

**CENTER FOR
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**PRESS BRIEFING:
COPENHAGEN CONFERENCE ON CLIMATE CHANGE**

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H. ANDREW SCHWARTZ: Okay, great. Welcome this morning, and we'll get right into it. I want to thank you all for coming. This is our briefing for the president's trip to Copenhagen, and Sarah Ladislaw, my colleague is here in our energy program, Heather Conley, our – my colleague who's the director of our Europe program, and David Pumphrey, who of course is the deputy director of our energy and national security program. And you'll hear from all of them on various aspects of this conference, and with that I'll give it to Sarah.

SARAH LADISLAW: Yeah, sure. And I'll just take a couple of minutes to tee off what – so what is Copenhagen, what are the expectations, what are sort of the key questions still looming out there about what is possible for an outcome?

In a couple of days, we're going to start with what is the 15th Conference of Parties under the U.N. Framework Convention on Climate Change, which ever since the 13th Conference of Parties 2 years ago was the expected conclusion for a post-Kyoto treaty, when Kyoto wraps up in 2012.

And so given, sort of, the last 2 years and the expectations set at that 13th Conference of Parties meeting, the goal was for a long time that this meeting that will take place over the next two weeks was to sort of culminate in an international and binding treaty that not only put new, sort of, targets and timetables in place for emissions reductions but also set up aggressive financing mechanisms to help developing countries reduce emissions and adapt, to establish some ground rules for technology transfer and also to do some capacity building and include sort of larger forestry gains in the treaty as well.

But I think what you saw for the last 2 years was kind of a waiting game, where negotiations really didn't get started until about two months ago, where there was a recognition that the negotiating parties, the main ones especially – the United States, China, India – to a certain extent very reluctant to put any sort of targets or timetables on the table, and in fact weren't really kind of showing their negotiating hand. So it became very clear about two months ago that there just wasn't enough time left, given the lack of progress that had been made in the previous year-and-a-half, to be able to reach the kind of agreement that was expected in sort of the initial outset planned for this Copenhagen meeting.

So it happened about a couple weeks ago in APEC – during an APEC leader's meeting was that the Danish head of state put together a plan that said, well, why don't we treat Copenhagen as sort of a stepping stone? And so they've tried very hard to put out a plan that made it look like whatever comes out of Copenhagen will be ambitious, but it won't be the conclusion of the negotiation. So what they're looking for at this juncture is something that is a high-level political agreement, that shows that they're making progress on negotiations, that covers all of the aspects of what was expected to be in the ultimate treaty but doesn't necessarily answer all of the key questions.

And so with that happening, you saw a lot of progress being made in the last couple of months. You saw the United States actually put down targets for emissions reductions, you saw that sort of respond with China and now India coming together – coming forward with their kind of emissions-intensity reduction targets.

And so there's sort of this plan out there that there will be a politically binding agreement that's going to include all of the elements – so a long-term vision for where we're trying to get to, emission reductions, adaptation, capacity building, forestry, finance, technology transfer – all of those things will actually be in the agreement, you just won't get as far on some of them as you will ultimately need for moving the process forward.

So we've seen a lot – I think we're actually probably a lot closer to actually negotiating the context of this agreement than we've been in the last 2 years. There's still going to be a really hard – a hard two weeks of negotiating ahead of us. I think you'll still see some real difficulty trying to sort of smooth over the level of ambition of the targets that have been put on the table, which even the U.N. sort of feels is not optimal, or at least to the level that they'd like to see from an agreement like this.

The developing world is still very much looking for higher signs, or more certainty, around the ultimate level of financing that's going to be available for developing country action, although this focus has shifted, and probably you can sweeten the pot a little bit with some near-term financing that seems a lot more likely to get – to come out of this Copenhagen agreement and sort of those longer-term financing numbers.

And then finally, the developed countries, even though they're very happy to see developing countries actually put targets on the table or actions on the table, are really going to be pushing for some sort of monitoring and verification of those actions, like some level of accountability so they can say, we know that these actions are going to take place, or we have some measure of recourse if they don't take place and have some sort of sense of confidence in that process.

So a lot of progress being made in a very short period of time after a long period of time of waiting, but still a lot of really hard nuts to crack and probably a good six to 10, 12 months afterwards for future negotiations.

HEATHER CONLEY: Thanks, Sarah. Good morning. As most European nations head to Copenhagen, we are in a process of managing disappointment, and some are managing that disappointment better than others. On November the 4th, the European Union Commission President José Manuel Barroso noted that, quote, “with strong leadership of the United States, we can indeed make an agreement.”

Some are managing this disappointment not so well. The French environmental minister on the November 16th quoted, and I quote, “the problem is the United States. There's no doubt about that. It's the world's number-one power, the biggest emitter of” – green gases – “greenhouse gases, but biggest per capita emitter, and it's saying, I'd like to, but I can't. That's the issue.”

So you have this process of European leaders who have made this their number-one priority, and they had hoped – as Sarah explained sort of the scenario – this wait nearly until November until we got this process moving, that was certainly not the scenario that European leaders had envisioned.

Their scenario, quite frankly, went something along the lines of this: The European Union would show great leadership upfront, they would spend the early weeks and months of President Obama's tenure convincing the president of the need to move sharply and quickly – in fact, in many of their early White House visits, they dedicated some precious dialogue time to getting the president to commit to a strong reductions target.

Again, on their own, using their leadership, they put together their own package, looking at a 20 percent with 1990 levels by 2020. They put a sweetener in there – an incentive; if other nations joined them they would raise that to 30 percent. They were the first ones to put forward a package, at least a target to shoot at, for public financing for the developing countries, and they really thought, perhaps unrealistically, that Copenhagen was not going to be a process, it was going to be an end state, it was going to achieve a legally binding treaty at Copenhagen. Now, as Sarah explained very, very well, that's not quite how the scenario turned out.

The EU kept their scenario going, very strong U.S. leadership, and I think they need to be commended for that keeping feet to the fire, but you saw – and I think one of the turning points was probably after the Pittsburgh G-20 meeting, after the major economics forum, where you started to see the Europeans giving up the, we're going to get a treaty out of this process to – you started hearing the word “process” – okay, okay, this will be a process. But they still wanted to keep, again, feet to the fire.

I think, again, they're trying to keep the pressure and raise the stakes. The fact that they've made this a summit, that the Danes said, you know, we need – if this is going to be a politically strong agreement, we need heads of state and government there, and that has certainly borne out – 98 leaders as of, I think, yesterday or so, are coming. Next week, the European Council will make a decision on whether to increase their emission-reduction target to 30 percent, if they've seen enough evidence that others have come to join them.

Regardless of the outcome that's achieved at Copenhagen, I think there are sort of three truths that are going to remain as a dynamic force between the United States and Europe, as this process unfolds. Again, Europe had great expectations of this administration, and personally of this president, that he would deliver American leadership – and that's witness for his next stop is in Oslo to receive the Nobel Peace Prize. They had great expectations for his delivery, and that hasn't come to fruition.

And again, back to my original, watch the statements that come out from – particularly from European leaders. They'll either manage it well or their frustration will get the better of them, and there may be a bit of a blame game if in fact we don't see some of the outcomes that are hoped.

You're also starting to see a little maneuvering. President Sarkozy had made a statement that perhaps the EU should be working more closely with Brazil and Mexico to counterbalance, perhaps, what they're seeing as the U.S., China and India dynamic. So you're starting to see a little mobility. The EU understands that they are not – they are not the two greatest emitters, and they will have a dynamic of their own, but you're starting to see some counterbalancing, which again, I think, speaks to some frustration.

Secondly, the second truth is that Europe is a leader in this area, and they need to be given, I think, credit for stepping out and stepping forward. I'm sure it's been irritating to some in the administration that they haven't stopped, they've kept going on this front, but I think they should be recognized as a leader. And finally, this issue is going to remain – an irritant is probably too strong of a word, but it is going to remain a challenge to the trans-Atlantic relationship.

In a recent European Commission poll, 90 percent of Europeans polled believed that climate change was a serious problem, 63 percent said that they believed there was economic benefit to climate change and tackling that. I can't tell you how that's opposite here in the United States. I think a Pew poll a few months ago had 51 percent of Americans just simply believing there's a link between the climate-change problem and it being a serious problem. So when Europe has this as a number-one issue and challenge and we don't, we're going to continue to have a difficult conversation, because our priorities are not in sync both from a political-agenda standpoint but also public opinion. So those are some things to watch, and our European friends I'm sure will provide a lot of color commentary as we go to and through Copenhagen. Dave.

DAVID PUMPHREY: Thank you and good morning, everyone. I was going to speak a little bit about the China-India and perhaps other developing country dynamic here. I think that as Sarah mentioned, we've seen now the announcements coming out from the major developing countries of some of their intentions and directions they want to go, and this, of course, has been a critical piece of the political debate here in the U.S., is, will we get other developing countries, especially the large ones, to go along?

In the case of China, there's been an announcement of a 40 to 45 percent improvement in the carbon intensity by 2020 over the 2005 level. A lot of debate that has ensued as to whether or not this represents a deviation from the pathway that they were on, but I think the reality is if you look at what has been going on in the Chinese debate, climate change has become increasingly a point of great interest to the leadership. The need to deal with climate change has been moved up the priority scale so it is no longer seen as something that hopefully will be solved in other ways.

The Chinese government had put into the 11th Five-Year Plan, which ran from 2006 to 2010, efficiency targets, efficiency-improvement targets, which they apparently are on the pathway to achieving. This is the 20 percent improvement over those by 2010. So – and as well as renewable-energy targets.

So we've seen a commitment coming that has perhaps surprised many people, and I think that's manifested itself in a willingness to put something on the table where before there hasn't been. Now, it's a fairly conservative target; many people say it is business as usual. We just recently had the International Energy Agency here for a briefing, who said that actually they think this target is consistent with China's role in achieving a 450 parts per million world.

So it's going to be interesting to see how this develops. I think one of the key points, though, is that this is still put as a voluntary announcement. This is not a commitment they're making to an international community. There's also going to be resistance to any of the measure on monitoring and verification that Sarah had mentioned. So I think that will be part of the negotiations, is how do you get to the point where these are seen as legal commitments and how will they be manifest?

India has made an announcement as well, and theirs is the 26, I think, percent improvement in carbon intensity, 24 percent, 26 by 2020. This is, I think initially, and since it's just coming out, being seen as a very conservative estimate. In fact, the International Energy Agency estimate was that business as usual, they probably would achieve something higher than that. But it's important in India's case because they have been the most resistant to setting any kind of target and basically saying, the developed world needs to take this on. So the fact that they're willing to step forward and saying they have a role in this is an important element.

Again, it's – they characterized it as voluntary, so they're not going to make an international commitment, they're going to wait and see. So I think the trick of this political negotiation is how do you start moving these announcements, and especially moving towards having the implementations of policies and measures that will go with this type of announcement, move to a more legally binding environment, rather than one that's voluntary. And I – so I think that will be part of the political discussion that will take place over the next couple of weeks.

MR. SCHWARTZ: Okay, we'll take some questions.

Q: Oh, was that my turn? (Laughter.)

MR. SCHWARTZ: Yeah, you've been here longest.

Q: I guess. Just to distill it down into dumb-guy language for me, if not Copenhagen, what, when and where?

MS. LADISLAW: For an ultimately sort of politically binding agreement?

Q: Yeah.

MS. LADISLAW: I think that the consensus point is the longer you wait over the next year, post-Copenhagen, the harder it's going to get. So they will get as close to doing six months from Copenhagen as they can. It'll probably take them 12 months. I think the ultimate question about this legally binding document is the one that's very much in play in terms of what the

ultimate agreement will look like. Folks are looking for a repeat of Copenhagen, which is an internationally binding treaty. I think for a lot of reasons, an international binding treaty is going to be very hard to get this time around.

MR. PUMPHREY: Me to.

MS. LADISLAW: Yep. So I think what they might do is scale back expectations to do something different from a legally binding treaty. There's been a lot of discussions about all the different sort of legal outcomes that could – forms an agreement that could come out. You know, we've got something called an executive agreement here in the United States that's possible. The thing that will come out in Copenhagen is a politically binding agreement.

There's a lot of talk, especially from the U.S. negotiators, about, well, what do you need the legally binding part for anyway? If you've got – if all of these pledges are put forth and they're not voluntary at a national level, they're legal at a national level and the binding part happens at a national level and the financing happens at sort of an international level, then you've got sort of what major environmental agreements, which this is, have in terms of force, which is that – more of a pledge and review, as opposed to sort of a legally binding mechanism that was part and parcel of Kyoto. So I think the sooner the better, but I think it will probably take a little bit longer.

MR. PUMPHREY: And I think that's why the focus is now, and a lot of the discussion going on, is on this whole issue of, we have these pronouncements, but will countries put them into their legal structure? And for the United States, will we pass a law, put in place a regulatory framework that takes it to a point where we have something the world can point – we can point to and the world can see that we've made a legal construct? Will China do the same thing? In their case, will it be built into the next Five-Year Plan as a piece of the mandatory part of the plan, and can the Indians do something similar?

So I think it's really this look for, will people be doing – imposing on themselves legal requirements to achieve these targets and not repeat the Kyoto experience where you had the international commitment made before people had the legal framework internally?

MS. LADISLAW: And I think as we put out in the commentary, I think one of the notable attributes of the Danish plan is that what they're trying to do in this interim period is show near-term commitments in action, right? So the day after Copenhagen, they want countries to come out and do as much as they can so that they're confidence-building measures. I think people are really worried that everyone would get to Copenhagen, sign a piece of paper, go home and do nothing.

And so what they're really trying to do is sort of prolong this momentum that they've been building up that says, look, people are actually doing this and being successful about it, so don't be so worried about signing this ultimate agreement at the end. And so that was a big part of what the Danish proposal was all about, was how much can we get on the table? And I think there'll be extreme pressure from the U.N. body and from a lot of people who want to see this agreement signed to actually make good on those commitments as early as possible.

Q: That was pretty much around the same thing, what you say in the difference between legal and political, and – because I can pretty easily imagine Capitol Hill discussing whether China has implemented things or not, and then we have the whole thing stopping very abruptly. So even though you made it sound like politically it's nearly as good, it doesn't take that much of thinking to see that that is not the whole thing.

MS. LADISLAW: Right, well, but take the flip side of that question, right, so why is legally binding better? What have they done with the Kyoto countries that haven't met those commitments? I mean, they really don't have – the teeth in the enforcement mechanism isn't really that great in any way. So I agree with you and I think it's already started.

I mean, folks that don't want to support it – climate action in the United States or an international agreement – have already come out and said, look, China's not willing to do anything; they've put something on the table but it's not aggressive and it's certainly not comparable to what we're doing. So that's why on the flip side of this, domestic policies are emerging to sort of protect countries against what they think are inadequate policies coming from other countries.

But, you know, the thing to keep in mind is all of this is – very few countries outside of Europe are actually very far along in implementing these policies, and so this question of comparability, you know, how much is China supposed to do, given their station in the world, and how much are we supposed to do, given our station in the world. And what we've put on the table and what we actually deliver I think is going to be a conversation that, you know, if we're serious about this, unfolds over the next five to 10 years as opposed to, you know, within the context of a political discussion.

Q: So you're saying that will is more important than paper, here.

MS. LADISLAW: Yeah, I think to a certain extent this agreement is about building confidence. But I think that the real confidence measures have to come in actually implementing the policies. I mean, if you get 5 years out, 10 years out, and people aren't delivering on these, you'll have much bigger problems.

MR. PUMPHREY: And I think your point on the will versus paper is really critical because I think when you see the discussions in countries start to shift to a recognition of their interest – their national interest, economic interest, security interest – in solutions to climate change, you begin to see, then, that you will get real policies that will follow, whereas if you just have an international agreement that people say, yeah, we'll sign on, but, you know, if it isn't in our interest, we'll just sort of walk away, you know, it's very different.

And that's what I think is important in the debate that's gone on China; is there's increasing recognition of how exposed they are and the interest they as a country have. And you're beginning to see that more and more in the Indian debate, too; they are very exposed to climate change and they need to be a part of the solution and not just point to others to place solutions. I think will is really critical.

MR. SCHWARTZ: One question I wanted to ask is, Heather, you mentioned that Europe has been somewhat disappointed in this administration and maybe personally in this president. What can he do, if anything, at this conference, given what we've heard from our colleagues, to restore that confidence?

MS. CONLEY: Well, I mean, Europe is delighted that the president is coming. They're not so thrilled about the timing of his arrival; it comes two days into the conference; people are just getting their nametags and they're adjusting into their delegation rooms, so it's a – and that has – the other heads of state now are readjusting their schedules because they want to be there when the president comes.

And Sarah, Dave, correct me if I'm wrong – this is going to come down to the last two days of the conference. And so you may have leaders coming twice – sort of, starting in the beginning with the president's arrival and then coming towards the end.

You know, again, this is sort of the end of an unrealistic honeymoon period for the United States and for Europe. Europe had great expectations that President Obama literally could sort of snap the fingers and things would fall into place.

And while they have gotten a lesson in our domestic legislative process and they probably understand a little bit more about our health-care reform debate than they thought they needed to know, but its implications for what this means on the issues that they care about – which is, again, climate change – and, again, today's news and seeing Secretary Clinton in Brussels where NATO is stepping forward and European allies are making contributions because Afghanistan is obviously – it's a global priority but it's certainly an American priority – again, I just – I found the juxtaposition that, here, where they're seeking our help in something that they believe is a priority, perhaps, for coming up a bit short on that.

And as I said, I'm watching how the European political leadership handles this; whether they handle it and say, hey, it's a great start, we're going to keep going, we're so glad the president's there; or they start sort of allowing the strong voices in the European environmental community, and constituencies start saying, uh-uh, it's time to call this out; and they're not doing it now. So it's something I think to watch, and, again, the president, as he is en route to Oslo to accept a Nobel prize, again, that just raises the stakes a little bit more; it just draws attention to this deficit of their expectation to concrete results.

Q: What could a legally binding agreement be, judging from reality now?

MS. LADISLAW: Eventually or in the next two weeks? (Chuckles.)

Q: No, just a guess about what kind of agreement could come out from the Copenhagen conference.

MS. LADISLAW: I think we're going to see something that looks like – I think it will be a much shorter agreement than something like the Kyoto Protocol. So it won't be 100 pages; it'll

be about eight pages long, it'll be a political statement, and it'll have sort of a catalog of what all the countries have put together as a pledge. I think it'll have broad statements about what developed countries are willing to do in terms of emission reductions.

Well, take a step back. It'll have some sort of statement about what a global goal for reducing emissions should be, right, so a 2-degree target – something like that – to limit warming to 2 degrees has been sort of the most commonly stated one, although if you read all of the communiqués very carefully. They don't endorse it. They endorse the scientific relevance of that as a target.

So if they came out and actually endorsed it as a global target – because right now all we have is an agreement to keep atmospheric temperature rise to safe levels – if they actually defined that and put sort of a degree target on that. They would be a – in the game of inches, a step forward.

And then you'll get some sort of commitment from – I think what's going to happen is it'll break out into blocs. You'll get a developed country bloc where you'll get sort of the global emissions reduction target for the entire world of about 50 percent by 2050; then the developed countries will, you know, take on a long-term target of about 80 percent by 2050. The question is what the mid-term target is going to be, and how it's expressed.

And so, typically, the mid-term target has been pushed by the EU and the U.N. and others, developing countries, as being 25 to 40 percent by 2020. And that's from a 1990-level baseline. These baselines are important because they express sort of – every country is advantaged or disadvantaged by the baseline that they choose.

I think they're going to come up with a new formula for expanding on what a mid-term target is because the 1990-level baseline does not work for the United States. And so they'll come up with a new expression for what the global agreement should be on that level of ambition for the mid-term target.

I think they're going to look for some sort of expression from developing countries about what the overall level of their emissions reduction should be, or the ultimate peaking year for their emissions should be.

And I think that they're going to try and get language in there about how all actions by all countries have to be monitored and verified. For big emitters – for major-emitting developed countries and major-emitting developing countries – this is important because you need to have some certainty about the level of emission reductions. For lesser-developed countries, it's going to be a way of trying to figure out what kind of actions are taking place, how they're trying to adapt and how you can prioritize who gets financing.

There'll be another piece that I think talks about near-term financing. I think they'll be able to deliver something on the order of the \$10 billion over the next 3 years that the U.N. has called for. So that will be short-term financing.

The longer-term – the \$100 billion by 2020 that everyone expects – they might be able to put in a big ballpark number, but they're not going to be able to delineate who contributes what to that. Countries are so far away from being able to make that kind of a commitment; they will probably leave that vague. They may get some more information about how the financing gets distributed.

So developing countries have long wanted a new body under the U.N. where they have a strong voice in determining how that money gets spent. Developed countries have wanted to use things like the World Bank, existing mechanism. I think you're going to get a hybrid approach that kind of incorporates all of those different things.

Sen. Kerry put out a bill last night that talked about how the U.S. would sort of run its international financing, and you're starting to see countries, even if they're going to put this amount of money on the table, are not going to give up control over how that money is spent. And they're going to want some sort of accountability to be able to say, this money is being spent well. I mean, just being able to put that amount of money on the table is really hard for developed countries to do, so they need the accountability in how to do that

I think you'll see a lot of progress on technology in terms of the mechanism. They won't answer IPR questions – international property rights questions. I think that's going to have to wait until a later date, but I do think that they're going to be able to put something on the table about having an international technology center under the U.N. framework that talks about how you manage technology transfer. They might set up networks or regional technology centers. The mechanisms for technology transfer will probably be – have the potential to be pretty well-developed under this agreement.

And, finally, on the forestry side, I think they've come up with a very good, sort of, incremental way of incorporating forestry, which is such a huge potential part of emissions reduction, and the offset program that a lot of countries are using to minimize cost for their own emission reduction.

I think they've come up with a good phased-in strategy for making sure that countries have the ability to manage their forests first, and then set up sort of bilateral mechanisms for being able to manage sort of deforestation/reforestation programs and financing that way, and then eventually giving it over to the private sector and these sort of larger carbon markets.

So I think that you get the mechanisms in the financing and the technology. Adaptation is probably another area where they're very well-developed. It's the details of – so how do you determine how this is all monitored and verified? That's the big question – is how do we monitor and verify not only emission-reduction actions but how do we tie financing to those issues, and how do we ultimately make the system workable?

And then the big numbers questions – who's contributing how much money? And I think that what is probably a smart negotiating strategy at this point is to not worry about the level of ambition of those final numbers, and worry about the principles of getting developing countries

to agree to monitoring and verification, and getting developed countries to agree to some of the concerns on the developing countries' side about how that financing is actually put out.

I think if they focus on the ambition of the targets or the ambition of the numbers right now, they'll blow the whole thing up. So I think that they'll probably try and focus on the mechanism portion. And that's probably what will come out of the next two weeks – if they're lucky. (Laughter.)

Q: Do you see any cap-and-trade down the line here? Probably it's not going to happen in Copenhagen but do you see anything within that six to 12 months?

MR. PUMPHREY: In the U.S. or on the global – (inaudible, cross talk).

Q: Yeah, basically, the U.S. But something is a national finding there? Could it be anything or is it just –

MR. PUMPHREY: In terms of the U.S. legislation or terms of engagement with the European system –

Q: Well, we could say it's international but basically it's about U.S. (Laughter.)

MR. PUMPHREY: Yeah, precisely. I mean, you can't get the international without the U.S. system in place. I think it's going to be very tough in the next six months. If health care is taken care of speedily, which seems very difficult, you might get the attention in the first part of the year to a climate bill and cap-and-trade bill, but I think that that's starting to slip away a little bit. So if you extent it out to 12 months, it increases the possibility of getting there.

In terms of linking that into – if you actually get it – so assume you get it – linking it into the international system will really, I think, be a function of how different the European system and the U.S. system are. And so what are the implications for price of carbon in each region, the flow of money between the different regions. So there'll have to be an evaluation of how those systems integrate together before you can decide on exactly how to link them.

And then globally, it'll be the question of offsets. And is it CDM, is it CDM plus different individual country actions as a way to move forward? So there are a lot of questions to be answered. So I think it's going to take some time.

Q: It seems like it's a very small – (inaudible). Do you think it's possible, realistic, that it's going to happen?

MR. PUMPHREY: I think it's possible.

Q: It's possible, okay. (Laughter.)

MS. LADISLAW: Yeah, you know, it's Friday; I'm going to be optimistic. (Laughter.) Only because it's Friday; some days I feel like, no, it's a lost cause.

It's possible. I mean, they get closer and closer in the U.S. Congress, and farther and farther away at the same time. So they make progress in some areas, and then all of a sudden, everyone decides that they don't like commodity markets anymore, and so now we've got to talk about a carbon tax again, which, you know, everyone says we haven't had a discussion about, but we've had lots of discussion. I mean, for people following this issue, these are old issues and we know where they go.

You know, I think that it is possible to get a cap-and-trade program in the United States because the alternatives are so much worse. And I think, ultimately, this is why it's important that President Obama is actually going to Copenhagen, and it'll be really important that if any U.S. congressional leadership can go – if they're stuck here doing health care and they can't go – people are glad that the U.S. sort of gave up this position about, okay, we can't put targets on the table because Congress hasn't decided to do it.

I mean, I think the international community doesn't have a lot of faith in the U.S. Congress right now. (Chuckles.) So what they'd like to see is they need reassurance. They need reassurance that if this gets hard early next year, if this gets hard during the course of next year, that the Obama administration is willing to put political capital behind this on Capitol Hill because they know where it falls on the priority scheme now. They didn't before the president got elected, right, and now they've got some idea of where cap-and-trade falls among all of the other big U.S. priorities.

They want some reassurance – and I think they'll ask them very directly – how much pressure are you going to put on Congress to pass this bill? And if anything comes out of it, I think they'll realize how much people really need the U.S. to put that kind of pressure on Capitol Hill to get the deal done.

There's a lot of horse trading that can go on in a thing like a cap-and-trade bill, so that's the good part. But it looks like they've done a lot of that horse trading and it's still not coming out very well. So they may need to start working out political deals that go outside the realm of cap-and-trade, and that's a whole different level of political discussion, and that does require a lot of White House leadership.

So I think that's going to be the big international message to Obama while he's there, and I think that's primarily the reason why he's going – because they need to show that this isn't just – you put the numbers on the table – but that the day after Copenhagen, he's going to follow up on those.

Q: But if we've run it a little bit backwards, that would mean we don't have any international stuff if we don't have anything here on Capitol Hill on cap-and-trade. And we don't have anything on Capitol Hill on this; we have anything on health care first, and health care is not done yet.

And as you mentioned, I heard that pretty much nobody is going to Copenhagen or miss, like, one day, because they're so afraid that there's going to be some vote out there. So there are

going to be detached from the whole event there, and then they're not going to see and feel the pressure from international leaders. So it doesn't really for me go in the right direction.

MS. LADISLAW: Well, and the other way to look at that is, okay, so the folks that would have gone to Copenhagen anyway have a perspective on it, right? I mean, congressional leadership that are pro-climate change legislation, they know what the international pressure is. I mean, it's not like D.C. has been a vacuum from international pressure. It does insulate itself a little bit. And then folks that would go because they don't support cap-and-trade will be going for reasons of collecting ammunition against the policy.

So I don't think that they're totally isolated from the situation. I agree with you, but I think the other thing to focus on – and this has been a big push for this administration – is climate change is important enough that it can't be a – everything hinges on this one move – right? It can't be an all-or-nothing game.

And so what they're going to do, and why they're bringing, what, four or five Cabinet officials with them, is put on the table everything that's actually happening because they want to make the best case possible.

Even if cap-and-trade fails, this administration has made it very clear that they're going to pursue reduction of greenhouse gas emissions through other options. Now, there are a lot of different options on the table for how to do that –

Q: Which ones?

MS. LADISLAW: Well, they've got the EPA regulatory route that they could do –

Q: Yeah, that one is well-known; are there other ones?

MS. LADISLAW: Well, the other one is that, you know, what happened during the Bush administration was states took a leadership role on climate change, and the folks that are in this administration were very active in that process of getting states to enact their own cap-and-trade programs. So we've got a regional greenhouse gas program –

Q: Oh, so you're going to have the – (inaudible, cross talk).

MS. LADISLAW: – yeah – in the Northeast; we've got one working in the West. If things aren't working at the federal level, the other area for recourse is to do things at the state level again. And that was pretty successful for the time being.

In addition to all of that, there's what they can do with their executive branch authority, which is somewhat limited but I think they've made it very clear that while this is sort of their – the legislative route is their primary option, they do have other routes to go, and they don't want people to think if it fails, all is lost. And I think that is what everyone is afraid of in these kinds of big meetings; is that people will walk away and say, well, it's a wash; let's not do anything. And I think that the issue is too important for that.

MR. PUMPHREY: And I think the other piece on the what to do about it is on the clean energy technology front, and I think there's a pretty broad-based consensus that we need some legislation that is going to push further on deploying technologies. But that will be a piece of it too. I don't think we believe that it's sufficient to get to the levels that we would need to get to, but I think that will continue along as well, and so that's, I think, another piece along at the state level actions.

Q: Yes, can you tell me about the –

MR. PUMPHREY: The support for

Q: Clean coal?

MR. PUMPHREY: No, renewables, efficiency, nuclear, that is now emerging; natural gas, I think, is another piece of it, as well.

MS. CONLEY: I think the two issues for – particularly for Europe – we've been watching and following very closely the ETS – the emissions trading scheme. Learned a lot, and, in fact, we should, again, be grateful for Europeans sort of leading the way. We saw, okay, that's not the best way to go; let's try to do this.

You're starting to see where the regional cap-and-trade markets here in the U.S. are trying to identify ways – it's very, very limited because we don't have a national infrastructure in place – so I think some of that is starting to naturally happen.

But one thing I want to pick up on Sarah was saying, it's about the comparability, globally, of going down this road of emissions reduction. While we praise Europe for its leadership role, you've got to start being a little cautious and concerned that it gets too far out ahead, it starts doing things, it's going to be at a potentially economic disadvantage if others don't share that.

So there is a huge incentive for everyone moving along. Some will be faster than others but the caution here is you don't want to get too far out ahead. You don't have that international system to link into and then you start building some economic challenges into a system that, again, Europe economically is going to struggle, we believe, in the next six to 12 months with some of the lingering effects of the global economic crisis. And you're already starting to see that dynamic as they talk about how to pass for either the fast-track public financing or in the longer term – that mechanism – so this all, I think, plays a part into it.

Q: I wanted to ask the panelists what their views are on the roles of regional blocs, like Africa, in these negotiations. Do they side with the Chinese in the end, or do they go their own? And to what extent is their participation a huge factor in how other countries negotiate?

MS. LADISLAW: The G-77, which is led by China but has, you know, most of the developing countries in it, has been a huge force in the negotiations. And, I thought,

interestingly in the last couple weeks, you saw when China came out and sort of gave their emission-reduction pledge, everyone – it's very interesting – in the international community, was very paranoid by this bilateral U.S.-China cooption of the whole U.N. process.

The other option here is if this whole Copenhagen process develops into something that looks like, you know, the Doha Round of the trade negotiations, that big countries will sort of bloc off and go do their own thing. And I think developing countries, especially lesser developing countries, are really concerned about that because they don't want to get left out of those discussions because the potential for financing here, which a lot of them really need, is actually quite large.

And so once China kind of came out and gave their emission-reduction pledge, and the United States had already done it, they quickly sort of had – which was a pre-planned meeting – but they had a meeting between China, India, Brazil, Sudan, South Africa representing sort of that G-77 bloc to make sure that they get back together and that they sort of operate as a bloc.

And so I think that these regional blocs are sort of divided among developed country and developing country. I think other regional blocs come into the group to say, hey, this is what we're doing in Asia; or, this is what we're doing in North America. Like, they kind of come together and sort of try and say what they're doing – but that's more sort of along the sidelines.

Really what happens is it divides between the G-77, the sort of Kyoto ratification countries in annex one, and then there's the United States – and certainly Canada and Australia have typically been on that side. I think what you're seeing now is sort of the developing country/developed country divide solidifying a little bit to make sure that they sort of keep those blocs intact because those were really the ones that, you know, have sort of a lot of negotiating weight.

But the other way that it comes in is that the third major player in all of this has been the NGO community. I mean, the information and persuasion that they bring to the table is really – you know, greases the wheel – or, actually, makes the process what it is. And to the extent that they come in and they represent a lot of regional groups, what their interests are, what these lesser-developed countries' interests are, I think that that plays a huge role in trying to say, hey, listen, by the way, there are countries for whom this is an existential question, right. And so we need to make sure that their interests aren't lost in the big power politics of it all.

Q: This line open for two-way?

MR. PUMPHREY: Yeah, absolutely.

Q: Oh, hey, it's Pete Spotts with the Christian Science Monitor.

MR. PUMPHREY: Hey, Pete.

Q: Hi. I had a couple of questions, if I may. Yeah, to get back to the verification thing here, certainly over the last couple of weeks on these – (inaudible) – thing, we get e-mail issues

that argues, if nothing else, for greater transparency. How would you – how do you envision a verification regime? What would it look like in order to ensure sort of a maximum amount of transparency, and is this something, again, that with, like, financing have to be sort of done at an international level if the actual actions countries take are sort of done at a national level and kind of a pledge and review basis? What would the verification setup – what might it look like?

MR. PUMPHREY: I think that's going to be one of the key questions for the next round of negotiations, and there are many different ways that you can do the verification. A lot of it's going to be building the trust amongst all of the players that whatever entity you put in place has the capacity to do it and will be honest about the process.

So I think that you're going to need some type of organization that will be recognized as adequate to do the job, that will be accepted that will come in and be able to review the actions being taken and report back to the international community, and there's a lot of debate of whether that's somebody at the United Nations level, where you probably at this time don't have the capacity, or is it something like the international energy agency, which has got the capacity, but it's made up of the developed countries, so it may not have the acceptance? But I think that it is one of the key questions that – for developed questions I think you see in the U.S. to beat now, it's going to be critical that you have a verification system in place that people can trust.

Q: And the second question has to do with our domestic legislation. The more it moves into next year, what is the danger, frankly, that it basically gets – I mean, we're in a congressional election year, and again, not to belabor the e-mail, but Republicans are already trying to use those to at least argue the EPA should not be making any move until the EPA's conducted its own investigation on the allegations – (inaudible).

What sort of – I would imagine in some respects, wouldn't it be that there'll have sort of a later, end of the year, we go without having actually enacted the legislation yet – (inaudible)?

MS. LADISLAW: Pete, this is Sarah. Yeah, hi, back on your verification question for a second, and then I'll get to the second part. The way that they do it now is that countries have to – developed countries are responsible for having to sort of convince their own sort of monitoring and review process, and sort of report those numbers, and then if the U.N. sort of reviews them and kicks them back, developing countries don't have to do that.

The – I think what you're going to see is sort of an incremental approach where they allow that to be sort of the verification process, even though they'd like to see something much stronger than that. They're just – it's going to be hard to get. So just agreeing that some of these major emerging developing countries are going to have to report more often, and that people are going to have to build capacity, because a lot of people don't have capacity to do the reporting, that the reporting and review process will look a lot like what you've got under the Kyoto Protocol right now.

The other, second way that it can fit in there is, when you see a lot of how these countries are trying to execute the financing, they have built-in review mechanisms. I mean, if you're going to get money for deforestation through a bilateral program with the U.S. that gets U.S.

funding, there is going to be a monitoring and review program to access that money. So it's sort of sneaking in from the side as well.

On the question about if it's going to get harder, the conventional wisdom is that the later you wait next year, because you're in a congressional election season, the harder it gets to actually deliver on that. There – you know, I was at an interesting conference the other day where people said, well, why is that necessarily true? And I think it all depends on sort of how the climate discussion fits in at that stage. Right now, you're seeing a lot of people sort of tied up in other discussions. If you still have health care looming out there, if you still have a lot of these issues that are currently taking up the political agenda, I actually don't know how much it's going to matter one way or the other that you're trying to deal with this climate agenda.

If those – some of those things had cleared off the table and they're front and center, it sort of depends on how different states and localities view green jobs, because we have to remember that the climate bill in the United States is not being sold on climate terms, it's not being sold on energy-security terms, it is clean-jobs opportunity. And it – the jury is still out as to whether or not the American public believes that. Heavy manufacturing industries feel threatened, agriculture is kind of divided between how they feel about it, but a lot of local communities are starting to see as a result of the stimulus money new jobs come in, in this sort of green technology opportunity side, people just don't know whether or not that's a net opportunity or a net loss for them.

So I think that politicians are going to make a very shrewd political calculation about whether or not their constituencies feel that there are benefits, and I think that that will have a large role to play. And I think that the whole scientific discussion will likely blow over in maybe a few months. I think that people are going to kind of continue to watch how the process is investigated.

But you've got to remember, you know, the way that sort of this international consensus was reached was not based on what one group of scientists did in one area of national sciences. It was based on all of the science that was out there brought together by all of these different communities of scientists to try to come – to try and come to some sort of broader international consensus. So I think that everyone is able to find whatever they want to see in that – in this current scandal. But it's – in this town it's not playing as high as Tiger Woods and the White House State Dinner party crashers – (laughter) – so –

MS. CONLEY: All things are relevant.

MS. LADISLAW: Yeah – (laughter) – it'll blow over too.

Q: Yeah, well, and of course this work is actually – this climate, really – the work's been going on for over 100 years. It's brand new, so. Well, thank you very much, I appreciate the opportunity to ask questions.

MR. SCHWARTZ: Now, I wanted to follow up on a question along those same lines. You know, the president, the secretary of state and even the secretary of defense this year and

during the campaign leading up to the election all talked about how their administration would be an administration of smart power, where they would wage smart power. Isn't this one of those ultimate tests of smart power, and are we failing that test?

MS. LADISLAW: It's an excellent question. (Laughter.) They would like to be – they would love to be able to deliver better on it. They would love to be able to do it. They have done everything that they can think of to put their best foot forward, and whether or not Congress is going to let them pass this legislation is the single biggest thing holding them back. I mean, I think that that's – they feel like the change that they have made in 11 months has been so drastic.

While all those folks that worked in the Bush administration say, guys, this is what we were telling you all along, this is a hard thing to – for those who actually wanted to do something about this. I think that they really want a chance to prove that this sort of new economic opportunity, engagement on climate change, very much along the lines of what the Europeans have done, this is where they want to be. And unfortunately, 4 years, 8 years isn't even enough to get you down past to showing that that's possible, which is the tough thing about the energy and climate game.

But they are really trying to do everything that they can to get on that pathway. It's just – it's 10 months, it's a hard thing to do with everything else that's going on. So I think they themselves are probably a bit underwhelmed with what they've been able to deliver, but they were shooting for the moon, quite frankly. So they're trying to put it in a new perspective.

Q: No, I guess I have one final one, if I may. One quick – you know, I can imagine people going back and looking at some of the Bush administration approaches, carbon-intensity targets, economy. Well, that's – and for understandable reasons, as we're talking about developing, major developing countries. And now we're talking about perhaps nationally binding rather than internationally binding agreements or mechanisms with some international regime over financing and perhaps verification, maybe.

But in effect, at least for the end of the administration – of the last administration – yeah, they were arguing, well, who says we don't have legally binding stuff? We've got the new fuel-efficient gas we put in, yada, yada. So I could imagine some people kind of saying, wait a minute, if that wasn't good enough for the past administration, how come that's kind of where we seem to be headed anyway?

MR. PUMPHREY: No, I think it is a good point as to how far are we getting, but I think taking up on Sarah's point, there has been a lot accomplished over this year with the – and I think you're mentioning the fuel-efficiency standards, the stimulus funding that has been directed into a renewable energy, energy efficiency and other areas.

So I think there is a track record that will be highlighted when they get to Copenhagen to say, we haven't succeeded on this one thing that we've laid out there in terms of price in carbon, but we have succeeded in moving the ball in a way that hasn't happened in previous administrations, and we did that in a very short period of time.

So it was really all taken care of in the first half of the year. So I think there are – the ball is being moved forward, but it's going to have to require sustained effort, and probably the biggest problem is going to be without a mechanism in place like cap-and-trade or – potentially of carbon tax or something that motivates private-sector money into this, it's going to require continuing infusions of government money, and with the deficit situation the way it looks, that's going to be very hard to sustain over a longer period of time. So you have your shot with the stimulus; it's not likely that you'll see another shot like that out of government funding. So I think it's going to be, how do you contain – continue the momentum that's been built up?

MS. CONLEY: Just again chiming in from the European perspective, as the approach to Copenhagen sort of looks like, again, coming more from the national level, here's our targets, here is the legislation, the verification mechanisms, do you in fact by doing that erode sort of the U.N., again, that legally binding effort? And for the Europeans that process is important.

Results are critical too, and I – they're not going to dismiss that, but again, it's getting the UN engaged in this process, seeing them – and that's, I think, a concern that as we sort of go into blocks and we try to achieve it nationally, are we diminishing a larger multilateral role?

And this is, again, where the Europeans saw where the Obama administration is very dedicated to the multilateralism. In fact, are we starting to erode that by choosing this new process? And again, to David's point on sustainability, this is where, again, sort of a compare-contrast between Europe and the United States. They have had a more sustained policy of investing in the R&D elements, developing the clean technologies.

In the United States, we've had fits and starts. We start, there's not enough time to develop, another administration with another set of views stops. It's a stop-start process, and I think what Sarah and Dave are pointing to is – and what we've seen as far as progress in Europe, you have to have a sustained national consensus to move this forward. We can't do the fits and the starts.

And the stimulus money, the challenge of that is that it ends September 30th of 2010, and then what happens? And I think getting the private sector engaged, they need to see some very strong signaling that this will be a sustained policy, and I think again to the job summit yesterday and things like that, this climate of uncertainty is starting to factor into larger economic issues, the small and medium-sized business here, the innovators who would do the green technology. And you know, they're starting to have some doubts, so more conversation to come on that.

MS. LADISLAW: Yeah, Pete, I'd just add, it's a great question that – a lot of what's going on with Copenhagen is optics, right? I mean, optics and ambition matter a great deal, and so people don't have to actually deliver on the targets they present, which is largely the criticism about Europe, is you can promise anything you like, walk away, look like a hero for a while and we won't know for five to 10 years whether or not we should call you out on it.

Q: And for Australia.

MS. LADISLAW: Yeah – (laughter). And for Australia. Their timing was awful. But I think that – but I think the point is, so why is – if this administration isn't able to put much more on the table than the Bush administration was able to throughout sort of their 8-year period, I think the two things you have to take into consideration is, one, that they want to, their desire is to do more, and that's seen as a key difference; and then two, that what one administration was able to do over 8 years versus what the other was able to do in 10 months has to be sort of taken into consideration too. And so I think that the people – where people still sort of make that comparison and look askance at this administration is that they're surprised at their level of pragmatism.

But I think that that – and I'm not trying to get out sideway lane here, but I think that's happening at a lot of policy levels right now, is that if they got what they wanted and were able to pass what they wanted, it would look a lot different than what's in current legislation. And so people are really trying to sort of probe them at the international level and say, how much do you want? I mean, we had the campaign rhetoric, which was very lofty, but now in governance terms, what does that mean? And so I think that that's sort of the differences you've got to look at when comparing the two.

Q: Thank you.

Q: You keep saying that that's all, we haven't done a lot, and the SENTECHs and fuel-efficiency thing, but can you get a bit more detailed so I can report and tell, this is what they've actually been doing? (Laughter.)

MS. LADISLAW: Yeah, a good thing to do is also to check out the press packet. The – when they made – the day they made the announcement of the 17 percent reduction, they laid out essentially what it was that they've been doing, and it includes \$80 billion in stimulus money for green energy and energy efficiency in technology; it includes an energy-efficiency improvement above today to buy – I think it's like 36 gallons, 36 miles per gallon from today's 27 or 25, depending on how you measure it.

In addition, raising sort of efficiency standards through the regulatory process that they have through the Department of Energy, sort of starting the EPA regulatory process as well. But the spending, I mean, alone, sort of the \$80 billion in spending is more money in a short period of time than any government in the world has ever spent on this issue.

And so they're putting sort of all of those things forward as sort of the steps they've taken, in addition to sort of the Major Economies Forum, which is all of the major emitting countries that they've been engaging with, and they're about to come out with technology plans, this new technology center that they've created with China, the one they're going to start with India, what they've done in the Western Hemisphere. So they're trying to just put all of these things on the table as sort of examples of what they were able to do in a short period of time. I don't know, did I forget any? I probably did. But they've got them all done, so – (laughter).

Q: Thank you, yeah.

MR. SCHWARTZ: Great, well, thank you very much for coming today and we will have a transcript out of this briefing later. If you have any questions in the coming days leading up to the Copenhagen Summit and also during it, please contact me. You'll have my e-mail, and thanks again for coming.

(END)