

The United States Climate Change Policy After Marrakech
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Panel discussion with Raymond Kopp, vice president of Resources for the Future (Washington), and Christopher Hessler, deputy staff director of the Environment and Public Works Committee of the U.S. Senate.

Introduction: Guillaume Parmentier, head of the CFE

Chairman: Pierre Lepetit, responsible for the energy program of the CFE

This meeting, which brought together two eminent experts on U.S. energy politics and some forty government, private sector, and university French decision-makers, addressed the topic of U.S. energy policies in the context of climate change. The meeting was structured around two prepared presentations, followed by an open-floor debate.

To set the scene, a number of pertinent facts on the state of play in the United States were set out. It was emphasized that carbon emissions continue to rise: between 2000 and 2001 emissions rose by 3%, to over 1.5 billion metric tons per annum. There is an unquestionable link between economic growth and carbon emissions that works in both directions. It would seem that, in the short to medium term, this will remain the case – no plausible technological developments emerging that would break the relation. This does not mean that Americans are indifferent to the implications for the environment. 83% of Americans believe that global warming presents a threat, which indicates that a good understanding of the issue exists. Among scientists there is something of a consensus emerging; even if some very high-placed U.S. officials continue to deny that man has any effect on his environment. One prominent think-tank has even argued that increased carbon emissions will translate into more abundant crops. Certainly, there is lasting disagreement on the potential effects and severity of global warming. But it is not one of the most pressing environmental concerns for Americans: it often comes last when classified on a scale of most to least important environmental challenges. It would also seem that this is not a problem that the U.S. people is keen to address. Energy prices are cheap. The expectations of American households are that prices will stay indefinitely low. The net result of these factors is that there is but a small constituency in the United States that is willing to militate for a full American participation in efforts to reduce carbon emissions.

President George W. Bush summed up his country's sentiment when he put the kibosh on the Kyoto treaty. This should not be taken as a fundamental change in American policy: there was absolutely no chance that the Kyoto treaty would have been ratified by the Senate. Nor should it be thought that the debate is divided across partisan lines: Democrats are among the greatest supporters of the coal industry. Kyoto, therefore, was a non-starter for the United States. The previous administration was well aware of this when undertaking its negotiations, which, in hindsight, should be considered somewhat of a sham. Perhaps the one positive aspect of the U.S. withdrawal was that it allowed the rest of the world to come to a credible agreement.

So what then for U.S. engagement in with the international community on this issue? It is important to note that the United States has ratified and does abide by the United Nations Framework Convention (UNFC). It accepts that carbon emissions are measurable and is content to remain in a negotiating framework. Uncertainty exists over how to implement any

agreement, however: uncertainty as to the magnitude of the costs, who pays these costs, and how to compensate politically sensitive users. Any agreement would have to define extremely clearly the parameters of such a policy. But any agreement is also unfeasible for the foreseeable future.

It seems that the international community is virtually impotent in this matter. U.S. energy policy is a domestic issue that few American legislators are willing to work to change. Americans are extremely sensitive to the price of energy, even if the price of energy in the United States is cheaper than any other OECD country. It is worth noting in passing that, because taxes on energy are so low in the United States, a price change in the cost of unrefined products leads to a much greater relative change in the overall price than elsewhere. There is even a constituency that argues that taxes on energy in the United States should be lower. Other countries could exert pressure on the United States. But the only real lever at their disposal is trade, which is considered too important a stake for both sides of the Atlantic for it to become a foreign policy tool.

The question remains on what the United States will do in the meantime. A reference was made to several possible policies. The first was “slow-stop-reverse”. The major components of this policy are, first, to slow the relation of carbon emissions to GDP, second, to stabilize emissions around a target, and last, to hope that technological developments work. The second policy, called “ask now, demand later”, would take the form at the start of a voluntary emissions program that could perhaps be converted into a mandatory system if voluntary restrictions did not work. Third was the “North American bubble”, whereby a NAFTA-wide trading system could be put in place. Finally, the “smoke and mirror” policy, which is to say “do nothing”. This would seem to be the most likely policy for the present. Some announcements to deal with peripheral issues are to be expected soon, of course. These are likely to take the form of voluntary monitoring and reporting, an admission that a long term transfer to non-fossil fuels is necessary, with some incentives, further research into fuel cells, and tightening of car fuel consumption criteria to address the trend toward utility vehicles as family cars in the United States. Further construction of nuclear power stations is not feasible at the present: the cost is too high. Some technological developments will have an effect, but forecasts of their importance are not cause for optimism. It is to be hoped that the Kyoto countries succeed in implementing the requirements of the treaty. A successful Kyoto will make it harder and harder for the United States to remain on the outside. Credibility of carbon reductions and further scientific evidence will help the cause for the Europeans.

But for a marked change in thinking to occur in the United States it will be necessary to wait for a significant event to force the issue. The watchwords are crisis and consensus.