

## Country Reaction Paper: The United States

“It is in our vital interest to diversify America’s energy supply, and the way forward is through technology. We must continue changing the way America generates electric power, by even greater use of clean-coal technology, solar and wind energy, and clean, safe nuclear power.....And these technologies will help us become better stewards of the environment, and they will help us to confront the serious challenge of global climate change.” The State of the Union, President George W. Bush, January 23, 2006

“Studies show that 70-80 per cent of senior executives in this industry think there will be carbon regulation. I believe that being progressive, listening to different arguments and helping develop ideas gives you a seat at the table when decisions are made.....The US should take a leadership position in the next phase of Kyoto. It is important that our national response syncs up with the world wide response.” Jim Rogers, CEO, Duke Energy (“one of America’s biggest power companies) and chair of Edison Electric Institute, an industry lobby.

“It is imperative that western leaders are bold enough to encourage more rapid institutional changes to the structure of the G7, G8, IMF and other global governance bodies.” Jim O’Neill, head of global economics research at Goldman Sachs, FT 23 January 2007.

### Potential US Policy Responses to Energy Security / Climate Change Challenges

There is a sea change in public opinion in the United States on global climate change. There is a new Democratic majority in Congress which has a more aggressive view on energy and the environment. One could expect the Democratic nominee in 2008 to want to make major shifts in US domestic and foreign policies, to reverse current directions and the decline in attitudes toward the US abroad. Therefore, the future US policy positions articulated below are based on these shifts in public opinion and domestic politics.

As a result, one could expect the major shifts to include:

- I. Prioritize the Global Climate Change agenda, acknowledging that carbon emissions drive climate change, reversing current non-policy.
- II. “Take a leadership position in the next phase of Kyoto”, including embracing a cap & trade system, reversing opt-out position of the US thus far.
- III. “Bold ...rapid institutional changes to the structure of the G7, G8, IMF and other global governance bodies”.
- IV. Use a carbon tax as a way to encourage energy conservation and technological innovations for lower carbon emissions. (Stern Review)
- V. Possible \$40 per barrel petroleum **price floor**, to induce more technological change, proposed by the Governor of Montana. See Tom Friedman NYT Jan 2007.
- VI. See diversification of energy supply as “in our vital interest”, and prioritize innovation and investment in clean coal technology and safe nuclear energy as a way to reduce reliance on conventional coal and oil for electricity generation, at home and abroad.
- VII. Introduce stricter CAFÉ standards for US vehicles to push automakers toward more fuel efficient, lower carbon emission engines.
- VIII. Prioritize a resolution of the Palestinian-Israeli conflict as a cornerstone for broader regional stability and even cooperation in the Middle East to reduce the tension and distrust in relations with important oil supplying nations in the region.

- IX. Include Iran in global energy discussions as a means of opening a broader dialogue with Iran which includes its role in the Middle East and its pursuit of nuclear energy for civilian purposes.
  
- X. Bring China, India, Russia, Brazil, South Africa and Mexico into a new summit grouping (L13) which would, among other things, provide direction and guidance for the energy supply coordination issues and for a new global climate change framework in the post-Kyoto phase.
  
- XI. Propose a Global Energy Council to focus on global energy supply coordination and cooperation based on the L13 summit group of countries.
  
- XII. Propose a Global Environment Organization based on the L13 countries with variable geometry to focus on global environment issues and be the site for negotiating a post-Kyoto framework on climate change.

CIB Draft: 25JAN07