



**“We Are Each Other’s Solutions:  
Climate, Energy, and the 21<sup>st</sup> Century’s  
Indispensible Partnership”**

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Good morning, ladies and gentlemen. I’d like to begin by thanking the organizers for convening such a remarkable group of participants for an event that could not be more timely. It is a privilege to be here today and I welcome the opportunity to address what I consider to be a vitally important set of issues that lie at the heart of the most important relationship in the world: that between the U.S. and China. It is, I believe, a relationship that will define the 21<sup>st</sup> Century and the decisions we make together on the issues we are here to discuss at this event—climate and energy—have ramifications that will resonate far into the future.

Given the exceptional nature of the participants you have heard from yesterday and today, I want to be very careful. At this forum, there are world-class experts in green technologies discussing innovations they themselves are driving. There are top business leaders discussing the projects that are transforming those innovations into realities—projects for which they are responsible. There are top energy and climate policy officials discussing the sensitive negotiations in those areas in which they are playing a central role. Given the quality and qualifications of these speakers in each of these critical areas, I know that I should find something else to talk about.

Given my background and experience, I think the place that I can add the most value this evening is by trying to place some of the core issues we are discussing at this conference in a broader context. Because while I see the technological, scientific and economic dimensions to the discussion of combating climate change and embracing a new energy paradigm, I also see these issues as having profoundly important impact on the U.S.-China

**relationship generally and on a set of vital international security issues in particular.**

**I say this for several reasons, but in each case I find that despite clear differences between us, the shared interests of China and the U.S. are far greater. Indeed, on issue after issue, it is striking to note that by finding common ground, our two countries can ensure that solutions are achieved...but that if we fail to find it, we more than other countries will be responsible for what crises emerge. Thus we are bound together by both responsibility and opportunity as we have never been before.**

**Take just the most important national security dimensions of the energy and climate issues that we jointly face:**

**...the very real national security threat posed by climate change if it goes unchecked...rising sea levels displacing tens of millions of people in Asia and worldwide...droughts triggering starvation and mass migration...and conflict over the availability of water and other scarce resources.**

**...or what about how vulnerable both nations are as a consequence of our dependence on foreign energy sources and how that ties us to the problem currently roiling volatile regions worldwide.**

**...and we cannot forget the relationship between the energy choices we make and the challenges associated with nuclear proliferation.**

**Each of these areas are top national security concerns for both the U.S. and China and I believe in each, careful analysis offers one striking conclusion: while we may start from very different places... while we have national interests that will unavoidably produce tension from time to time... in each of these areas we are each other's best solutions. In fact, I would go further: China is much less likely to achieve her goals and the U.S. is much less likely to achieve ours, if we do not consult, work closely together, collaborate and find common ground.**

**This is quite a departure from recent history. The second half of the 20<sup>th</sup> Century was defined by a rivalry between two pre-eminent powers in which for one to succeed, the other had to fail. On the great issues of this century, its two great powers—the United States of America and the People’s Republic of China—are so interdependent that we must succeed together or we will certainly fail together.**

**This reality is clear even to the superficial observer.**

**-- If climate change is to be halted, it cannot be done without cooperation between the world’s two biggest carbon emitters...which of course, are our countries.**

**-- We are the leading energy consumers, as well, and thus we will play a decisive role in shaping global energy demand. Through our policies and investments, we will play a decisive role in determining which new technologies take root and enhance our energy security.**

**-- And for geopolitical reasons, we are perhaps the two countries most essential to forging any new global agreements on non-proliferation and to enforcing existing agreements.**

**But if you look deeper below the surface -- look at some of the core concerns being discussed at this conference -- you also can see clearly the imperative of finding a way to work together effectively.**

**Let's take a few examples:**

**It is clear to all with whom I have spoken in both governments that our dependence on oil and coal exposes each of our countries to the same risks. Both economies have immediate sensitivity to volatile commodity price swings, which we felt so acutely in the summer of 2008, and which preceded our global economic crisis. In fact, four of the last five US recessions were preceded by an oil price spike.**

**More significant is our strategic vulnerability to supply shocks, which could be caused by anything from natural disasters to geopolitical incidents. This not only puts us at risk of being drawn into some of the world's most intractable conflicts...but worse, it puts us at risk of being at odds with each other within those conflicts. Sometimes the narrow pursuit of self-interest creates risks that wipe away any gains that might be achieved. Trading access to oil for a world that is more exposed to the prospect of nuclear proliferation is one such dangerous trade-off. There are of course, many others and we should work diligently together to avoid them all.**

**In the same way, our current dependency on foreign oil, traps us as competitors for a finite and limited resource that is central to our economic and social health and security. China has been the fastest growing major economy for the past 30 years and with this tremendous growth has come surging energy demand – more than doubling in the past 20 years. In the US, while the energy intensity of our economy has been decreasing for the past 40 years, we are today the world's largest consumer of**

energy and our overall energy demand is projected to increase through 2030. Do we make the 21<sup>st</sup> Century an era of competing for control of resources in Africa, the Middle East, Central Asia or Latin America...or do we work together to help reduce our demand for the resources from these areas because it benefits us both?

There is a better way. The US and China are already leading the world in the development of critical technologies for our future and working together we can achieve exponentially more, both in terms of the pace and productivity of our innovation. Fortunately it is clear to me that both of our governments recognize this...as do the leaders from our business and scientific communities.

From clean coal and CCS to new renewable energy technologies to second generation biofuels like algae to energy efficiency, there is a tremendous amount of public and private activity occurring in our countries that must be leveraged to reach our goals. Further, as both our governments invest massive sums



into restarting our economies, including a combined \$340 billion in green stimulus already committed by our two governments in the past year alone -- over two-thirds of the amount committed worldwide -- there is an opportunity to target this investment into areas of energy research and technology deployment that could be truly transformative.

For example, China and the United States, as two of the largest users of coal for power generation, are already invested in some of the most advanced programs for capturing carbon. Some have questioned whether it is possible to capture and store carbon from a commercial scale power plant, but in fact coal gasification technology can capture carbon in large volumes today and oilfield services companies are convinced safe permanent storage is possible. It is therefore critical to prove both the capture and the storage technology at commercial scale.

A next logical step -- and one that would send a strong signal to the world in advance of the Copenhagen conference -- would be

for the two countries to enter into an agreement under which they will cooperate actively to promote IGCC with CCS in both countries.

In renewable, the recent agreement between First Solar and the city of Ordos in Inner Mongolia to build the world's largest (2 gigawatt over ten years) solar power plant was groundbreaking, and captures the potential of U.S.-China energy cooperation. This shows visionary leadership among not only First Solar, but also government leaders in Inner Mongolia and key organizations like the National Energy Administration. It is an area where both countries' objectives are very much aligned, and I see significant opportunities for innovative companies like First Solar to contribute to this growing relationship. But this cooperation represents only initial steps in a long journey. To realize greater energy and environmental outcomes, we must continue to encourage top level government support for bigger projects and more systematic cooperation that ascends above the city level.

And while it is possible to consider these and other promising technologies in the context of meeting energy demand or generating important job growth that both our countries desire, we should also hear the subtext: Increased energy efficiency, increased ability to harness clean alternative domestic energy sources...these are solutions to major security challenges. You may think of them in terms of a new factory or cleaner air...but also think of them as reducing the leverage of oil producers, of reducing the flows of funds to those who support terrorism, of reducing our vulnerability to price fluctuations, and of reducing the prospect of dangerous resource competition.

We must be realistic, of course. For all the promise, there is clearly no shortage of obstacles to vibrant and sustained cooperative action between our two countries. There are still many issues on which our countries do not see eye to eye, from remaining financial and trade issues to how we deal with rogue and unstable states. Going into the Copenhagen climate talks, our positions on central issues such as binding emissions caps seem to be diametrically opposed... and one need only look at

the debate in the US Congress over proposed climate legislation to see the protectionist and nationalist rhetoric that has emerged over unilateral US action and the very real risk of border adjustments that could wreck havoc on our global trading system.

But if the history of our two nations teaches us one thing, it is that we should not turn away from the most promising path just because it contains many obstacles. Our differences on the terms of a potential global climate deal may be significant, but they are far from insurmountable if both our nations recognize both our responsibilities and the benefits that such a deal will bring. And, we should gain considerable impetus toward finding a solution if we recognize the costs of failing to do so.

Global warming may be the greatest threat facing humanity. If it is not, proliferation of nuclear weapons technology may be. Conflicts in oil producing regions may be the most urgent problem facing the world today. And conflicts over traditional

energy sources or water may create the most urgent problems of tomorrow.

Paradoxically the solution to all these security threats is for our countries to become less dependent on foreign -- and “dirty” energy -- sources...but the path to less dependency on the energy front and to preserving the global environment demands that we embrace the idea of our growing inter-dependency. It is not a threat. While it often takes on the appearance of being a riddle, it is actually a solution. As I said at the outset, we are each other’s solutions.

Together, we can make a global climate agreement a reality... Together, we can make carbon capture and sequestration practical and affordable and our abundant coal resources therefore usable... Together, we can share insights into how to become more energy efficient...into how to make the rapid urbanization of the decades ahead a process in which we build efficiency into each new city block that gets built... Together, we can make solar and wind more affordable and produce

**smaller, cheaper, longer lasting batteries... Together, we will determine the future of vehicle electrification and smart grids... Together, we can cultivate safer nuclear options.**

**Together we can do all these things. And if we do not collaborate, each goal is much less certain...each is more distant...each is more costly.**

**For us...for the world...that means that the two countries that could emerge as this century's greatest rivals are also linked by what could be...what should be... this century's greatest partnership.**

**Back when I was President Clinton's national security advisor, I often spoke of America as the "indispensable nation." A lot has changed in just a decade. And so while I still believe my own country has a unique and vital role to play in world affairs, I can't help but recognize that this is a century in which peace and prosperity and the solutions to some of the greatest**

challenges we face will turn not on the actions of any one nation...but on those of an indispensable partnership.

However challenging that partnership may be at times, our common future depends on our commitment to getting past what threatens to divide us and on maintaining an eye on all that can unite us, lift us up...and in so doing bring benefits to friends and allies worldwide.

Thank you very much.