

A New Chapter in Climate Diplomacy: The United States and the Bali Action Plan

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As Secretary of State Condoleezza Rice has said, climate change has truly global implications for each and every nation. Armed with the recent findings of the Intergovernmental Panel on Climate Change, leaders around the world are increasingly addressing the growing challenge of climate change head on. As a result, we and our partners in the international community have never been in a better position to create a comprehensive, effective new path for reducing greenhouse gas emissions, providing for energy security, and supporting economic prosperity.

Last December's UN Climate Conference in Bali opened a critical new chapter in climate diplomacy. In Bali, the United States joined the other 191 parties to the UN Framework Convention on Climate Change (UNFCCC) in forging consensus on the "Bali Action Plan," an achievable roadmap toward a new multilateral arrangement on climate change.

Developing an Environmentally Effective and Economically Sustainable Approach

The Bali Action Plan endorses two key concepts that are essential to the success of a future global climate regime. First, a post-2012 arrangement must be environmentally effective, and that means it must include the developing economies as well as developed economies. Even if the United States and other developed countries cut emissions to zero, greenhouse gas emissions would continue to rise rapidly over the next 50 years if developing countries do not achieve reductions as well.

Bali recognized that fact and, for the first time in such negotiations, the developing world joined developed countries in agreeing to consider, in the words of the Bali Action Plan, "measurable, reportable and verifiable" actions to mitigate climate change.

Second, a post-2012 arrangement must be economically sustainable. A future arrangement must recognize the diversity of national circumstances and allow nations to develop and achieve higher standards of living for their citizens. We firmly believe that economic development and reduction of greenhouse gas emissions are not incompatible. The Bali Action Plan reaffirms our shared commitment to economic and social development and poverty eradication.

Overall, the results in Bali were a win, not just for the United States, but for all participants committed to addressing seriously the challenge of climate change.

The Major Economies Process: Advancing the Bali Roadmap

The Bali Action Plan lays out an ambitious roadmap aimed at reaching an international consensus by December 2009. To help invigorate that process, President Bush announced last May that the United States would work closely with the world's major economies to develop a detailed contribution to the negotiations that are taking place under the UN Framework Convention on Climate Change. The effort was launched in September 2007 when the United States hosted leaders from 17 major economies along with representatives from the United Nations.

The basic premise of this "Major Economies Process" is that if we can broaden consensus among a relatively small group that represents some 80 percent of the world's economic output, energy use, and greenhouse gas emissions, we can accelerate the UN effort to achieve a truly workable and comprehensive global climate change solution.

In January, after the Bali conference, the United States hosted the second Major Economies Meeting in Honolulu, Hawaii, to begin digging into some of the crucial issues in the Bali Action Plan. We discussed a long-term goal for emissions reductions. We discussed the importance of national plans with mid-term goals, backed by a nationally appropriate mix of regulations, incentives, and public-private partnerships.* We discussed the value of cooperation in key sectors, such as fossil-power generation, personal transportation, and sustainable forest management. And, we addressed the vital issues of financing, measurement and adaptation.

We look forward to continuing this dialogue in the months ahead. The Government of France has graciously offered to host the third Major Economies Meeting in Paris in April 2008, and the Government of Japan recently announced that they will convene an unprecedented summit of the major economy leaders this July, in conjunction with the G-8 Summit.

Fostering a Technological Revolution

As Secretary Rice has said, addressing climate change will require a revolution in energy technology. Here at home, the United States government has allocated \$22.1 billion since 2001 to research, develop and deploy cleaner energy technologies. And, at last September's Major Economies Meeting, President Bush called for the creation of a new international clean technology fund to make technologies more widely available in the developing world.

* *Editor's Note: According to the Fact Sheet, "Taking Additional Action to Confront Climate Change," posted on the White House Web site, President Bush announced on April 16, 2008, a "new national goal to stop the growth in US greenhouse gas emissions by 2025. This new goal marks a major step forward in America's ongoing efforts to address climate change." The Fact Sheet further points out that "America's national plan will be a comprehensive blend of market incentives and regulations to reduce emissions by encouraging clean and efficient energy technologies."*

The President asked Treasury Secretary Henry Paulson to develop the initiative in consultation with others across the globe. Since then, we have been working with the United Kingdom and Japan, along with the multilateral development banks (MDBs) and other donors, in developing the concept for a truly multilateral approach to this challenge. The Fund would be administered by the World Bank as a multi-donor trust fund, but it will work through all of the regional MDBs and particularly with their private sector windows and programs. The President has committed \$2 billion over the next three years to this effort.

By supporting developing countries that undertake policy actions consistent with a low carbon growth trajectory, such a fund will have a multiplier effect on reducing emissions. By promoting an investment framework built on market incentives, this fund will ensure the widespread adoption of affordable clean technologies in the developing world.

The clean technology fund will be launched later this year, even as nations work together to advance the UNFCCC negotiations. It is not a substitute for those talks but responds to the need to begin immediately to help developing countries implement technologies for a low-carbon future. A successful fund will support progress in the talks and is consistent with the commitments our countries made at December's UN conference in Bali.

In addition, the United States recently joined the European Union in submitting a ground-breaking proposal in the World Trade Organization (WTO) for eliminating tariff and non-tariff barriers for environmental goods and services. WTO members currently charge duties as high as 70 percent on certain environmental goods, impeding access to and the use of these important technologies. A recent World Bank study on climate and clean energy technologies suggests that by removing tariffs and non-tariff barriers to key technologies, trade could increase by seven to 14 percent.

Accelerating the Uptake of Clean Technology Through the Asia-Pacific Partnership

We also are looking for international partnerships to help accelerate global clean energy use. The Asia-Pacific Partnership on Clean Development and Climate (APP)—a US-supported initiative—is actively engaging the governments and private sectors of Australia, Canada, China, India, Japan, Korea and the United States to facilitate deployment of, and investment in, clean energy technologies. This innovative public-private partnership is achieving real results through activities in public-private sector task forces in eight energy-intensive sectors—aluminum, buildings and appliances, cement, cleaner fossil energy, coal mining, power generation and transmission, renewable energy and distributed generation, and steel.

For example, the APP's Aluminum Task Force is working to reduce highly potent greenhouse gases, such as perfluorocarbons (PFCs), through sharing best management practices. Participants will work to implement cost-effective, technically-feasible opportunities to optimize anode effects in electrolytic cells, the primary source of PFCs during

aluminum production. This is accomplished by providing relevant tools for developing PFC inventories and reporting regimes to facilitate the development and adoption of smelter-specific PFC-emission reduction strategies. This work has the potential to eliminate the equivalent of 15 to 20 million tons of CO₂ per year in China alone—the equivalent of the combined emissions from 20 medium-sized coal power plants.

The APP's Renewable Energy and Distributed Generation Task Force is leading efforts to tackle the policy and regulatory barriers surrounding clean energy technologies. Focusing on the Indian states of West Bengal, Gujarat and Punjab, the Task Force is working to support grid interconnection standards and other policy structures critical for growth and replication of innovative energy technologies. The aim is to improve awareness at a state and regulatory level of the finance and policy mechanisms that must be in place to support cleaner energy infrastructure.

New Domestic Mandates

These efforts to promote international investment and trade in clean energy technologies complement our domestic actions to address climate change. The United States is already leading by example with ambitious national targets for reducing emissions. We have set mandatory targets in such sectors as fuel efficiency and appliance efficiency. The President recently signed the Energy Independence and Security Act of 2007. The bill responds to the challenge of the “Twenty in Ten” initiative, which he announced in January 2007, to reduce gasoline use by twenty percent in ten years.

The Act mandates substantial, mid-term requirements for vehicle fuel efficiency (40 percent improvement), renewable fuels (36 billion gallons annually), and efficiency of appliances, lighting systems, and government operations. This law will produce some of the largest emissions cuts in our nation's history. Early estimates suggest more than six billion metric tons of greenhouse gases will be avoided through 2030.

Towards an Environmentally Effective, Economically Sustainable Agreement

Countries in the developing world are rightfully focused on economic growth and providing for health, education and other needs of their citizens. Engaging developing countries in a broader discussion that encompasses increasing economic development, strengthening energy security, reducing air pollution, and addressing climate change is more effective and can lead to a common vision for concrete actions that reduce greenhouse gas emissions and increase economic development. We must demonstrate to developing economies that economic growth and reducing greenhouse gases do not have to be mutually exclusive.

We have a common responsibility to address climate change, and we all will need to make appropriate contributions to achieve our shared goals. We took a first step in Bali in beginning an important discussion about how to achieve a truly global solution.

The United States is committed to working hard over the next two years to ensure that we implement the Bali Roadmap in a way that achieves this end. In this work, we are engaged, serious and pragmatic. We accept the leadership role we know we must play as we all work together to develop and implement practical and effective solutions to the challenges of climate change and energy security.