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BACK TO THE FUTURE

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PARTICIPANTS:

Welcome:

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President
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PART I: INTERNATIONAL CLIMATE DIPLOMACY

Keynote Remarks:

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Special Climate Envoy
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Panelists:

WILLIAM ANTHOLIS
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President, Pew Center on Global Climate Change

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P R O C E E D I N G S

MR. TALBOTT: Good morning, everybody. Everybody got some coffee or the moral equivalent?

I'm Strobe Talbott, and it's my great pleasure to welcome all of you here for an event that I don't really think could possibly be more timely and for that matter more important than this one today. And I want to thank all of you for coming on behalf of my assembled friends and colleagues from the Brookings Institution as well as some outfits that we're partnering with as we tackle what are essentially five topics that have a very compelling nexus, particularly at this point in the life of this city and our nation and our world. And that is energy, economy, climate, politics, and diplomacy. All of these are coming together in a very high stakes way.

By coincidence, we have five research programs at the Brookings Institution. We have a program that concentrates on the American economy, a program that concentrates on the global economy. We have a program that does a lot of work on what once upon a time were called urban issues and what we now call metropolitan issues. We have a foreign policy program which is itself, I think, kind of an atavistic word. We really ought to call it a life-in-a-globalized-world program. And then we have a governance program which looked at how to make more effective the institutions of American democracy.

The lights are now turning up, so I'm now blinded and I can't see any of you, but I assume you're all still there.

And the reason I run through that little bit of parochial lore, namely, the Brookings unlight goal as divided into five parts, is that all parts of Brookings are working on the nexus of energy and climate. We call this an all-Brookings priority,

and we do that for reasons that I don't think probably need any explaining or justifying here.

Dick Gephardt, a guy who spent a lot of time in this town and who knows both the politics and the commerce related to the issue that we're discussing today, once said that the transition from a high carbon economy to a low or no carbon economy is going to constitute the most complex political transaction in the history of mankind. You could arguably say that the same superlative applies to our attempt here in the United States to begin -- and I stress begin -- making that transition.

And that has quite a bit to do with the immediate context of the issues that we're going to be talking about today, which is what is happening legislatively here in the nation's capital. And I think we should see the Kerry-Lieberman bill very much against the backdrop not just of the hugely important global issues that we're going to be talking about, but also against the backdrop of a national catastrophe, which is to say the oil spill off the Gulf Coast and, of course, the biggest economic downturn since the Great Depression and one of its immediate and all too persistent consequences, which is severe unemployment.

So because the two senators have put forward their bill against that backdrop, they have understandably given it the name "The Clean Energy Jobs and American Power Act." That is to say they are stressing it as part of a cluster of remedies for doing something about the problem of unemployment, doing something about the challenges to the export sector of our economy, our loss of competitiveness with a number of countries. China and Germany come to mind, who have made great strides that we, the United States, have not made in the export of green energy technology and taking advantage of the new global market

in these areas.

So there are two fairly important overall questions that loom over the discussion today. One is, how do we find the right formula for coming up with a recession-proof and meaningful new legislation that will address the challenges both of energy and independence and also beginning to get a grip on the problem of climate change.

And, second, how do we take action as a nation that will employ our President and our Executive branch -- and I might add the gentleman we're going to hear from next from this podium -- to exercise American leadership on this issue around the world where all countries, developed and developing, are looking to the United States in two respects: One, they want us to demonstrate responsibility since we bear, historically, a huge responsibility for the problem itself, but they also are looking to us for leadership and example as we try to put together some sort of global deal. And that is an issue that came into heightened focus with the Copenhagen meeting of last December and is coming at us again as the administration and other governments around the world prepare for a follow-up meeting in Cancun.

If you will permit a slight plug for a personal project at Brookings, Bill Antholis, who's down here in the front row and who, along with Eileen and Bruce Jones, will be part of the first panel after we hear from Todd, he and I have just published -- we got our first books on Friday -- a new book called *Fast Forward: Ethics and Politics in an Age of Global Warming.*

It is available, but I can summarize it in a sentence, which means I hope that doesn't substitute for your looking at it. And that is that for 20 years we, the international community, have been seeking, through a process that was very

much under the aegis of the United Nations, a legally binding treaty that would commit all major emitters to strict schedules of de-productions. And to make that 20-year very long story short, it hasn't worked.

And it hasn't worked anywhere near fast enough to keep up with the pace at which a climate change itself is coming at us, which is one reason our modest recommendation is that we, collectively, need to hit the fast forward button in order to accelerate this process, and that does not mean putting the United Nations out of the process but it does mean relying much more on more informal and selective mechanisms particularly ones that would involve cooperation and coordination between and among the United States, the European Union, China, and India.

We have an excellent lineup of participants, and we hope that as many of you as possible will stay until 4:00 this afternoon. We're very glad to have two alumni of The Brookings Institution who are now in public service, who will be with us today.

We've got David Sandalow of the Department of Energy. It wasn't that long ago that David would show up for work at The Brookings Institution driving an all-electric plug-in vehicle, a test model provided by a company that's gotten a lot of attention recently, and that is the Toyota Corporation. And David wrote a book on plug-ins and did a lot of great work at Brookings, and he's now back in the government doing that.

We also have Doug Elmendorf, who was previously of our Economic Studies Program and who, of course, has now head of the Congressional Budget Office.

And then there will be a panel, the last program in the day. And I

would very, very strongly urge as many of you as possible to stick around for that because I think this panel is really going to tie things together. And that's going to be moderated by Ted Gayer, who is the co-director of our Economic Studies Program, and who has personal expertise on climate change because of the work he did in the Treasury Department during the Bush Administration.

We're also fortunate to have two of our trustees at Brookings, who are sort of like player coaches in the NHL. They're part of the governing structure of Brookings, but they also have deep substantive knowledge which they're going to share with us today. Dan Yergin, who, as you all know, is a Pulitzer Prize winning author and founder of CERA -- initials I don't even need to translate for a group like this -- and who has done a great deal of work while at Brookings helping us with issues like energy security. And he was very helpful to Bill and me on our book on climate.

Then we also have Shirley Jackson, the president of RPI and also the former head of the Nuclear Regulatory Commission, who will be speaking to us as well.

Finally, I just would like to thank you, Todd, Todd Stern, for being back here to get us started on an authoritative note that will put the issue that we're talking about in a global context. I think all of you know that Todd has a background in law and also in one of the best and newest think tanks in Washington. That's the Center for American Progress.

But more to the point, he is a veteran of the diplomacy of climate change. I guess you can't quite say, Todd, that you were present at the Creation, but you must feel like it. You certainly have been present at the frustration, and you've been heroic and persistent in getting us from Kyoto to Buenos Aires, to

Copenhagen and past Copenhagen, and taking us on the road to Cancun and beyond.

He is the lead U.S. negotiator on this issue and it's my pleasure to turn the lectern over to Todd, and then I'll join him for a little bit of a conversation with him and with you after he finishes. (Applause)

MR. STERN: Thank you very much, Strobe. Thanks to everybody for coming today in the rain. I appreciate it. I'm very delighted to be here today. Brookings does terrific work on this issue, obviously as well as so many others, and I want to commend you and for putting this event on and for the intellectual leadership that you and my old partner in crime, Bill Antholis, demonstrate day-in and day-out on these issues.

So let's turn, then, to the business at hand. Five months ago this morning, Barack Obama arrived in Copenhagen to join Hillary Clinton, rolled up his sleeves and together with the likes of Angela Merkel, Kevin Rudd, Nicolas Sarkozy, Meles Zenawi, Mohamed Nasheed, Felipe Calderon, and many others salvaged the Copenhagen Accord from the chaos and dysfunction in which they had found it, producing the short but meaningful Copenhagen Accord.

The good news was that the Accord, while hardly perfect, represented a significant advance in a number of respects. The bad news was that the conference of the parties to the U.N. Framework Convention refused to endorse the Accord because a small but vocal contingent objected. The issue for us now is where international climate change negotiations stand today and where we are headed in 2010 and beyond.

In addressing this broad topic, I'm going to focus on three central questions:

First, can we move to the kind of new paradigm for climate diplomacy that we need and that is foreshadowed in the Copenhagen Accord?

Second, what does the United States need to do, domestically, in order to move negotiations forward.

And third, can the U.N. Framework Convention on Climate Change remain the central agent for international progress and action to address the climate challenge. And on this last point let me say we think that it can and should.

So let me turn to the first question. We can only understand the challenge of moving to a new paradigm if we start by focusing on what came to be accepted by many, although not all and not us, as the old paradigm. That old paradigm held that the world is sharply divided into two camps that never overlap and never evolve, developed countries and developing countries, as they were defined in 1992 in the Framework Convention. With all real obligations to address climate change accruing to the developed countries. The Kyoto Protocol has often been read to enshrine this division.

Further, the frequently, the most frequently cited principle in the Framework Convention, common but differentiated responsibilities and respective capabilities, is often invoked for the proposition that developed countries must undertake legally binding commitments to reduce greenhouse gas emissions while developing countries may but are not obliged to take voluntary measures. And developing countries have commonly read the negotiating mandate for the Copenhagen discussions, the Bali Action Plan, as further codifying this division.

Now, there are multiple problems with this old paradigm. First, it is simply wrong as a matter of textual exegesis. In addition, it is fatally flawed both substantively and politically as a foundation for the future.

Starting with the text just a couple of points, and I promise not to bog down here, so just stay with me for a short minute. First, the conventional wisdom that developed countries have legally binding requirements while developing countries are free to act or not on a purely voluntary basis is a pure myth. Both categories of countries have legally binding obligations under the Framework Convention and, indeed, under Kyoto. The obligations for developed countries, especially under Kyoto, are certainly more specific, but developing countries are actually legally bound. They have legally binding obligations to formulate, implement, and publish their mitigation programs to cut emissions.

Moreover, the idea that common but differentiated responsibilities requires a different regime for developed and developing countries on every particular, whether mitigation. transparency, or any other issue is again completely unfounded. On its face the phrase expresses the notion of a continuum of responsibilities and capabilities among countries and is completely sound in that respect. But it does not legislate an unbridgeable divide between developed and developing countries; it does not prevent differentiation among developing countries or indeed among developed countries. It does not say that China should be treated like Chad even though it's capacities are closer to many members of the OECD. It does not say that the lineup of countries in 1992 can never evolve.

And more important and most important is that it does not trump the core objective of the Framework Convention itself, which is that we must act to avoid dangerous climate change.

Now, beyond the fact that the text does not actually support that old paradigm, the paradigm is also unworkable as a matter of substance in politics. Most fundamentally, you cannot address the climate challenge by focusing only on

developed countries. Right now developed countries accounts for about 45 percent of global emissions. By 2030 that'll be about 35 percent. You can't solve the problem on that basis. Instead you need to start with the 85 percent of emissions represented by the major economies and build out from there.

Moreover, as a matter of political reality, you could get no support in the United States -- and I would argue you shouldn't get support in the United States -- for a climate agreement that required action of us but not from China and other emerging markets.

Now, the Copenhagen Accord is significant above all for two years: first, it started moving toward a new paradigm in which all significant emitters are expected to act and to act transparently; second, it included landmark provisions for financial assistance to poor countries.

Under the Accord so far, some 78 countries have submitted targets or actions for listing in the Appendices to the Accord. It reflects a bottom up architecture that was first proposed by Australia based on countries committing the measures that are rooted in their own domestic programs. We would argue that that's the only practical way forward if you mean to include all significant economies, because no across-the-board, top-down target would be acceptable at this stage to most developing countries, and indeed it would not work well for us either.

The Accord also included provisions making clear that transparency requirements apply to all countries. The question now is whether we are going to continue moving forward toward the new paradigm that the Copenhagen Accord started sketching out. In our view, such an agreement would include domestically-derived mitigation commitments for all the major economies and as many others as

possible.

It would include robust transparency provisions for all countries, both so that we're able to keep track of how we are doing in reducing emissions globally and so all countries can have confidence in the mitigation commitments made by others. And it would include far-reaching provisions on funding so that developing countries, particularly the needier among them, are given the kind of support they need for both adaptation and mitigation, and such support needs to include assistance both for acquiring and using technology and for the means to avoid deforestation.

Would this agreement be legally binding? Our answer is that it should be as soon as that result is achievable. We have made our support for a legal agreement clear for more than a year as long as the agreement is legally symmetrical, by which I mean that the same elements are binding on all countries except the least developed.

Second agreement should be our goal. At the same time let me say, that if that goal remains out of reach for some period of time, we should not sit on our hands. A great deal can be done on every core issue of negotiations even before an ultimate legal treaty is signed.

This, then in our view, is the basic bargain of the new climate architecture as we see it. It is grounded on the need to take action that can actually address the problem. It pushes countries to deliver, but does not insist on promises that can't be kept. It understands the fundamental imperative of development for developing countries. It recognizes the need for large-scale assistance to many countries around the world. It acknowledges that a regime premised on an absolute separation of responsibilities based on a snapshot of the world in 1992

makes no sense, and it's committed to meeting the single most important objective of the Framework Convention, as I said before, to avoid dangerous climate change.

Can the conference of the parties embrace this new architecture? It certainly could because the architecture is flexible, designed to move the ball far forward but only in a way that is consistent with the development needs of developing countries. And it should because in my view there is no going back. The old paradigm cannot deliver an achievable, ratifiable agreement. It just can't. And, substantively, it would be the wrong way to approach the climate problem in any event.

Still, that doesn't answer the question of whether there will be adequate support in the conference of the parties for an agreement based on this new paradigm. We hope do and we intend to do everything in our power to make that happen, but we don't know yet.

Let me just pause for one moment. I want to make -- clarify one point so that I'm not misunderstood. My argument about a new paradigm does not engage a debate that has been raging around us but doesn't really include us over the last year, and that's between developing countries and the industrialized parties to the Kyoto Protocol. We're obviously not a part of the Kyoto.

The issue there is whether those industrialized countries will agree to a second round of legally-binding commitments to cut emissions under Kyoto after the first period expired in 2012. This is a technical issue. Most people find it shocking that there are actually two tracks of the negotiations, but be that as it may there are. The developing countries argue that the industrialized countries must commit in that second period, and the industrialized countries thus far have refused because they argue that Kyoto would cover -- such a second period would cover

only about 30 percent of global emissions.

Again, we haven't taken a position on this issue, but what I will say is that even if some kind of deal is struck in which the Kyoto industrialized countries agree to a second period, I think that would be fine, be great. It would not establish the architecture for a truly global agreement going forward that includes the U.S., China, India, and so forth.

So, one way or another, in our view we're going to need to move toward the new paradigm that I'm talking about.

Now let's move to the second question, what the U.S. needs to do domestically. In virtually every meeting that I have been in, in the last 16 months I've been asked about the status of our legislative effort. You'd be astonished at how closely the ins and outs of Congress are followed, although I think they usually mystify the people who are trying to follow them.

Many assume or contend that not much is doable in the absence of U.S. legislation. Let me make three points on this subject. First point, we have done and are doing a lot already. Under the Obama administration, the U.S. has taken historic steps toward putting our country on a path toward a clean energy future. Our 2009 stimulus plan provided more than $80 billion in investments, loans, and incentives to support a range of initiatives that are critical to transforming the way our country produces and consumes energy. This includes support from major improvements in the efficiency with which we use energy, including the largest single investment in history in home energy efficiency.

We have invested billions to put us on a course t double the use of renewable energy by 2012, and we've targeted investments that will begin to transform our antiquated power infrastructure into one that uses a smart grid, smart

metering, and other smart technologies that we need for the 21st century.

Moreover in the last year, we have made critical investments in the transportation sector that will, among other things, lead to our country's first three electric vehicle plants and 30 new battery and other electric component plants within six years. These investments are complimented by the most ambitious U.S. fuel economy and tailpipe standards ever. The combined EPA and Department of Transportation program will be begin in 2012, and by 2016 our fleet average will be up to 35.5 miles per gallon.

Further, based on the endangerment finding that EPA made last year determining that greenhouse gases can be regulated under the Clean Air Act, EPA has taken the necessary steps to allow us to regulate stationary sources as well as mobile sources.

Second point, it is profoundly in our own interest to pass wide-ranging energy and climate legislation, in other words, to go beyond where we have gone so far. A continuing inability to find common ground on common sense policy will threaten our national security, undermine or economic competitiveness, and damage the health and well-being of our citizens. The national security risk is real. Most obviously, we need to wean ourselves from our endless dependence on foreign oil which has substantially affected our military posture around the world for decades.

In addition, unfettered climate change threatens to destabilize nations and create tens of millions of climate refugees as the result of dangers such as food and water scarcity and rising sea levels. In a frequently quoted phrase from the 2007 CNA Report prepared by 11 retired generals and admirals, climate change is a "force multiplier for instability in some of the most volatile regions of the world."

The economic case for action has been made most succinctly, I think, by Senator Lindsey Graham, who said in January, “Six months ago my biggest worry was that an emissions deal could make American business less competitive compared to China. Now my concern is that every day that we delay trying to find a price for carbon is a day that China uses to dominate the green economy.”

The low carbon transformation of the global economy is on track to be the great game in energy for the 21st century. If we don’t put the right rules of the road in place and soon, we will see jobs, growth, and economic leadership to others despite a culture of innovation and entrepreneurship that should put the United States first in the world on these issues.

Finally, the risk to our people from the impacts of climate change from draughts, floods, heat waves, water shortages, more intense storms and the like are profound. And none of them, by the way, has vanished on account of the handful of mistakes recently identified in the voluminous scientific record.

Third point. It is enormously important for our international leverage and credibility that we do pass strong legislation. If the United States means to assert leadership, it needs to act like a leader. At the same time, it is not the case this year any more than last year that everything hinges on U.S. legislation. We submitted our proposed target last year contingent on our legislation, and we have no plans to alter that commitment this year. Moreover, even if legislation were to pass tomorrow, the challenges of moving toward that new paradigm would not disappear. We will need to meet those challenges one way or the other.

Let me turn now to the last of my three main questions for today, whether the UNFCCC will remain the central forum for international action to address climate change. It should, and the U.S. is committed to that result. Let me

note parenthetically that the Secretariat of the UNFCCC announced just yesterday the selection of a new executive secretary to replace Yvo de Boer. I know the U.N. had a tough final decision among exceptionally talented candidates, and we congratulate Christiana Figueres of Costa Rica on her selection and look forward to working with her.

Now, the UNFCCC should remain the central forum for climate change because it has history, credibility, and inclusiveness on its side. All nations are part of it. It has grappled with this issue for 18 years, and for all it's shortcomings, no other organization has the credibility the FCCC enjoys within the global community.

And yet let me also say that those advantages are not by themselves enough. The open question is whether the Framework Convention can act efficiently and effectively given the range of different circumstances, interests, and perspectives it contains. This is not a trivial question. Climate change, as we know, is a propounding complex problem whose solution implicates virtually every element of economic and social development.

The notion that it's hard to reach agreement among 190 nations should not actually be surprising. The risks posed by climate change and the difficulty of containing it poses challenges to every country, different challenges, sometimes different orders of magnitude. And if you're not sure about that, just ask someone from the Maldives. But it is still not easy for anyone or any country, and it is especially not easy in a world filled with other economic and development priorities.

What this means, I think, is that we have to combine ambition with pragmatism and flexibility. We need never lose site of the fact that we all, in the

wise words of my friend, Ed Miliband, the former U.K. minister for energy and climate change, we all have our own compelling constraints with regard to facing the climate challenge. Yet if there is a singular feature of climate negotiations over many years, I think it may be the lack of appreciation for Ed Miliband's point.

So many countries believe that they have the truth, the right way to proceed, the urgent demands that must be met, and appreciation for what those on the other side of the table can and can't do. What their political red lines are, whether you like them or not, has, I think, too often been missing.

Add to this reality that here, as in so many areas of public life, it is far easier -- far easier -- to stop something from happening than to get something done. And you start to appreciate the degree of difficulty presented by climate negotiations.

In short, the question that the Framework Convention faces is whether it has the capacity to find common ground on the difficult issues at the core of these negotiations and to embrace a pragmatic response even though that response most certainly will not be everything to everyone. On this question, let me say there were days in Copenhagen that gave one pause, but there were hours in Copenhagen that gave one hope. We in the United States are approaching Cancun in a spirit of hope. The reality, of course, is that we cannot accept year after year of stalemate because the urgency of the problem we are charged with addressing does not permit that luxury.

Should we face an enduring deadlock in the UNFCCC, that institution will inevitably begin to lose its standing because countries will be forced to search for other ways to contain the climate threat. In our view, that would be a highly undesirable development. The UNFCCC is the right forum for climate change, and

we should all do everything in our power to make it work.

So let me wrap up. Many people outside government have asked me this year whether I still have anything to do now that Copenhagen is over. I hope by now the answer is clear, clearly yes. The future of climate diplomacy is still waiting to be made. I think this year will not have the high profile, death defying quality of the events of Copenhagen, I hope, but it will matter a great deal just the same.

So stay tuned. I appreciate your interest, welcome your interest and engagement, and I appreciate to be here. (Applause)

MR. TALBOTT: I'm going to call a bit of an audible, literally, here. I've asked Todd to sit over there where he's going to get lavaliered. Is he going -- are we going to do the -- is somebody going to come up and lavalier him with a mic?

MR. STERN: Hello.

MR. TALBOTT: Okay. I'm concerned about you folks over here having your vision blocked of the very scintillating people who are about to sit up there. Is that working? Okay, if that's okay, fine. Otherwise, there are lots and lots of chairs over there. I don't want you to be in the blind spot, as it were, in any respect.

You got another one? Since our time is short --

MR. STERN: Nobody can hear your questions, just my answers.

MR. TALBOTT: Yeah, I'll tell up. That was terrific, Todd, and so much to talk about and not as much time as we'd like to do it. But just -- I want to just put one or two questions to you and then we'll open it up to the audience.

What is the best realistic outcome we can expect from Copenhagen,

and you might put that into the context of what after Copenhagen? Another death-defying act is a terrifying prospect because those are only good entertainment if death is defied, and we don't want to have it at the end of the process.

MR. STERN: Thanks, Strobe. Look, I think that the best way to think about this is to think about the constituent pieces of the negotiation, the different issues. So there are fundamentally six issues, and there was actually a lot of progress made on all of those issues in Copenhagen, although in different places.

So with respect to adaptation, technology, and forestry, the so-called red, there was a lot of progress made in the conventional negotiator contact groups in the -- at Copenhagen.

There's very little progress made in those groups with respect to the most difficult issues of mitigation transparency sometimes referred to as MRV and financing. But there was a lot of progress made on each of those issues in the Copenhagen Accord.

I think that the right way to think about this is for countries to be trying to carry the progress, build on the progress that was made in Copenhagen. None of those issues got done. They got, in one sense, done in the Copenhagen Accord, but the Accord didn't get accepted by the conference of the parties, so to take the issues that were in the Accord, bring them into the conference of the parties and get them further elaborated: How does the green fund work? How does the technology mechanism work? What are the elements of international consultations and analysis, which was a sort of a buzz phrase on transparency and so forth. And to finish the issues that were making progress in the contact groups and to get the issues complete.

Now, what the actual form of an agreement would be I think we don't

know yet. I think it is certainly true that many people -- I think probably say most people in the negotiating world -- don't actually think you're going to get a legal treaty this year. I'm not going, you know, comment one way or another on whether that'll happen. We have to wait to see, but I think that, even if you don't get a legal treaty this year, you could get decisions on each of those issues that would be a big bay step forward.

So I think we can reserve judgment on the ultimate form of the things, but if you could make progress on each of t hose component issues, you'd have moved things forward.

MR. TALBOTT: To what extent is the ability of President Obama and you, and others from the U.S. Government, to succeed and where you will find it in Cancun dependent on having a clean jobs, energy power, in parentheses "climate bill" passed by the Congress.

MR. STERN: With me you don't even have to put it in parentheses.

MR. TALBOTT: I don't think with a group, but you know what I mean.

MR. STERN: No, look, I have the same response to this that I've had for the last year, which I think it's absolutely critical for the United States to do this, first of all for the interest of the United States for reasons that I said, and I won't repeat again. It's also enormously important for our leverage and credibility in the international discussions, and it would greatly, I think, affect in a positive sense the atmosphere of the negotiations.

At the same time I don't think -- and I said this -- again I was asked the same question many times last year and I said I don't -- that I did not -- we will find a way to have a result and a positive result even if the legislation's not done. I said that last year, and I think the same is true this year.

I mean, we put in, the President put in the U.S. commitment. We submitted that formally as part of the, you know, Appendix 1 of the Copenhagen Accord, and that's -- I don't see any reason why that would change this year. So it would be better if the legislation got done, but if the legislation did not, we not yet done, I think that that outcome that I just described with respect to the six issues could and should still occur.

MR. TALBOTT: Good. Let's go to all of you on -- I can't see all that well, but I think I can see a hand go up. Please identify yourself succinctly, and equally succinctly pose a real question. Yes, right here. Just you -- a mic is coming to you.

MS. KENNY: Stephanie Kenny. I was one of the original state negotiators back in 1992 for the Framework. And one of the reasons that it, arguably, came out as it did was because from Day One we regarded it as an energy negotiation. The first thing we did was to ask the agency to get us the dirty dozen, and we figured out from there the eight we had to have.

To the extent that you can, I was wondering how you are looking at the key groups that we need to be now approaching and working with them, if you could give us some sense of that.

MR. STERN: Sure. Yeah, I'd be happy to, and congratulations on your service back in '92.

Look, I think that there are different -- there are a number of quite important groupings in the overall Framework Convention. Obviously we, on the developed country side, we worked a great deal with both with the Europeans and with a collection of countries that was actually created in 1997, when I was there with Stu Eisenstadt and feeling envy over the -- it's more than envy, I'm being a little

facetious -- but feeling envy over the European solidarity. We banded together with Japanese, Canadians, Australians, New Zealanders, and some others to form the umbrella group. So we meet a lot and coordinate a lot with those countries.

On the other -- on the developing countries' side, I think that there -- that I break it down maybe most importantly in three groups. The so-called basic group now is China, India, Brazil, and South Africa. China has formed that group and has been working to meet on a very regular basis with that group to coordinate their position. So that is an absolutely quite critical grouping.

I think that there is also a very important and sort of almost more nascent -- the grouping exists but the sense of their stake in the negotiations and where they stand, I think, is shifting. And that's sort of most clearly illustrated by looking at the Africans and the small island states, vulnerable countries who really have a stake in this negotiation.

And, by the way, as Secretary Clinton arrived at Thursday morning, the 17th of December, and in her pocket was the U.S. agreement to support $100 billion commitment by 2020, assuming there was adequate mitigation and transparency and so forth on the other side. That was a big, big deal, and it changed the dynamic of the negotiation in -- I mean, you could see it happening in the -- as the hours of that day wore on, because countries -- and the Africans and the small islands are perhaps must illustrative of this -- started to have a real stake. There was $100 billion on the table that they didn't want to walk away from.

And so that -- that's an important grouping of countries. I think they act within the confines of the G-77, not that I've ever been inside at those meetings, but I think to put pressure on those who might be less interested.

I think the other significant group that you can't take your eye off of

are the -- how shall I define them? -- those who oppose the Copenhagen Accord and just say in a completely neutral fashion. And so that's the so-called ALBA countries, Bolivia, Venezuela, Nicaragua, Cuba, also some others like Sudan. Saudi Arabia has kind of been in that camp. And it's a relatively small group, but a small vocal group can have a big effect, as we saw in Copenhagen. So there's not so much that we can do directly, as you might imagine with those countries, but they are -- it is important to think about how to deal with them.

There are, obviously, a lot of other players in the world, but those -- but that's kind of the way I look at it.

MR. TALBOTT: Yes, sir, right here. Mic over here, please.

MR. TANDA: Thank you. My name is Sean Tanda . I'm a journalist with AFP.

I wanted to ask you about one of the statements in your speech. You mentioned in the context of Copenhagen that a top-down approach wasn't very politically feasible.

Is that going ahead into Cancun? Do you think that's also the case that there needed to be a bottom-up approach and a top-down approach, particularly when it comes to a mission standards? The mission cuts made will be politically feasible this year?

MR. STERN: I think it's just very difficult to imagine. Again, if the premise is -- and it is our premise -- that all of the major -- at least all of the major economies, you want to expand beyond that, need to play. I think the notion that you're going to negotiate some, you know, across-the-board target that China and India, Brazil and South Africa, and many other countries -- again, there were many other countries beyond those who submitted their targets or actions under the

Copenhagen Accord. The notion that they're all going to negotiate some similar kind of arrangement is not that likely.

And, frankly, I think it's much to our own interest to have a commitment that is grounded in our own law. I mean, we sort of came into this with a sense that the way we did Kyoto didn't work so well, right? I mean, we negotiated a target in Kyoto before there was any -- not only before there was any law, but before there was any foundation of domestic support on the Hill for the kind of thing we were talking about.

And I guess it's fair to say that coming from that, that experience certainly, I think, influenced me and others on our team. And I think that the sense that we need to have the support on the Hill, I think demonstrated support on the Hill, you know, established, and first rather than, you know, sort of reverse the order of things I think has certainly been part of our working assumptions.

So I think it's both good for the United States, and I think it's just infeasible to imagine that you could have a top-down target that would apply, that would drawn the developing countries.

MR. TALBOTT: The gentleman right here.

MR. KUNA: Hi. I'm Monifel Kuna from the Global Development Network, now no longer in Washington, but in New Delhi, India.

I agree with you that the six issues, the way you've characterized them, and the current, your summary of the status of where they are. However, I'm wondering how do you think progress is going to be made, especially on the latter three which rather -- which are harder knocks, specifically the one on mitigation.

I see positions hardening on the one hand because there is no substantive engagement on the regs, therefore, four reasons for framing the

question: Either I see no progress, or put that position hardening, or the focus is on things like you're saying, how can you get the Africans and the lower income countries to put pressure on the basic -- and the basic guys are basically saying let's put the Africans. Tell them you can't trust these guys. They will promise you the moon but will give you nothing. You better work with us. McCain said solidarity.

I think you need some sort of a track 2. I know there are lots and lots of track 2s, but there again more of tactics not of substance. And I'm wondering when, give the time left, we are going to have some meaningful engagement on the frameworks for the next stage.

MR. STERN: Well, thanks for your question, first of all. Look, I think that, first of all, there is absolutely no question that it is not going to be at all easy. I think that there are -- that there remain real divisions. As I said in my remarks, you know, it's important that we find a way to come together or eventually -- I'm not saying when that's going to be, and I don't mean I have some number, at some date in my mind because I don't -- but it's -- if this collection of countries in this institution just cannot -- I mean, Strobe talked about the 20 years that have gone into where we've gone so far -- if it just cannot make progress, then other avenues are again to be pursued.

I don't think we're there yet, and I think that progress can still be made. On mitigation, you know, on the one hand, that's the hardest and, on the other hand, maybe not so much because mitigation commitments from all the major countries are right there in the Copenhagen Accord. I mean, now they would have to migrate, but, you know, it's not that hard. At one level it's not that hard.

I think that the issue of transparency is enormously important. It was

a very, very difficult discussion last year which was not resolved until President Obama personally met with the leaders of the basic countries. I think it's a concept that is not easy for, in particular for China. I think it's China, actually, more than any of the other basics that has the most trouble with this concept. But on the other hand, progress got made. So I don't know that we can't make progress going forward.

I think it's going to be enormously important for the -- you know, the mitigation transparency, if you will, is sort of on one side of this negotiation, and financing and the pieces that hang off of the financing -- technology, adaptation, forest preservation -- that's really important. So the two fundamental financial commitments that are part of the Copenhagen Accord, one is for the donor countries, the developed countries to raise an amount, to provide an amount approaching -- "approaching the $30 billion over the 2010 to 2012 period."

This is really important that the developed countries made good on that. We're trying really hard, and I'm spending a lot of my time, as are others in our government, working on budget issues. I mean you only need to read the paper to see what state the public, FISC, is in not only here but even much more so in Europe. So it's not an easy climate for that, but it's really important.

The other issue is the commitment to the goal of mobilizing $100 billion by 2020, and there's--the U.N. pulled together, Ban Ki-moon pulled together, the high-level group to work on that issue to try to identify public/private sources that might be needed. It's chaired -- well, it was chaired by the Prime Ministers Meles and Brown. I don't know what the U.K.'s going to do now that Gordon Brown's not in anymore.

But, and it is a genuinely high-level group. Now, our representative is

Larry Summers, and Trevor Manuel from South Africa, there's a whole lot of very top-level people. Nick Stern is highly involved in it, and the idea there is to try to identify how to make good on that hundred. Now, that hundred is not till 2020. It's got to ramp up, the whole thing, both the effort -- not the money so much on the hundred -- but the effort on the hundred, and the actual visibility of how the thirty is getting raised and spent I think is going to be terribly important in terms of attracting the support of developing countries and being able to stand up to exactly the argument that you identify, which is that, you know, there will be a lot of people saying to the Africans and the Islanders and others, don't trust those guys, they won't deliver. And I think it's going to be really important, and really important to our capacity to make progress on all the issues that that side of the equation looks like it's real.

MR. TALBOTT: Is three any -- this is the last question because we've got to move on, and you've got to get back to hard work. Is there any way to maximize the utility for your venture of the G-20, the major economies forum, aka, or previously known as the Major Emitters Forum, or maybe some merger of the two as you go forward?

MR. STERN: Well, let me talk more, more about the, about the Major Economies Forum. I actually think that that was -- I mean, we took the grouping of countries that President Bush had put together, which we thought was more or less the right group of countries. We christened it a bit, but more important than the name change was to infuse it with a different kind of mission than it had in the Bush Administration.

And it was really a two-part mission. One was to advance the negotiations toward an agreement, and the other was to begin serving as a

technology platform. But let me just stay on the negotiation piece.

I think it was a very important -- it was not eight, we always had to underscore that it was not -- we were not negotiating in that forum, but it was an important place to discuss concepts. And some of the concept I think you could go back and look at the concepts in the Copenhagen Accord -- a lot of the most important ones were discussed and discussed in a very animated -- it's a different kind of discussion that takes place in the NEF than in another other forum -- certainly in the UNFCCC. But even in the, you know, the ministerial groups of 45 or 50 ministers that get pulled together periodically, last year by Copenhagen, this year by Mexico, it's just a very different deal where there's, you know, people go at things in a pretty candid and pretty hard-hitting way back and forth.

I think the same thing is going to happen this year. I mean we have had one NEF meeting in April which was designed more to be a kind of general stocktaking and discussion of where everybody thought we were going. But we will be holding another one this summer where our intention will be to drill down hard into two or three of the toughest issues. And we will continue to have those meetings as we need to.

So you don't get a one-to-one. You agree to something in the NEF, and then it goes in and gets agreed to, you know, per se, in the negotiation. It doesn't work that way, but it's -- it does lay the groundwork for agreements that, hopefully -- that you hopefully get to. And again, I do think that happened in the Copenhagen Accord.

But respect to the G-20, you know, it's not a very different group, truthfully. There's only a couple of countries that are different. It may be at some point those will merge together, but not -- we're not quite ready to do that at this

point.

MR. TALBOTT: Terrific. Please all join me in both thanking Todd and also wishing him well in this important work. (Applause)

MR. ANTHOLIS: While the microphones are going on to our panelists, I'll do a little bit of an introduction. The formal biographies for both Eileen and Bruce are available in the back of the room, and I won't walk through all their many accomplishments, but I will talk a little bit about them a both teachers of mine.

And Eileen Claussen was -- I was a young staff assistant in the policy planning staff at the State Department, and Eileen was a very young assistant secretary, newly named assistant secretary for oceans, environment, and science at the State Department. And so in a sense Eileen was my first lecturer on climate change and lecturer and tutor. And I learned a great deal from her in the time that we served together at the State Department.

And then in the run-up to Kyoto, she left government right before Kyoto, but in many ways was a designed in the U.S. of getting us to understand how we should engage and not engage in the Kyoto process. So many people will look at Kyoto and point to its flaws. Many of the things that were done right at Kyoto really had Eileen's fingerprints all over them, and I think we all owe her a great deal of thanks for that.

Bruce Jones is a senior fellow at Brookings, based in New York, but also often in Washington. He runs our Managing Global and Security Initiative, which he co-designed with Carlos Pascual, now the U.S. Ambassador to Mexico and formerly the vice president of Foreign Policy Studies at Brookings.

Bruce has re-taught me everything that I need to know about the United Nations and about global governance in general through a number of

different exercises that he and I have participated in together. And it's a real delight to have him here as well.

So what I think I'll do now that they are both mic'd and while I am getting mic'd is pose an opening question to both of them, which is, particularly in light of the presentation that Todd gave us, where are we on this issue, and what are your sense of where we're going and reactions to what we just heard? Starting with Eileen.

MS. CLAUSSEN: Where are we on this issue? I wish I could be more upbeat. I think we're in a very difficult place, internationally and domestically. Internationally we do have the Copenhagen Accord, and I would agree with Todd that it broke new ground in changing the paradigm, but we shouldn't forget that it's a series of voluntary pledges, and we do not have a great record of fulfilling voluntary pledges.

So, on the one hand, it's a stepping stone. On the other hand, we shouldn't give it more credit than it is really due.

The negotiations themselves in the U.N. I think will be very difficult as they move forward. Todd listed the six issues that are really important. That's right. I don't think you can agree on any of them without an agreement on most if not all of them, because it's a little bit of a quid pro quo: no financing, no adaptation, no transparency, or not a very robust kind of transparency. So you have to do them all.

I have a hard time seeing how you could reach conclusions on all of them in Cancun. I think it's going to take much longer to sort of move forward on all of this, and we ought to be realistic about it. I mean, one of the issues with Copenhagen is that it was really a victim of high expectations that could never be

met, and I think it's important to have a realistic view of what you can achieve and then actually try to achieve it. So, I guess maybe I'll pass on the negative domestic situation and wait for another question.

MR. ANTHOLIS: For the time being.

Bruce, your thoughts about where we are and, in particular, reactions to what we heard Todd say.

MR. JONES: Yes. First of all, I agree with just about everything that Eileen said about where we are. It's not the prettiest picture out there.

Let me focus in on the part that I know a little bit more about, the climate diplomacy piece and some of what Todd had to say about the status of negotiations within UNFCCC, and then the ability of the MEF and these kinds of issues.

I look at this and I think we have lots of the right pieces of the negotiating architecture and are absolutely missing the connective issue between them. So, we've got the MEF, which is the right grouping of kind of big countries who can do heavy lift. We have the UNFCCC, which is inclusive. My experience of multilateral negotiations is you always need both. You always need a subgroup that can be the engine of real negotiation and you also need the more inclusive process for a variety of reasons, for legitimacy reasons. I think also because you have to have a deal that goes beyond just the 20. I think it matters to get the next 20 after the top 20 and the next 20 after that for competitive reasons, for long-term impact reasons.

But you need both. You need a subgroup and you need a major group. We have those two. We have the Financing Panel. We're about to have a Climate and Development Adaptation Panel. We're absolutely lacking the

connective tissue between them. I think one of the things we saw in the Copenhagen process -- and Todd made the point that some of the concepts that were brokered at MEF came through in Copenhagen, but with no connection to the actual UNFCCC negotiation process is that when the kind of basic plus America group put their proposals on the table, it met this kind of frosty reaction from the broader membership who hadn't been consulted on any of this, who hadn't been involved in any of it, and that kind of dynamic of iterating the negotiations between the small group that has to drive the big pieces of the deal and the broader group in bringing in the technical pieces on finance and the technical piece on adaptation. I think a lot of that is missing.

So, I have to say I'm not hugely optimistic that Cancun is going to be big success story. In fact, I think it's likely that it's not going to be a big success story, partly because -- and this is a -- you and Strobe discuss in your book -- we do have this kind of pattern of lurching to these kind of semi-false negotiating deadlines, which don't really drive real momentum.

I think we should be stepping back and looking at a slightly longer-term negotiating time frame. In the shorter term I would take the Rio 2012 event as a kind of major deadline for big changes. It would bring lots of these pieces together, and I think if we had that sort of sense of time frame in how you move the different pieces towards that, we'd be in better shape.

But one thing that I do want to just maybe sort of end on this point, and I agreed with Strobe on in his presentation, is that only one country gets to figure out how that stuff all comes together, and that's the United States. We spend a lot of time these days talking about China and the BRICs and the emerging powers and their blocking power and all that kind of stuff, and that's all real, but the

only country that can actually move all the different pieces is the United States. And so the only way this stuff comes together is through U.S. leadership, as hard as that's going to be.

MR. ANTHOLIS: You've raised a couple of different, interesting -- both of you have raised a couple of different, interesting questions, and I want to make sure that we don't do Yogi Berra where we when come to a fork in a road we take it, but I would like to push a little bit on the process point. I mean, in a sense what you're saying is we've got a lot of different nodes out there, but we need more connective tissue. More connective tissue often translates into process. Process is deadly boring for a global media that descends on these meetings every year and then only sees process -- and only sees process slowing things down rather than starting things up. How do you achieve centrally connective tissue and still have good headlines for a global media that's starting on the issue?

MR. JONES: Well, I'm a global governance geek, so I'm about the last person to talk about sort of how you get general media. Look, on the connective tissue, the geeky point is that I think what you need to do is more directly the MEF and the UNFCCC processes. What Carlos and I wrote about a while back is you could actually create the MEF grouping as a subgroup within UNFCCC, which would mean that the negotiations would still happen in that subgroup but they'd automatically be referred back to the UNFCCC and the broader collection of countries would have the right to weigh in. That would be one mechanism.

I think your broader point is an important one and goes beyond the numbers and the architecture in the process question, and here I would take a different sort of stab at the issues and a different critique of the UNFCCC

altogether, which is that I think that if you look at the scale of the political and the economic transformation that we're trying to undertake through the climate negotiations, it's not obvious to me the traditional Sherpas to Summit annual U.N. meetings is in any way the right kind of mechanism to mobilize national legislation and national action. We're not trying to coordinate 190 governments. we're trying to change the political and economic behavior of 3 trillion people. And it's not obvious to me that sherpas and summits are the right device for that.

So, I -- you know, on the kind of geeky side, I think you can play with the MEF, UNFCCC, 192 versus 120 stuff. And I think that's important in the diplomacy, but it's not actually very important in the politics, and I don't think we're doing nearly enough to invest in the politics of mobilization at a national level in any of these efforts.

MR. ANTHOLIS: So, I mean, in light of that, looking ahead to Cancun and then Rio past that, not only where should we set expectations but where should we set goals? Should we be trying to fix this process, or should we be trying to demonstrate some real deliverables that cut emissions, short of domestic action. We're going to still hold off on your bracketing of U.S. legislation. What should these global confabs be focusing themselves on?

MS. CLAUSSEN: Actually, let me comment a little bit on what Bruce said and try to wrap that in.

MR. ANTHOLIS: Mm-hmm.

MS. CLAUSSEN: I don't know if there's a real value to connecting the MEF, for example, which I think is a useful grouping with the UNFCCC, because I think the politics of that are very difficult, and there is a real value to informal discussions that are not connected. I mean, I can't think of a single

negotiation that I ever participated in -- and I've done many different ones -- where there aren't informal groupings of small groups and slightly larger groups and a lot of bilateral -- I mean, things that actually get you to take off your hat and not sit behind the microphone and give a speech, but something where you can actually talk about what's really going on and what you really can do and what you really can't do in an honest way without everybody taking notes. I mean, I -- my time at the State Department was marred by the fact that there was always somebody there taking notes, so what could you say when someone was taking notes? But, I mean, I really think that's the way these things get done. I mean, you have to these bilaterals in small groupings, and I think it's good to keep them separate from the more formal process. And now that I've said that I've said that, I've sort of forgotten what your question was.

MR. ANTHOLIS: That's okay. So, in light of that -- and I share those sympathies -- in light of that, how should we be thinking about Cancun and Rio after that? You've got informal processes where people are trying to actually move balls. You've got formal processes where people are focused on the channels in which the balls are going to move and making sure that they're routed in the right way. And the legitimacy issue is not a small issue, because it provides a certain kind of push for that, an umbrella for that, but incredibly difficult to achieve when a number of countries who are part of the legitimacy process don't believe in the issue want to stop progress. So, in light of that, what kind of benchmark should we be setting?

MS. CLAUSSEN: I mean, I -- you've got two tracks here. You've got the formal negotiations, which I think continue and where you try to make progress across countries, but the most important thing is to make progress within countries, because nothing can be agreed across countries unless you have a foundation

within your country for whatever it is -- for your program, for the way you're going to proceed, for what your constraints are. And so if I was going to sort of say what has the focus really got to be in the next couple of years? It's on domestic programs, domestic policies, domestic progress -- because they're won't be any real agreement, binding or otherwise, unless things happen at home and for everybody, I mean, not just for us obviously, but for everybody.

MR. ANTHOLIS: So, I think one thing that we heard Todd say in his speech, obviously the administration has said at Copenhagen that it was going to take a certain set of actions, certain targets, contingent on domestic legislation. The administration remains committed at some level to domestic legislation. How hard, what's achievable, all of that is to be determined.

Going into this next set of meetings, short of a -- well, first of all, what would a full bill do in terms of raising U.S. stature internationally, and short of that happening, what would count? There's all kinds of talk about the U.S. having the authority to implement EPA action under the Clean Air Act. There are the steps are already taken that the administration tries to take credit for internationally. What counts as domestic action in this context?

MS. CLAUSSEN: Well, let's just look at the pieces and how they add up. I mean, I think if you were to get a piece of domestic legislation, it would probably have a mostly economy-wide -- not entirely, but close to it -- target of 17 percent below 2005 levels, which is the level that the administration put forward in the Copenhagen accord and in the run-up to Copenhagen. I would never say there is no chance of getting there this year, but I think the chances are painfully small. Is there a chance of something that is less than that but legislation because there's a lot of focus in the U.S. on legislation? Maybe slightly larger, but still small.

So, what are the other alternatives? I mean, clearly the EPA is a major alternative, but we and others have done a lot of analysis of what you could do under the Clean Air Act and how it adds up. It's not nothing. It's significant. But it's not that close to, let's say, the 17 percent target. Can you do other things with sort of pushing stimulus money or anything else into the clean energy space? Can the states, which are faltering a little bit -- and I guess you're going to talk about that later -- can they come back up and try to do a little more? Can they meet their renewable targets? Can they move forward with their own sort of cap and trade systems?

The picture domestically is very difficult, and I think the focus internationally has been on U.S. legislation, because that is the clearest way to have a policy, and I think if we fail to do that this year, there will be a very great disappointment. And, you know, I think it was Strobe who said everybody watches in great detail exactly what's happening domestically on legislation. If we don't manage to do it, there will be a lot of disappointment, and the ability to U.S. to lead is almost nonexistent if we don't have something real. And without us being able to have something that is real, it's hard to imagine how a lot of these other things actually get worked out. Even though we can do some things under the Clean Air Act -- and we will -- and we can do some other things, they don't add up to a lot, and people will say, you know, where is the United States?

MR. ANTHOLIS: Bruce, on the same set of questions, how much, from your experience in New York at the various international confabs are people looking at the domestic actions on the U.S., and how close do they pay attention to the particulars of what's actually happening on the Hill?

MR. JONES: I think -- I agree with Eileen, and I think that it's very

hard to believe the United States is going to be able to drive any serious negotiating position without enacting domestic legislation. Stuff along the way maybe at the margins helps, but everybody is focused on the legislation. And, by the way, they're focused on it in part because in the lead-up to Copenhagen we told them to. Senator Kerry was at Poznan stressing that we were going to have domestic legislation before Copenhagen, and that was going to be the basis for action. Everybody else in the world was saying, no, you're not and why are we hinging Copenhagen on this, and we were saying, yes, we will. So, we told everybody to focus on national legislation, and they are. And everybody else pays attention to everything that happens in Washington. International politics is a function of interagency turf war in the United States. So, everybody is completely focused on what's happening in Washington, and there's no way we can roll that back.

I think what we can roll back instead is the deadline by which we think this is happening internationally. Right now the national process and the international process are out of sync. If we go to Cancun, we will not have enough legislation to be putting a serious package forward. It will be yet another failure. We'll scramble around trying to figure out why the process failed -- it wasn't a process failure -- and we'll be where we are now except a little worse.

So, I would say that what we can change is we can change the timeline that we're thinking about for real international negotiations. We can't change the reality that those negotiations hinge on national action by us and by others. It's just the United States, but us more than others.

MR. ANTHOLIS: Mm-hmm. Talk a little bit about the interaction at Copenhagen and then beyond in Cancun and Rio. We're going to shift from doing the negotiations in the developed world to an emerging market -- two big emerging

market players: Mexico and Brazil. How from -- how have you tracked and thought about China's growing role, the role of the basics and how they relate to countries that are much more like what we consider to be developing countries than what these countries are?

MR. JONES: I think in a range of issue areas we've -- and it's very tough what I'm going to say to do, but we've not managed to capture the ground in the way that would allow us to be shaping the groupings and driving negotiations. We've seeded that ground effectively to China with the emerging with the economies. In some places, it was going to be impossibly hard to not have that outcome. Other cases I'm not sure it was that hard.

Todd made the point, and I think correctly, that changing the dynamics in Copenhagen, the $100 billion financing agreement by the United States which swung the Africans to our side of the process was absolutely critical in the negotiation dynamics and kind of peeled away from China the mask of we're negotiating for the G-77, right? And that's going to have to happen.

I think on some of these issues, climate is particularly tough because every single part of that grouping has divergent interests, and it's not as if the basic group have the interests. They just have the similar interest in not allowing us to dictate the play, right? I think we're missing an opportunity of working with Mexico more closely than we could be, because Mexico is closer to us politically than Brazil is and South Africa is going to be, and although they may not be exactly where we are on climate issues, they're embedded in a broader and deeper bilateral relationship, which means that they have to find ways to work in this issue. They're part of MEF in the way the Danes were not.

So, I think there are things that the Mexicans could be doing if we

were working more closely with them on how these things move as we're managing the Cancun process. I don't see quite enough of us working with the Mexicans to kind of shape the expectations of Cancun, the preparations for Cancun.

MR. ANTHOLIS: President Calderon is going to be in Washington later this week. Do we expect that this is going to be a topic that he and President Obama are going to discuss, Eileen maybe and then --

MS. CLAUSSEN: I actually don't know.

MR. JONES: It is a topic they're going to discuss. What they're going to say remains to be seen.

MR. ANTHOLIS: There are a few other issues on the table.

MR. JONES: One or two other topics.

MS. CLAUSSEN: And there'll be all those note takers.

MR. JONES: Yes, and there'll be a lot of note takers, yeah. On the note takers, by the way, in my experience there are always subgroups in broader mechanisms without note takers in the basement of something --

MS. CLAUSSEN: Yeah.

MR. JONES: -- and the question is how far in advance of the broad group negotiations do they get composed? The problem with Copenhagen is they got composed two and a half days before the final -- before the presidents arrived, not nearly enough time to do the heavy lift. But there are lots of examples of subgroups working in a much more constructive spirit within broader group negotiation --

MS. CLAUSSEN: Yeah.

MR. JONES: -- to achieve real outcomes.

MS. CLAUSSEN: Right.

MR. JONES: And I think that's where we need to go.

MS. CLAUSSEN: Yeah.

MR. ANTHOLIS: Well, let's come back to the China point, because some people will say as terrific as the channels could be established, it was unclear with respect to China who you were negotiating with. There was this great myth for a while that if we could only be like China we would have one voice on issues like climate change. We would act. We would follow through on our action. But I think observers seemed to see on the ground in Copenhagen with China was the Chinese top leaders finally, when they got in the room with Obama, could strike a deal, but there was -- the Chinese negotiators working the halls of the U.N. process were throwing up roadblocks at every formal and informal setting: No, we need to come back and consult. What should we make of China? Is there a one-China policy or a two-China policy?

MR. JONES: You can go first.

MS. CLAUSSEN: No, no, no, I was waiting for you.

MR. JONES: Look, I think that this is -- it's not unique to China and it's not unique to climate negotiations. I think on a lot of these issues the more you get into a situation or -- two things that happen at a lot of the global negotiations right now: First, although the issue is happening at international negotiation level, the substance is national domestic action, right? This is not foreign policy in some abstract domain; this is about coordinating core national economic policy. So, it's not up to negotiators, right? They can sort of say what they want Copenhagen or Cancun or whatever, but in the end, Congress and the Senate are not going to be dictated by that negotiation. The same is true is India, and the same is true in Brazil. So, you have a disconnect between -- again, a disconnect between what

has to happen nationally and what happens internationally, and that's true here just as it's true in China and Brazil and other places. That's one issue.

The second issue is that I think that the pattern of these negotiations -- and here I agree with you, Strobe, in the about some of the dynamics of the UNFCCC. The U.N. is a place where everybody is trained to say no. The job is to sit there and say no until somebody who is at a higher pay grade than you takes the risk of saying yes, right? And so that's all you have. If you only have diplomats and sherpas doing this negotiation, you'll spend an awful of time saying no, and then you have a couple hours of the presidents' time when they get to say yes. And that's a really dysfunctional way of doing business in something as complex as this. If it were me -- I'm not going to -- this is an imprecise analogy, but I think if you think about the transformation in the U.S.-Russian relationship that happened after the end of the cold war and the Gore-Chernomyrdin process of sustained, intensive vice presidential-level negotiations? I think that something that's politically analogous, not structurally analogous but politically analogous to that, probably has to happen among the core group of countries that are doing the climate deal. I don't think it's going to happen through summit diplomacy where you get three hours of the President's time once a year or twice a year. I just don't think that's enough.

MS. CLAUSSEN: Yeah, I actually think the Gore-Chernomyrdin process was an interesting approach, which yielded I think real results. I don't know if people are going to be willing to do it on this subject, because it's a big commitment of time, and you really have to be serious about it if you're going to engage in that kind of a process, but the potential for that giving us something that is much more meaningful is huge if we could actually do it.

MR. ANTHOLIS: Mm-hmm. And you're suggesting that sort of bilateral U.S. and China to keep it sustained on this set of issues.

MS. CLAUSSEN: Yeah, I mean, you know, we've started a whole sort of series. We sort of changed the Hank Paulson a little bit with the --

MR. ANTHOLIS: Right. First it was the strategic economic dialog.

MS. CLAUSSEN: Right.

MR. ANTHOLIS: Now it's the strategic and economic dialog.

MS. CLAUSSEN: Right. Right. I mean -- and we have, you know, a fair amount of cooperation, whatever that means, on technology. Not entirely clear to me what that means, because it strikes me that it's more competition than cooperation, but be that as it may, I don't think we've had anything that really covers the kinds of issues that you would have to get to in an international negotiation that would eventually maybe lead to a binding agreement. I mean, it hasn't been at that kind of a level. It's been sort of specific, but different.

MR. ANTHOLIS: Right.

MS. CLAUSSEN: And I don't know if there's appetite on the part of both countries to do it, but if you could, I think that would be immensely valuable. Immensely valuable.

MR. ANTHOLIS: So, I'm going to ask Eileen to indulge me a fantasy. Say comprehensive climate and energy legislation gets passed this year. It was an extraordinary display when the legislation was introduced how many corporations came out in support of it. Certainly a sea change from where we were 12 years ago. I think it's very easy to see the glass is half empty. The progress that has been made in the United States is extraordinary even if it doesn't take us across the goal line. But say it does. But say the U.N. process still continues to bog down.

So, you would have demonstrated U.S. leadership, a commitment from the United States to act, certainly a commitment from the European Union to act, more pressure on India and China to act. What happens then?

It feels like there's an analogy to where we were in global trade right after World War II when an international trade organization was first negotiated and then failed because we couldn't get Senate ratification. But an informal process developed called the GATT is something like that. And it was semi-formal in that there was an agreement, but it was a general agreement not a treaty, that ended up linking economies to one another. Permit me that fantasy. Is that something that's possible?

MS. CLAUSSEN: That's your book. That's your book, right?

MR. JONES: Well, there's an element to that in there, but is it a fantasy or is a wall that we could inhabit at some point in the next three to five years?

MS. CLAUSSEN: It depends on -- I'm really -- to me what you're thinking of here -- is this a replacement? Is this a side -- is this a replacement for what we'll call U.N. negotiations, sort of -- or a shift to a different format so that you -- is that what you're really -- I mean, it's not --

MR. ANTHOLIS: I think one thing that we heard Todd say is that, you know, the hope is for an eventual legally binding agreement --

MS. CLAUSSEN: Right.

MR. JONES: Right, but in the interim --

MS. CLAUSSEN: Right.

MR. ANTHOLIS: -- particularly if there is domestic U.S. action, there has to be some framework for cooperation and understanding of where emissions

are going. What might that look like? I mean, in our book we only sketch a preliminary vision of it, but there's lots of different conceptions of what it might be, something that might merge into an international agreement at some point, something with a small cluster of countries?

MS. CLAUSSEN: If you take -- I mean, if you take the point that this is a bottom-up kind of a process and it's domestically driven in all the major countries or in all countries. You do need a form for that to sort of emerge. I think it actually could be the U.N. form if you wanted. I don't know if there's a value to trying to create another whole structure to do it, because I don't know how different it would -- I mean, I don't know how different it would be. The GATT, I mean, there is sort of a general agreement on that, a whole series of pieces. You could say the framework convention is the general agreement and then you have different kinds of pieces.

So, I don't know that you necessarily need a different structure to do it, but I do think the focus in the next number of years is going to have to be on domestic action, getting that to be transparent, providing the financing because there is no -- you don't get the one without the -- I mean, doing all of that kind of stuff, but it's going to be domestically driven, and everybody's politics are different. I mean, I can recall a dinner where -- a very small dinner here in Washington with one of the major -- one of the basic countries, and somebody from the U.S. saying, oh, you just have to understand our politics. It's so difficult for us to get anything done. And the ambassador from the other country said do you think you're the only one with domestic politics, you know?

MR. ANTHOLIS: Well, I think that's one of the things that I think we saw in China for the first time. There was an assumption that most of the major

players were democracies but that China could simply itself and lo and behold the domestic conflicts came out apparent for other negotiators, and the Chinese have now said that they stand by Copenhagen; they're going to move forward. But what that actually means is a question to be answered.

Bruce your own thoughts on this?

MR. JONES: I'm intrigued by your proposal in the book. I said to you earlier I thought you missed a trick by not calling it the Global Legal Agreement of Reduction Admissions, or GLAR, and shining a spotlight on the problem. But that's a detail.

MR. ANTHOLIS: Legal was a trip -- was a (inaudible).

MR. JONES: Yeah, I know.

Here's what I think the core difference between GATT and GAR is. With GATT, with the trade agreement, everybody joining in got a huge economic benefit. So, you could have a wall and say in order to get in you have to do the following things, and there was a huge incentive for countries to try to jump over that wall and get in. With GAR, everybody who's in is going to have to pay huge costs, and you risk having a scenario where if you negotiate GAR among 20 and the 20 are in, actually there's a pretty big incentive for the next 60 to stay out and not jump over that wall and not adopt those things. I was sort of looking at those numbers of the -- you know, if you take the 20 economies that are in MEF or the G20, the next 20 down add up to India plus Japan. I mean, they're also significant, right? And that will change over time. And so if we end up with a reductions regime that only binds the 20 and others have to kind of join over time, I think the incentives structure is the opposite. I think the inventive will be for people to sty out and reap a competitive advantage of staying out.

So, I think the goal of a GAR-like mechanism is probably a good one, but it's for -- I go back to the point. I actually that even if the motor of the negotiations is a small group, ultimately it has to be crafted as a universal agreement; otherwise, I think there's these real comparative advantage problems.

MR. ANTHOLIS: Simple answer to that, and I don't want to dwell on our book, is that GAR is the carrot because it allows you to do a missions trading between countries and the stick is potentially border tariff adjustments, which was going to be my next question, but we've only got a few more minutes and I want to open up to audience questions here if we have any.

Please. Yep, right there.

MS. WIRTH: I'm Mitzi Wirth . I'm with the Naval Post-Graduate School and working on energy issues and managed to get something going when energy was a forbidden subject in the Bush administration and we got the line in to the President's State of the Union the nation has a problem -- we're addicted to oil. My question for you is how do we get -- how do we tell the story in the United States so you get enough support from the bottom up to get your legislators to vote the way you want them to?

And I think this is -- I mean, assuming that if they don't hear from their folks back home, I find it very hard to -- and particularly with this teacup business. I mean, how do we tell the story?

And I think that's an enormous challenge, and I'm a great believer in children's books for adults, because it's -- nobody has time to read the long things, and, in fact, Mike Mullen, who's chairman of the Joint Chiefs of Staff, was at dinner with us about six or seven years ago and I'd been asked to do this Rethinking Education policy for the Defense Department. And I had a lot of ideas that were

really new or they weren't new, it's just DOD hadn't thought about them, and I had them on three sheets with some bullet points. And Mike said to me, Mitsy, if it takes more than five minutes, I'll never get to it.

And so I think you have to find ways to capture these stories in cartoons. I don't know how you'd go about doing it, but I think it turns out to be incredibly tough, takes great creativity. I mean, if -- I'm sure you've seen *The Story of Stuff* --

MR. ANTHOLIS: If we can get to the question, because --

MS. WIRTH: My question -- yes, sorry.

MR. ANTHOLIS: Right. That's okay. Just we're running a little short on time. I don't want to make a plug for 125-page book published by the Brookings Press, but quickly.

MS. CLAUSSEN: Actually, I think there's another panel that's going to talk a little bit about this, but I don't think we've done a very good job of telling any of the stories, because there really are national security stories, there are energy security stories, there are climate change stories, there are clean economy stories, there are a lot of different stories. And the fact is we've not told them clearly. And if you look at public opinion polls, even though you can raise questions about how they're done on the sample size and the kinds of questions that are asked, the number of people who think this is a priority actually has gotten smaller, and the number of people who even understand that this is a problem has gotten smaller over time rather than sort of kept pace with what the science actually tells us. So, storytelling is enormously important, and I think we have been a failure.

MR. ANTHOLIS: Other questions. We have a few more minutes. In the back there. Yes, sir? Microphone's coming.

MR. HANLEY: All right, thank you. My name's James Hanley. I'm with the Carbon Tech Center.

And I went to Copenhagen kind of with the idea that there could be some global international agreement on climate change that would begin to outline allocations and responsibilities among nations, and I came away from the experienced with a kind of a metaphor of a group of young teenagers sitting around a pizza arguing over who was going to get the slices, and the pizza, of course, is going to get smaller over the next 40 years as we try to constrain carbon emissions. And it seems to me that the negotiating dynamic of arguing over allocations doesn't lead to an agreement or to harmony or to emissions reductions. So, I'm fundamentally very skeptical of the idea that --

MR. ANTHOLIS: Is there a question?

MR. HANLEY: My question is can we get to something else? And the question that I'm looking at is an internationally organized carbon price. It seems to me if we start looking at a U.S. carbon tax rather than neutral, it would be my preference. And there are good reasons to do that because it would allow the price to go up. It seems to me that if the U.S. began by enacting just that simple measure -- and the Chinese have shown interest in this as well -- we would begin to use things like the WTO to get water tax adjustments and get an international price, which would start to do a lot of what needs to be done to drive the innovation and alternative energy and reduce the responsibilities.

MR. ANTHOLIS: Eileen, prospects for a carbon tax.

MS. CLAUSSEN: I mean, prospects for a globally sort of harmonized tax are even lower than the chances of getting a binding agreement. And I think domestically the biggest line of those who oppose doing anything on the climate

issue is that it's, to quote the Senate Minority Leader, "a job-killing energy tax." It's a sure way to make sure we don't do anything.

MR. ANTHOLIS: Bruce, your own sense internationally?

MS. CLAUSSEN: Leaving aside the merits. I mean, I'm not arguing on the merits.

MR. JONES: Yeah, I'll take a --

MR. HANLEY: (inaudible)

MR. ANTHOLIS: I'm sorry, we've just got a limited amount of time, Bruce.

MR. JONES: Yeah, basically with Eileen, I think that, I mean, there are merits to a tax, but on the politics I agree. Then on the -- it connects back to the storyline question. The storyline that can work I think is that China is eating our (inaudible) storyline on the green economy. That's the storyline that you can move Congress on.

MS. CLAUSSEN: Yeah.

MR. JONES: The rest of it --

MS. CLAUSSEN: Maybe.

MR. JONES: -- kind of too complicated. Maybe. But it's the best shot we have.

MR. ANTHOLIS: I saw a gentleman over here. Why don't we cluster two or three questions. One there, gentleman there with a tie and the hand up. Do I see a hand over here, too, or no? Yes. Back there.

MR. BLASSEN: Yes, I'm Rich Blassen . I'm doing a piece for Ecosystem Marketplace on the March MOU between Brazil and China -- Brazil and United States, but my question is a follow-up from that last question.

Okay, how about if there's problem with the carbon tax, how about carbon markets? Look at REDD. And what -- speak about the progress from voluntary to regional to compliance market and how eventually the best market will depend upon a treaty.

MR. ANTHOLIS: So, that gentleman there.

MR. FRIBERG: Lars Friberg, climate and energy attaché, Swedish Embassy.

What beyond the anachronistic (inaudible), what parts of the Kyoto treaty would you think the U.S. would be willing to (inaudible) some new kind of agreement? And following on what was mentioned earlier, climate negotiations are already inherently very complex. Do you think linking them to the trade regime, as in, you know, border tax adjustment and so on, as a way to put pressure because European -- and it's very striking you've mentioned European Union I think once. They have done their lesson. They've put money on the table. And no one is really following their leadership. So, how can we -- you know, what's the -- how to persuade China to play ball?

MR. JONES: Back there.

MR. NEWBERT: My name is Newbert . My first -- I will make a first comment to Bruce. You mentioned that the United Nations is a place where a thing don't get done. I really think it is the contrary. It (inaudible) a big organization that you have multiple interest and need to have anything like it down in there. So, by my questions with regard to -- what should be role of the State Department in debating these issues? Do the State Department bring in EPAs with scientists or is it just the State Department sitting there looking at the policy side and putting the scientists aside? Or how big is the department when it come to addressing this

issue?

Thanks.

MR. ANTHOLIS: So, we have questions about other markets, carbon markets, REDD, what parts of Kyoto could be recycled, particularly those that Europe itself has signed up to and has led on, and then finally also what should the roles of the State Department be in all --

MR. JONES: Let me take a couple of them. I think what I said about the U.N. is that -- I think I didn't say it's a place where things get done. I think it said it's a place where people are paid to say no, which is a slightly different thing. But, actually, there is a lot of stuff that does get done in the U.N. This is just kind of a fiction in Washington that sort of nothing happens in the U.N. Total nonsense. Lots of stuff gets done in the U.N., including lots of stuff the United States cares about -- Convention on Nuclear Terrorism -- a whole host of things that get done at the kind of level of (inaudible) negotiations. It's boring and it's sclerotic, but lots of stuff gets done. Whether or not it's the right framework for doing what we're talking about here, we've been debating that point.

On the link to trade, previously when I've been involved in multilateral negotiations, it's always been tempting to link to trade, because in trade there are massive incentives. Trade negotiators will tell you never ever, ever, ever, ever, link anything to trade. But it is striking to me -- if you look at previous environment on -- you know these issues better than I, but, I mean, the Montreal Convention on Chlorophyll Carbons was linked to trade. The penalties were in trade where they were real incentives. Now, it may be if you do your proposal and you have emissions trading and there are real incentives there, you could avoid the risks of link to trade, but you've got to have the incentives for these things as well as the

disincentives so there's something there.

On the markets point, I just want -- I'll let you cover more detail on this, but it's -- it goes to the broader argument I was trying to make. There is movement on the markets issue. There is movement on the finance issue. There is movement on a bunch of these issues, and what we keep on doing is we keep on putting a deadline for a summit negotiation ahead of that movement, all right? So, we're going to get to Cancun. Not nearly enough will have been done on the markets issue. Not nearly enough will have been done on finance. Not nearly enough will have been done institutions. And we'll be trying to kind of negotiate the mitigation piece in the absence of these fundamental additional pillars of the deal, and it's just a kind of mistake we keep on repeating. This is why I think we need a longer horizon that could allow several of these processes to mature and you bring them together with very, very, very tough negotiations on the mitigation piece in some sort of subgroup along the way. And the markets piece is fundamental to that.

MS. CLAUSSEN: Yeah, I'm going to try to answer your question about the State Department and sort of -- the way policy gets made in the U.S., and it's varied by administration, is through an inter-agency process, so all the relevant agencies are at the table. I mean, I used to run it at a political level in the Clinton Administration early -- first five years. Everybody's at the table. EPA's at the table. The Department of Energy's at the table. All the White House offices that care are at the table. So, there's a sharing of stuff, so the State Department may only have a limited capacity, but the government as a whole in the U.S., actually, has an enormous capacity. And my own experience is that we were always the best substantively prepared of any government that ever goes to any negotiation,

because, in fact, there are all these pieces and we are able to pull it together. We also probably have the largest delegations that go, because we bring experts in all of those areas. So, I think it's not just a State Department capacity. It's the capacity of the government.

And, by the way, a lot of other governments have very limited capacity, and that's huge problem, because even in the context of an international negotiation, there could be five different groups meeting simultaneously, and if you're a government that only has one person that focuses on this. You know, you miss out on a huge amount of stuff. You're not part of the dialog, and that actually is a problem, but it's not a U.S. problem.

On the markets stuff, I think there has been a lot of progress. I mean, REDD could move. I mean, it's so close, I think, that it's just unfortunate that they couldn't get to those kinds of decisions in Copenhagen. The real question is whether in any subsequent negotiation leading up to something larger, individual decisions get made or whether they all get put off for this great summit, as you put it, where not everything is quite prepared and then nothing happens. I mean, I think that's the danger. It's not that some of those pieces haven't made enormous progress. But they are all tied together. I mean, there will be none of this of stuff unless the U.S. and the developed countries are able to put at least the fast-track financing on the table. I mean, that's just a reality.

MR. ANTHOLIS: I was going to say the exact same thing and then just simply add that the other thing that will drive those markets is a price on carbon in the United States whether it's a tax or --

MS. CLAUSSEN: Yeah --

MR. ANTHOLIS: -- cap and trade or something else, which it, in

addition to driving a market, will also generate funding for direct government assistance, because it's all, as Eileen said, tied together.

MS. CLAUSSEN: Yeah.

MR. ANTHOLIS: I want to thank Eileen and Bruce for giving us a tour of this inordinately complex set of issues. I think the quote Strobe mentioned before of Dick Gephardt was illustrated by the complexity of the answers they gave, but also we owe them a debt of gratitude for the concision and the clarity of their answers. So, please join me in thanking them both. (Applause)

And we'll take a quick set change to -- well, actually -- yes, in two minutes. I see our next speaker and his introducer, and in two minutes we'll introduce them.

So, thank you both.