Remarks of

Nigel Purvis
Scholar on Environment, Development and Global Issues, The Brookings Institution

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THE EVOLVING U.S. POLITICS OF CLIMATE CHANGE[1]

MODERATOR: Next, the speaker is from the Brookings Institution of the United States, Mr. Nigel Purvis: "A U.S. Perspective on Climate Policy." Please.

MR. PURVIS: Good morning. It's a pleasure to be here with you today. I'm very grateful to the organizers of this symposium for inviting me here to share some thoughts on what's happening in the United States on the issue of climate change, what the implications of the domestic politics of climate change are for the international regime, and options for the future.

My subject is inherently more political and less quantitative than the very excellent presentation provided by Dr. van Elsen earlier, so forgive me if I provide only some general slides and offer just some comments based on my own practical experience as a career diplomat and negotiator on the Kyoto Protocol from 1997 until the Marrakesh Conference in 2001.

I'd like to begin by saying that I'm sympathetic to people who, when they purchase a book, like to open the last page and find out how it ends. So let me give you a few thoughts about where I'm going and that will provide a little bit of context about the comments I'll be making. The punch-line, or conclusion, of my presentation is that there's a lot happening in the United States and it's real cause for optimism. If we examine where we thought we might have been shortly after President Bush's rejection of the Kyoto Protocol, I think most commentators would agree that we've gone farther in the last two years than we would have predicted. So that's very encouraging.

At the same time, I believe that it is unlikely that the United States will be returning to the Kyoto Protocol either in terms of the specific commitments that were agreed to at Kyoto or even, more generally, the Kyoto process, meaning the international multilateral negotiating process under the Framework Convention. I think it's unlikely that the U.S. will be receptive to that kind of multilateral approach for quite some time, regardless of who wins the presidential election.

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[1] A modified version of this speech was published in the International Review for Environmental Strategies (IRES) and can be purchased at http://www.iges.or.jp/en/pub/ires/ires.html.

So with that general preview, let me go into a little bit more detail. Obviously, what I'm trying to do is predict a little bit here about where U.S. policy is heading. And even though I'm based in Washington, my crystal ball is perhaps not any clearer than those of you who also follow U.S. politics so, in the discussion, I very much welcome your views and hope to learn from you as well.

So this is an outline of my talk. I'd like to cover five topics: to describe how the politics of climate change is evolving in the United States; to discuss the impact of climate change on the Kyoto Protocol, specifically on the U.S. presidential election which is coming up in November; to share with you what I would call the U.S. lessons learned from the Kyoto Protocol – the policy community in Washington has developed somewhat of a consensus about what went wrong for the United States in Kyoto; to speculate about the prospects for the U.S. re-engaging and joining with other countries in pursuing a multilateral approach in furtherance of the Kyoto objectives; and finally, to give you some thoughts about the implications for Japan and for other U.S. allies about how an international regime could be designed in a way that would encourage U.S. participation.

So the first topic is the evolving domestic politics in the United States. It's important to acknowledge that President Bush, while I believe his policy is not nearly as ambitious as it should be, as it needs to be, has in fact taken several steps forward beyond where the Clinton administration was at the end of 2000. The Bush climate change plan establishes a national goal, which is the first U.S. emissions goal. It is an intensity target, as our previous speaker described – 18% improvement in carbon emissions per unit of gross national product by 2012. In that sense, it is not an absolute cap, as the Kyoto Protocol approach would have required of the United States, but it nevertheless is the first national target that the United States has really developed for itself domestically. To put the target in perspective, in a business-as-usual scenario, the United States expects a 14% improvement in carbon intensity over the same period so Bush's approach is not "do-nothing"

In addition, the Bush administration has increased research and funding for science and technology development. This is a very positive step. Again, I don't believe it's sufficient, but overall funding levels have increased slightly.

The third achievement in the last few years is that the United States has taken a significant step further toward requiring mandatory reporting of carbon emissions. If the U.S. is ever going to have a stronger program, it will require mandatory reporting so that we know what emissions are occurring in the economy. So the Bush plan is in many ways laying the foundation for a future and more ambitious approach.

In addition, there's a lot happening at the state and local levels. States like California and New York and other major U.S. states are taking significant action. The first policy I'd like to describe is the cooperation that is occurring in the Northeast of the United States, involving states like Massachusetts, Connecticut, New Jersey and New York. They are designing their own regional emissions trading program, which is still in its early stages but is quite a significant development. The governors of those states are in the process of negotiating

emission goals that have the potential to be quite ambitious. New York has proposed returning to 1990 emission levels by 2010 and to 10% below 1990 levels by 2020.

Further, California, which is an enormous part of the U.S. economy, is moving forward in requiring automakers to cut tailpipe emissions of carbon dioxide by 29.2% by 2015. Because 10% of the automobiles sold in the United States are destined for California, the California market has the potential to drive the entire U.S. auto industry. And because manufacturers do not want to create one car for California and another car for the rest of the United States, all cars are likely to meet the California standard. So it's quite a large reduction in carbon emissions.

California is also considering imposing its own cap on power plant emissions. Both of these actions, for the automobiles and for power plants, are being challenged by U.S. industry, and so their fate is uncertain. But what's happening in New York and in California suggests that there is a lot of activity and interest at the state and local level in having more ambitious national policies.
At the federal level, there have been some interesting developments in the Congress as well. Senator John McCain, a Republican – meaning a member of President Bush's own political party – has joined with Senator Joseph Lieberman, a Democrat and Al Gore's vice presidential nominee in the previous election, to support mandatory carbon emission caps for the United States. The McCain-Lieberman bill, as the legislation is called, is still before the Congress. There was a first vote in the Senate on the legislation just last year. Now, while the legislation did not pass, it attracted far more support from Republicans and Democrats alike than was anticipated and was defeated by only 8 votes. So even in the Congress – particularly in the Senate, which tends to be more responsible and less partisan than our other legislative body, the House of Representatives – there is growing support for a national carbon cap with corresponding emissions trading.

Additionally, there are significant developments happening in our legal system, and I'd like to just mention two. The first is that in New York and in several New England states, the state governments are initiating lawsuits against power companies because of their carbon emissions, claiming that the emissions are a nuisance and causing significant ecological and economic damage to residents in those areas. In the largest of these lawsuits, eight states and New York City are jointly suing five large electric companies that account for 10% of all U.S. emissions. So there's the potential for a large legal liability for power plants as a result of these lawsuits.

The section point is that the U.S. Securities and Exchange Commission and individual investors are initiating lawsuits against coal mining companies and coal-based power plant companies for failure to disclose the potential economic impact of carbon regulation in their financial offering documents – the security documents issued in connection with their stock offerings. In other words, there's a growing recognition that carbon regulation in the United States is very likely and that it is an important fact that investors need to be aware of. These two legal

developments are putting pressure on U.S. companies to develop more positive climate change programs.

This next slide is merely intended to be an illustration of the extent of U.S. actions. The states that are in green are states that have adopted what is known in the United States as a Renewable Portfolio Standard, or what is sometimes called a renewable energy standard. These are states that have pledged to meet a particular percentage of their electricity generation through non-nuclear renewable energy. The targets vary a great deal among the states, but the acceptance of this idea that there ought to be sectoral goals for the power area is growing in popularity. Some of largest and most significant states, including most notably Texas, President Bush's home state, are pursuing this approach. So this is another example of, while there isn't federal action yet on climate change that is ambitious enough for most people, there is significant activity at the state level.

Now, this action is environmentally significant. That's the first point I'd like to make. I'd like you to focus on the text that is in red. What you'll see is that if one combines the emissions from the Northeastern states of New York and New Jersey and Massachusetts and others in the Northeast of the United States together with California, that they alone would be the sixth-largest global emitter of CO_2 (larger than Germany); and that if one looks only at the Northeastern states, they are the 8th largest emitter in the world. So while there isn't a national goal in the United States, the action that is occurring is on an environmentally meaningful scale.

But despite the environmental implications of what is happening, perhaps the most important developments are political. This state action and this industry risk from legal challenges is significantly changing the national political environment on climate change.

Businesses, more than ever, see risk as a downside to the continuing uncertainty of U.S. climate regulation. They know that they will be subject, if they are multinational companies, to climate regulation in other countries. They are concerned that the eventual national legislation might be too stringent if it is adopted in perhaps a Democratic administration, and they are increasingly interested in fixing a target and a level with a sympathetic national administration such as the Bush administration. They are concerned about possible trade and other sanctions that other nations might impose as a result of U.S.–produced products not being subject to climate regulation. So the attitudes of business, while they have not shifted enormously, are evolving in what I think is a very positive direction.

In addition, the Republican Party, which has traditionally been the anti-Kyoto party in the United States, is now becoming quite divided on the issue – not of Kyoto, but on the issue of national domestic climate regulation. As I mentioned, Senator McCain, a possible future candidate for president for the Republican Party, supports national legislation. He is joined by other very famous and responsible Republicans in the United States, including Governor Arnold Schwarzenegger in California; Governor George Pataki in New York; as well as Senator Richard Lugar, who's the chairman of the Foreign Relations Committee in the Senate; and others who are considered to be popular Republican figures with significant

national power. And because the president is a very skilled politician, he is unlikely to allow himself to lose control of his own political party on the issue of climate change. This provides reason to believe that the Republican Party as a whole may shift in the near future on the issue of climate change.

In addition, the general public, while not particularly well-informed about the president's policy, when asked in polls, believes that climate change is a serious issue and that more needs to happen.

These forces together are creating an environment where there is ever increasing pressure for stronger U.S. action, particularly at the national and international level. And I think that in Washington, in the think-tank and research community, there is a growing consensus that the issue is not whether the United States will adopt a national target of the kind envisioned by the Kyoto Protocol, but rather when. And while no one is able to answer that question with any degree of certainty, I would offer my prediction: It is likely to happen sometime between the next two and seven years. It's really subjective as to whether that's a prediction that strikes you as very positive or very negative, but it's significantly better than perhaps many people feared in 2001, when the Bush administration rejected the Kyoto Protocol.

Let me talk a little bit about this consensus, about what a U.S. climate policy would look like. There are some issues on which there is significant agreement and there are some other issues on which there are some quite healthy disagreements and discussions that are still continuing.

There is a consensus in what I would call the informed policy community that domestic action is in fact key, that while we tried an international approach with Kyoto and that was very well-intentioned and well-meaning – and I should say that, personally, I worked for four years on the U.S. negotiating team trying as hard as I could to make it possible for the U.S. to join Kyoto – I, too, am of the view, along with many of my Washington-based experts and colleagues, that the focus of the United States needs to be on our own domestic policies. This is important for a number of reasons, not the least of which is that the United States will not be credible as an international negotiator if it returns to the negotiating table without having established its own policies. If we are going to ask more of other countries, including developing countries, we need to show that we have in fact taken important steps ourselves.

In addition, the U.S. practice when it comes to environmental treaties is generally to act first at home and then to export that approach, to build on that approach at the international level. If one looks at the approach taken in the Montreal Protocol on ozone-depleting substances, that treaty, which is very successful to date, was based in part on preexisting U.S. domestic laws. Because U.S. industry was already subject to national regulation, it did not view the international treaty as a threat. In fact, it saw it as a very healthy development, where it would create a level playing field for foreign competitors. We need to create the same dynamic in the United States when it comes to climate change, by enacting domestic regulation first. Then you will have the support of the business community and the environmental community in rejoining an international effort.

As I said, the second point is that federal regulation is inevitable. It's merely a question of timing. In addition, there is widespread consensus that when a federal system is adopted, it will include emissions trading. The Brookings Institution, at which I work, recently convened a high-level international conference involving most of the major U.S. politicians who are active on climate change, including Senator McCain, Secretary of Energy Abraham and many other notable figures. What was interesting about that conference, which occurred in June, was that while there was still a very strong divide between those for and against a national emissions cap now, there was consensus that if the United States were to adopt a national cap, it should have emissions trading. So emissions trading will be an inevitable part of the U.S. approach when it occurs.

In addition, there is a sense that it's a very heavy political lift to get a national law adopted and that those who favor such action ought not to burden that difficult task by making the initial requirement of the regulation economically onerous or penalizing. Therefore, there's a growing consensus in the United States that we need to divide the process of convincing the country to regulate carbon and other greenhouse gases from the separate process of requiring that those emissions follow the type of pathway that was presented earlier, an ever-decreasing requirement of overall emissions. So this separation of the acceptance of the idea of regulation from the ratcheting down of the emissions level is something on which there is consensus. The implication here is that whatever national law is adopted in the United States, when it is adopted it is likely to begin with an exceptionally modest emissions reduction commitment.

So those are the issues on which there is, I would say, general agreement in the Washington policy community. There are some important design issues that are still open. Foremost among them is the timing for when carbon regulation should occur. The second issue is what steps should be taken to ensure that the approach guarantees that it will not harm the economy. I refer to this as the safety-valve approach, meaning an effort would be made to cap the overall cost of the program and, potentially, even sacrifice achieving whatever environmental goal the regulation may be pursuing if the effort involved turned out to be too expensive. There is a sense that this kind of economic certainty could be politically helpful, and yet the environmental community is very opposed to any movement away from the absolute caps in the Kyoto Protocol toward more dynamic targets that include a safety valve.

There are some open questions on the issue of the coverage of the national law. Will it be economy-wide, or will it cover only certain sectors, such as the power sector? This we do not know yet. In addition, it's unclear whether it will be implemented what we call "upstream," which means at the place where carbon emissions occur, such as at power plants and at ports of entry for fossil fuel imports, or whether it will occur what we call "downstream," which would mean that it would be targeted toward consumers, such as a gasoline tax that consumers would pay at the petrol station. This is an issue on which there is continuing discussion.

So that is the state of the current politics in the United States. Let me turn to the second issue, which is how does climate change play out in the U.S. presidential election that is only 60 days away.

The first point I would make is that something related to climate change – energy – is in fact a very important issue in the election. John Kerry in particular has been talking about energy and its implications for U.S. security and jobs a great deal. And because he's been getting some resonance with the voters, President Bush has started to talk more and more about his desire to see the United States more energy-independent and to improve U.S. energy security.

There is significant agreement between both candidates on the issue of research and development for clean energy technologies. Where there is a difference is that President Bush has tended to favor what one might call a supply-side approach to energy, where he favors additional exploration for fossil fuels to ensure an adequate supply and improved infrastructure projects and development of pipelines to ensure that abundant supply can reach the market safely. Whereas John Kerry has recently announced in a speech just only about a month ago his support for mandatory, federal environmental standards in the energy area. He has called for a national goal of 20% of all U.S. electricity from renewable sources by 2020. And Kerry has also called for a 20% goal for biomass, or ethanol, as a mix in fuels for automobiles. So 20 percent of all U.S. automobile fuel would come from renewable sources. These are significant departures from President Bush's policies.

Now, that's the issue of energy. Obviously, those policies would have a significant impact in the climate change context, but they are not described to the American public as climate policies per se. The issue of climate change itself is really not an issue in the election at all, except to the extent that the Kyoto Protocol is used by both parties to illustrate a broader point that they wish to make about their opponent. Bush says that Kerry's consistent support for the Kyoto Protocol is evidence that he is economically reckless, whereas Kerry says that Bush's unilateral withdrawal from the Kyoto Protocol shows that he is out of step with the international community and that he, John Kerry, would re-engage the United States in international climate talks. Now, very importantly, when he says that he would re-engage the United States in international climate talks, he doesn't provide any further details about what precisely that would mean or how that would occur, and the American public has not been asking for those details.

John Kerry also says that the specific target in the Kyoto Protocol is no longer feasible for the United States, that too much time has passed, that we have missed that train that has already left the station. So climate change, while it is evidence of the broader approaches to foreign policy that the candidates have, climate change itself is not an issue in the presidential election.

Well, does it matter, then, who wins the election? Here the answer is mixed. On one hand, it matters a great deal. We see that the policies of the candidates are really quite different. Bush would be likely to stay the course he has charted, which is on voluntary programs and focusing on research and science whereas Kerry, if he were to win, could win a mandate for the kind of energy policies that I described – mandatory requirements on biofuels, mandatory

standards for renewable energy. On the other hand, there is reason to believe that the election will not be decisive in the national policy debate. The control of the Congress is unlikely to change. In fact, most people think that the Republican Party will, potentially, widen its control over both houses of the Congress and in that way, because a national policy would require the support of the Congress, the politics of climate change is not likely to change quickly.

In addition, while the business views are evolving, as I mentioned earlier, they're not evolving so rapidly as to suggest that the election in November will make an immediate difference. And while the public is asking for stronger climate change action and is not entirely supportive of President Bush's approach, it is a very low priority. In fact, the issue of environment barely makes the top 15 issues in the presidential election. The issue of climate change is not even on the radar screen for most voters as an election issue. So the public is not clamoring for, not pressing for additional action.

So what are the lessons learned? This is the third topic that I wish to cover, the lessons learned by the United States, by people such as myself who have been part of the Kyoto process, who would like to see the United States do more, who are working actively in Washington to make it happen. What do we think about the Kyoto process as it relates to the United States?

The first point I already went over, which is that we really need to start at home. On this there is great agreement from conservatives to liberals in the environmental community. I think therefore that the United States is unlikely to be engaging at the international level until it takes the kind of step proposed by senators McCain and Lieberman in developing a national policy.

In addition, stringency of a target is less important than getting going. As I mentioned before, there's a sense that the initial burden has to be very modest.

Plus, economic costs, which were perceived – I stress "perceived" – to be quite uncertain in the Kyoto Protocol, must be more certain. There is a consensus that it will be difficult to get political agreement, particularly in the Congress, unless we can present to the Congress very clear evidence that the costs of the proposed action are manageable.

There's also a sense that perhaps the United Nations is not the ideal forum for the United States. Unfortunately, the U.S. Congress tends to be very skeptical about actions taken in the United Nations as they relate to environment. We, the United States, are not a party to many treaties that are universally accepted otherwise. The Convention on Biological Diversity is an example. In fact, it was perhaps quite unusual that the United States was one of the first parties to sign the Framework Convention but that may have more of a political explanation than a substantive one. So the U.N. process is one that remains quite difficult for the United States politically.

In addition, treaties themselves, regardless of whether they're negotiated in the U.N. or not, are also difficult for the United States. The United States tends to be fairly slow in approving treaties, regardless of where they're negotiated. So a non-U.N. and non-treaty-based approach, or at least a non-environmental-treaty-based approach, may be more promising for engaging the U.S.

I think there is a consensus in the United States that the Kyoto process and in fact the Framework Convention negotiations generally have shown that developing countries are really quite committed to their existing positions. It's unlikely that the approach taken by the Clinton administration – which called on developing countries to adopt legally binding emission targets – would succeed even if the Clinton administration had continued for an additional four years. There wasn't a lot of traction with that approach. Developing countries are quite firm in their opposition. Therefore, it's going to take some time to bring developing countries on board.

And also, there's a sense that the Kyoto approach, which I would describe as a "Big Bang," an effort to simultaneously create an entire regime out of very little, where all the rules for emissions trading, for carbon sequestration, for reporting, for compliance were all created at one time. This big-bang approach of hatching the international system simultaneously is probably not the right way to go for the United States, and that a more incremental approach that proposed a step-by-step effort would be easier for the United States to agree to.

In that regard, it's worth asking the question: If those are the lessons learned, what are the prospects for the U.S. returning to Kyoto? Here, as I began my presentation by saying, I remain somewhat skeptical about whether the U.S. can in fact sign on to the Kyoto process. George Bush is unlikely to change his mind; and John Kerry, while he has been quite a strong supporter in his entire career of both action on climate change and the Kyoto Protocol specifically, would be unlikely to have the political power to secure the consent of the Congress. He would require 66 percent of the Senate and a majority of the House of Representatives. Given the very bitterly divided political bodies that we have now, that's a very high bar to achieve and it would be unlikely that Kerry could sell to the American people the idea of re-engaging in the Kyoto process.

So the U.S. is much more likely to take what I would describe as a bottom-up approach. That is a step-by-step approach that would build incrementally on action that was undertaken in the United States. The initial stringency of that action is likely to be quite modest and the United States would probably be more inclined to explore with its partners, such as Japan, non-U.N. fora where there would be less political objections in the U.S. Congress to proceeding in that manner.

The useful lesson that may be worth examining is the model of the WTO, where we started with the General Agreement on Tariffs and Trade immediately after World War II. It was a remarkably small group with a very small number of simple rules. Over time, that system has become larger and more complex. Only recently have we added stronger compliance and global governance institutions and mechanisms to the trade regime. But the rules were designed so that there would be incentives for membership and disincentives for acting contrary to the rules. In this way, they were able to create the sense that the WTO was a very valuable club that other nations want to join. That may be a useful model for thinking about climate cooperation. If we can in fact build a model that brings in countries who are willing to act and creates incentives for other countries to join

with fairly straightforward rules, that might create a political dynamic that would be positive.

The final point I'd like to go over are just some thoughts for Japan particularly, some implications for our allies in Japan and Europe on how to re-engage the United States. As I've said, I'm a strong supporter of the United States taking stronger action and I'd like to share with you whatever I can about how to approach the United States in a way that is likely to influence U.S. policy.

U.S. action is inevitable, and the structure of that action is foreseeable. That is the positive message that I'd like to leave with you. U.S. action will happen faster if Japan and Europe themselves act. If you meet your own targets under Kyoto or if you adopt other policies that move your nations forward, the United States, while often resistant to international pressure, is not oblivious to the perceptions that other nations have of it and of its role in the world. And stronger international action will influence the United States.

That said, our allies in Japan and in Europe and elsewhere need to be mindful of these domestic politics that I've alluded to. It would be more productive for our allies to approach the United States and ask it to undertake action that has a politically realistic chance of success in the United States. By that I mean probably non-Kyoto approaches, approaches that emphasize the importance of the U.S. acting. An international treaty is nothing more than a promise to act, and the time has come for the international community to not ask the United States for an international promise to act, but to insist on domestic action by the United States.

In closing, I would like to encourage Japan and others to keep an open mind about non-Kyoto alternatives. As I said, I'm a great supporter in the Kyoto process. I think that the Kyoto Agreement was an historic step forward insofar as it evidenced a real commitment to action and created a platform for serious discussion about some very important issues like emissions trading and carbon sequestration. Kyoto in this regard has already succeeded to a large degree. However, emission reductions are what is required, and it may very well be the case, as I have suggested, that the best way to achieve those emission reductions, at least in terms of cooperation with the United States, would be, for the foreseeable future, to look to non-Kyoto approaches.
Thank you very much.

MODERATOR: Thank you very much. Perhaps we can accept some questions for clarification only. Well, of course, all questions are appreciated. You can speak Japanese in asking your questions.

QUESTION: I'm from Hitotsubashi University. Thank you for your presentation. Your premise is very clear. My question is about the conclusion of your presentation, where you said there is very limited possibility to rejoin the Kyoto process for the U.S. My question is, is there a possibility for the U.S. to join the non-Kyoto process within the UNFCCC forum?

MR. PURVIS: Thank you for your clear question. It's an excellent question. I'd like to distinguish between the Kyoto targets and the Kyoto process. There is a consensus in the United States that the specific numeric quantitative targets that were agreed to are not feasible. And John Kerry and the environmental community are not pressing the United States to achieve that minus 7% from 1990 commitment. So the Kyoto targets per se for the United States are history.

The Kyoto process, which is what I was referring to for the bulk of my presentation, is also problematic for the United States as there is a sense that developing countries are unlikely to come on board and that the U.N in general is unfortunately politically unpopular in the United States. Any approach that tries to overcome these two issues and convince the United States to simultaneously accept a compliance mechanism, rules for emissions trading, and rules for carbon sequestration would be exceedingly difficult. Further, Kyoto, in addition to the extent that there would be additional action by developing countries, would involve either the acceptance by the U.S. Congress that developing country action will not be equivalent to that of the United States – which is politically difficult – or acceptance of that there will be income transferred to developing countries from industrialized countries as we buy emission credits. That, too, would be politically unpopular. So even the UNFCCC approach under the Kyoto process is difficult.

Now, your question specifically would be about non-Kyoto approaches in the UNFCCC. Well, the UNFCCC is supported universally in the United States. President Bush has said he supports cooperation under the UNFCCC. So one might conclude that U.N. cooperation in the context of the Framework Convention is an excellent possibility. If one scratches a little deeper, however, one sees that the Republican Party really only supports the Framework Convention because it feels it must, having rejected Kyoto, and that there's really no underlying affection for the Convention, which has always been fairly politicized. A great deal of ideological concerns about principles and issues like contraction convergence and the role of developing countries have always been fairly contentious and difficult for the United States.

For that reason, I think that it would be far easier to convince the United States to enter into a bilateral agreement with Japan or a regional approach in the OECD that involved like-minded industrialized countries that would, for example, develop harmonized rules for emissions trading, or harmonized standards for biofuels or have an OECD commitment for generating a particular percentage of power from renewable energy. These are things which the United States is considering already, is acting on to some degree in the states, could potentially be feasible at the federal level, and is consistent with what many nations in the industrialized world are doing. This, however, would not likely be accepted by developing countries in the context of the Framework Convention.

So while I'm not against the Convention in any way and think that it is absolutely an accurate statement of the current national geopolitical interests of countries, it is also the case that actions outside of the Convention are more likely to be attractive to the United States in the next few years.

QUESTION: Matsushita is my name. I'm from Kyoto University. Mr. Purvis, thank you indeed for your very interesting presentation. I really appreciate that. My question is related to the previous one. Lessons learned by the United States from Kyoto. So the lessons were learned by the U.S., but who do you mean by "the United States" – the American public in general, policy makers, the Congress, the government? And also, WTO lessons. You identified some lessons toward the end of your presentation. I think that regarding the WTO the U.S. and a limited number of developed countries established rules and then such rules were proliferated to other countries. But such an approach has been severely criticized. For example, developing countries and less advantaged parties were neglected or marginalized, lack of transparency – these are the points on which WTO has been criticized. What do you think?

MR. PURVIS: Excellent questions. The last one in particular is very difficult. The answer for your first question is, yes, I'm referring to policy makers. I don't think there's a very detailed understanding of the Kyoto process in the general public. So I'm referring to moderate Republicans and Democrats.

I would point to the essay in the New York Times recently by the former chief negotiator Stuart Eizenstat, who was the U.S. negotiator during the 1997 Kyoto negotiations. This editorial ran in the paper on July 5th. And Mr. Eizenstat said some very similar things. He said we need to start at home, that perhaps the U.N. has too many countries and is too complicated. So it's people like Stuart Eizenstat and Frank Loy and others who are very knowledgeable about climate policy that I'm referring to when I say that there are these lessons that have been learned.

On your second question, relating to the WTO, clearly the WTO's history is not perfect. And it is not a perfect analogy, either, so there would be no need to imitate the lack of transparency of the WTO in a non-U.N.-based approach.

But I want to be very clear in being understood. I am not proposing that countries like Japan which are part of the Kyoto process stop doing Kyoto and then join with the United States in doing industrialized-country-only negotiations. Not at all. I am not proposing that. What I'm suggesting is that while cooperation under the Framework Convention should continue and must continue in order to lay the basis for what eventually will be a global approach, and where there is no point in having an alternative because the Convention is as good as we're going to get, that we also need to pursue simultaneously some non-U.N.-based approaches. Initially they might be in addition to the Framework Convention; ultimately they might be dropped and action could be returned to the Convention.

But if progress with the United States is difficult under Framework Convention, then it would be wise for countries like Japan – who would like to see stronger action in the United States and would like to see that their companies are not burdened and suffer competitiveness losses as a result of their own climate policies – to find other ways of engaging the United States. The examples I provided, such as common rules for emissions trading between the United States and Japan, or common standards for energy efficiency, are ways of cooperating with the United States that need not be in lieu of the Framework Convention.

So the WTO in that regard I don't think would be the perfect model. But what it would have in common with this approach that I'm suggesting is that there would be like-minded states who would be working with the U.S. developing very market-friendly rules. And developing countries could be invited to participate to the extent that their national interests and approaches were consistent with the objectives.

MODERATOR: Thank you very much. If you have any further questions, please fill in the question sheet and put it in the box outside the reception.