1 (not the appendix per se), while the provisions in the adaptation appendix, for example, would not (Parties “should”...).

5.2 Our expectation is that such an agreement would be sent to the Senate for advice and consent.

5.3 In Bali, when the mandate for the negotiations was decided, there were differences among Parties whether there should be an entirely new legal instrument, at one extreme, or a non-legally binding COP decision, at the other. We intended for the idea of an implementing agreement, which elaborated existing specifically-referenced provisions of the FCCC, to provide a possible middle ground. We did not consider an amendment to be a viable option, given that, per Article 15 of the FCCC, the entry into force requirements for an amendment do not ensure that the key countries would have ratified.

5.4 See answer 5.3 above.

5.5 Legal and procedural advantages include, for example, that the entry into force provision can be crafted *de novo* (unlike in the case of an amendment) and that provisions can be made legally binding (unlike in the case of a COP decision, generally speaking). Policy advantages are noted in the answer to Q 5.3.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#6)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

The “Introductory Comments” to the U.S. Proposed Implementing Agreement to the UNFCCC states that the U.S. “*is committed to reaching a strong international agreement in Copenhagen based on both the robust targets and 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 countries with significant emissions profiles to contain their respective emissions*”. (Emphases added).

- a. What does the word “contain” in the above quote mean in regards to other countries’ emissions?

Answer:

The “Introductory Comments” to the U.S. Proposed Implementing Agreement to the UNFCCC states that the U.S. “is committed to reaching a strong international agreement in Copenhagen based on both the robust targets and 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 countries with significant emissions profiles to contain their respective emissions.

- a. As set forth in the July Declaration of the Major Economies' Leaders, we would expect the major developing countries to undertake actions whose projected effects on emissions represent a meaningful deviation from business as usual in the midterm.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#7)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

The term “in conformity with domestic law” used in Article 2.1(a) of the U.S. proposed Implementing Agreement appears to be overly vague, uncertain, open to wide interpretation, and likely to have uneven or inconsistent application from country-to-country, all of which could lead to establishing economic and competitive advantages and disadvantages for UNFCCC Parties.

- 7.1 How would/could each Party’s domestic law be incorporated into any UNFCCC agreement that would be legally binding, particularly if that law does not exist when the COP adopts such an agreement?
- 7.2 How does the U.S. contemplate such domestic law would be referenced in, or by, the U.S. in the proposed implementing agreement?
- 7.3 What would happen if the U.S. or any other Party’s domestic law is amended or otherwise changed?

Answer:

7.1 Domestic laws would be incorporated by reference, as has been done in other international environmental agreements. A U.S. legally binding commitment would not be finalized absent legislation.

7.2 See answer above.

7.3 The issue of updating and/or revising mitigation actions is still under discussion internationally.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#8)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

As I understand the Administration's proposed Implementing Agreement, Article 2.1 calls for developed countries to take on binding targets and timetables "in conformity with domestic law," while Article 2.3 calls for developing countries "with greater responsibility or capability" to take actions that might or might not lead to emissions reductions. Article 2.4 calls for "[o]ther developing countries" to implement actions . . . consistent with their capacity." In all cases, countries are to develop low-carbon strategies.

8.1 Are all of these Articles intended to be legally-binding?

8.2 What is the enforcement mechanism?

8.3 What would be the penalties for failure to meet the requirements of this Article?

Answer:

8.1 Under Articles 1 and 2, developed and more advanced developing countries have the most legally binding commitments; other developing countries have fewer, with the least developed countries having no legally binding commitments, so it depends upon the type of Party in question.

8.2 We do not favor an enforcement mechanism, such as that under the Kyoto Protocol, with an enforcement branch and consequences for non-compliance. Such a regime would raise issues of intrusiveness for the

United States, even if other countries favored such an approach. Rather, consistent with the Bali mandate from 2007, we are focusing transparency and accountability through measurement, reporting, and verification.

8.3 See answer above.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#9)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

Developing countries are leading efforts to weaken or even destroy intellectual property rights (IPR) by seeking to gain free access to American and other developed countries IPR for clean-energy technologies. Their proposals include preventing patenting in developing countries, requiring compulsory licensing, and ensuring access to new technologies on non-exclusive royalty-free terms. All of which ignore the fact that new technologies will only be developed if there are incentives to create them. Is the Administration committed to protecting our IPR from this assault?

Answer:

It is our view that protecting and enforcing intellectual property provides an essential foundation for the development and deployment of environmentally sound technologies. Robust IPR regimes support investment in and the diffusion of environmentally sound technologies—IP protection gives companies the confidence to engage in FDI, joint ventures, partnerships and licensing arrangements with local partners; to establish local operations and work with local manufacturers and suppliers; and to open research facilities in markets abroad. In short, intellectual property protections foster creativity and innovation, and contribute to economic development and improved quality of life around the world. In addition, the sustained innovation and competition that result from

adequate and effective IPR regimes will drive down the cost, increase the accuracy of market pricing, and improve the quality of products over time—all of which are fundamental to solving the energy challenge. Clear and transparent policies with regard to the protection and enforcement of intellectual property rights, along with a predictable and stable legal system, consistent contract enforcement, and responsible and consistent environmental policies will increase all countries' ability to gain increased access to cutting-edge clean energy technologies.

The Administration will not support any language in the UN Framework Convention on Climate Change (UNFCCC) that seeks to undermine or weaken protection and enforcement of intellectual property rights. We will not support it in a Copenhagen outcome. We have made this very clear in the negotiations, where we have argued intellectual property is an essential building block for technology innovation that we will need if we are to achieve the ultimate objective of the Convention. Undermining the intellectual property system, as has been suggested by various proposals, will only hinder the development and diffusion of new environmentally-sound technologies.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#10)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

On September 10, 2009, the European Commission released a Communication entitled “Stepping up international climate finance: A European blueprint for the Copenhagen deal,” which presents a blueprint for scaling up international finance to help developing countries combat climate change.⁵

According to the Communication, the Commission’s “best estimate” of “finance requirements for adaptation and mitigation actions in developing countries could reach roughly €100 [\$146] billion per year by 2020,” and “international public funding in the range of €22 to 50 [\$32 to \$73] billion per year should be made available in 2020,” which would be “shared out on the basis of ability to pay and responsibility for emissions and include economically more advanced developing countries.” The Communication also states that “[o]n the basis of these assumptions, the EU share would be from around 10% to around 30% depending on the weight given to these two criteria” and “could therefore be between €2 to 15 [\$3 to \$22] billion per year in 2020.”

The Communication also includes a proposal to introduce a global emissions trading system for international aviation and shipping or a tax on their emissions as a source of financing.

- 10.1 Does the Administration agree with the Commission’s “best estimate” that “finance requirements for adaptation and mitigation actions in developing countries could reach roughly €100 [\$146] billion per year by 2020”?
- 10.2 Does the Administration agree that “international public funding in the range of €22 to 50 [\$32 to \$73] billion per year should be made available in 2020”?

⁵See http://ec.europa.eu/environment/climat/pdf/future_action/com_2009_475.pdf.

- 10.3 Does the Administration agree with the Communication statement that such international public funding should be “shared out on the basis of ability to pay and responsibility for emissions and include economically more advanced developing countries” and if so, what should be the U.S. share?
- 10.4 Does the Administration support the European Commission’s proposal to introduce a global emissions trading system for international aviation and shipping or a tax on their emissions as a source of financing?

Answer:

- 10.1 While agreeing that the existing levels of available resources need to be scaled up significantly, the Administration does not endorse any particular estimate of finance requirements. We note that many studies of climate finance needs exist, employing widely varying methodologies to arrive at their aggregate figures.
- 10.2 See answer 10.1 above.
- 10.3 All countries are already expending resources to address the challenges of climate change mitigation and adaptation. Going forward, significant funding will continue to come from countries’ own resources, including developing countries. The Administration believes that all countries but the least developed should contribute to the effort to mobilize international public funding, in line with their capacities. We do not believe

it will be constructive to mandate a specified level of contributions from each country according to a formula or mandatory scale of assessment. However, the United States is clearly a country of high capability, and should be ready to play an enhanced role in climate financing in a manner appropriate to our capabilities and consistent with our standing in the global community.

10.4 Our position on various proposals to establish levies on international aviation and maritime activities is consistent with Congressional guidance. In international negotiations, we have been clear that the United States will not be able to participate in any arrangement that sought to impose international taxes and levies on all countries.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#11)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

You mention on page 3 of your submitted written testimony that the Major Economies Forum will continue “to meet at the level of leaders’ representatives in September, October, and November.”

11.1 What are the dates and venues of each of those meetings?

11.2 What do you plan to accomplish?

Answer:

11.1 The Major Economies Forum met September 17-18 in Washington and October 18-19 in London. A date and venue for a possible meeting in November is still under consideration.

11.2 The meetings provide an opportunity for a detailed and candid conversation among leaders’ representatives about key elements of agreement for Copenhagen. While the MEF is not a negotiating venue, these discussions can help provide greater clarity on approaches different parties are promoting, and can in turn help us build support for the outcomes we seek.

The meetings also are reviewing progress on the development of action plans on specific clean energy technologies, and other technology-related efforts called for by MEF leaders at their summit in L' Aquila in July.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#12)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

At the bottom of page 3 of your submitted written testimony, you state that “China and the other major developing countries . . . must take actions that will significantly reduce their emissions below their so-called ‘business-as-usual’ path in the mid-term (around 2020), to an extent consistent with what is called for by the science; they must reflect these actions in an international agreement, just as we must reflect our own undertakings; and these actions must be subject to a strong reporting and verification regime.”

- 12.1 “Business-as-usual paths” include assumptions of GDP and population growth rates, population, penetration of low-carbon energy sources, energy efficiency improvements, and so on, as well as differences in model assumptions, model structure and data, and scenario definitions. How does one determine the “business-as-usual path?” Who would make that determination?
- 12.2 What is the level of emissions reductions of these countries below their so-called “business-as-usual” path that would be “consistent with what is called for by the science”?
- 12.3 Who would determine these emissions reductions levels and how would they be verified?
- 12.4 What is the Administration’s view of a “strong reporting and verification regime?” What organization is responsible for verification? What penalties would exist for a failure to report?

Answer:

- 12.1 The U.S. will evaluate major developing country actions using a range of analytical tools including energy demand and emissions projections from U.S. and international institutions such as the Energy Information Administration and the International Energy Agency.
- 12.2 The U.S. will assess the impact of actions of major developing countries on an ongoing basis, both in the context of actions by developed countries and the latest climate science, to assess the adequacy of global action in meeting the climate change challenge. Meaningful and verifiable mitigation efforts in major developing economies are absolutely necessary if we are to achieve the scientifically-recognized target to halve global emissions by 2050.
- 12.3 The actions taken by major developing countries to reduce emissions would be derived from their own domestic processes, as would ours, and would be subject to international scrutiny before an international agreement, in which these actions are inscribed, is finalized. These actions would be reported to the international community in a credible and transparent manner to allow countries to assess the adequacy of global

efforts to combat climate change. See answer to Q 12.4 below with regard to verification.

12.4 The U.S. sees the need for a strong system for measurement, reporting and verification (MRV) that would provide enhanced international transparency and credibility, and a process that would encourage and facilitate implementation of Parties' actions. Under the UNFCCC, the U.S. has proposed an MRV system that includes enhanced reporting (including robust and more frequent inventories, strategies, and national communications), a review by an expert panel, and a formal review by Parties. With regard to penalties, see answer to Q 8.2.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#13)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

On page 4 of your testimony, you state that “[w]e must make the development and dissemination of technology a top priority in order to help bring sustainable, low-carbon energy services to people around the world, and we must do so in a way that recognizes the importance of protecting and enforcing intellectual property rights.” How specifically do you propose to do that?

Answer:

To promote both technology R&D and commercialization of clean technologies, we must examine how best to provide the necessary incentives and help to reduce risks. This may include programs by export credit agencies, as well as through loan guarantees and through a variety of development institutions and agencies. These efforts are, in our view, national and bilateral. We believe the UNFCCC should promote countries to undertake such activities. On deployment—we need a large-scale deployment of existing technologies, and here we see a role for all our governments in establishing laws and policies that can drive massive investment at the scales we need them to make the transition. Here, we emphasize the importance of efficient and effective market signals, including the growth and expansion of the carbon market both domestically and through this

process. We see a role for the UNFCCC in facilitating and delivering on deployment efforts. Copenhagen should play a major role in advancing our efforts across this spectrum. A climate change agreement can and must enable us to pursue and support clean technology development and dissemination at a larger scale.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#14)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

On page 4 of your testimony, you also state that “the adoption of appropriate financing provisions is pivotal to getting a deal.” Please define what would be “appropriate financing provisions.”

Answer:

All countries except the least developed should act in accordance with the demands of science and their capabilities. Many, if not all, of these actions, particularly in the more advanced developing countries, would be self-financed. Some countries would, in proportion to their needs, receive international support for implementing their actions. It is therefore clear that mobilizing substantially scaled-up international financial resources will be necessary – both public and private finance. The international financing provisions of Waxman-Markey are important in this regard, and should be retained.

Appropriate financing provisions include strengthening existing institutions and delivery channels for climate finance, both bilateral and multilateral. They may also include new arrangements to channel scaled-up public financing in an

efficient and effective manner according to strong fiduciary standards. The financing provisions should leverage private capital wherever possible, both by encouraging national mitigation policies that create a carbon price signal and by designing public funding institutions that attract private co-financing.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#15)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

The water cycle will be one place where climate change shows itself most significantly. With water and sanitation already a challenge for many of the poorest nations around the world, how is this being factored into the international climate negotiations? It is clear that the impacts of climate change will be felt in all sectors – including both in water and in sanitation.

Answer:

The impacts of climate change are felt disproportionately by the poor and most vulnerable. We anticipate that agreement in Copenhagen will include language promoting more effective approaches to adaptation, including through galvanizing climate resilient development, calling for all countries to institute better climate adaptation planning, and providing new sources of financial assistance to the most vulnerable.

This particularly applies to countries in Africa, Asia and Central America who are the hardest hit. Basic human health needs, in particular those in water and sanitation, are high on our own – and on all nations’ – priorities for adaptation funding and support.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#16)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

What are the impacts on international negotiations of the United States either passing or not passing climate legislation reducing our emissions?

Answer:

Passing domestic legislation on climate change is enormously important to the international negotiations and our international reputation. Other countries are looking to our domestic actions to evaluate the seriousness of our intentions. Passing strong legislation will show U.S. commitment and leadership and dramatically increase our leverage in negotiations.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#17)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

What are the next steps for an international climate treaty if we don't reach agreement in Copenhagen?

Answer:

The United States is fully committed to trying to get a strong, pragmatic and solid agreement in Copenhagen and the administration is working tirelessly to do so. There is still work to be done, but we think there's a deal to be done and we're committed to trying to make that happen.

**Questions for the Record Submitted to
Special Envoy Todd Stern by
Representative James Sensenbrenner, Jr. (#19)
House Select Committee on Energy Independence and Global Warming
September 10, 2009**

Question:

In the legislative discussions of a climate bill there have been a number of options raised to protect US industry from potentially unfair competition. Based on your discussions, do you see some mechanisms as being more acceptable to the developing world and should these trade protections be part of a climate treaty?

Answer:

The Administration believes that the most effective approach to prevent carbon leakage is to negotiate a new international climate change agreement that ensures that all the major emitters take significant actions to reduce their greenhouse gas emissions. Recent legislation provides for so-called border adjustments. We will review the need for such an approach. Countries like India and China have reacted negatively to the idea of U.S. border adjustments.