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**From Partnership to Leadership:
Transatlantic Solutions for a Low Carbon Economy**

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Opening remarks

Europe should recognize the U.S. coming on board finally with relatively ambitious 2020 targets (compared to the status quo), but has to push for further acceleration on efforts of the U.S.

- It is encouraging to see all the moves of the US in climate and energy policies, both on the state level as on the federal level. Despite all the constraints, especially in the Senate, this is a change of paradigm in comparison to the last 10 years, and we have no doubts concerning the commitment of the President and his team to ambitious climate targets.
- Most of the informed observers in Europe applaud these efforts and the level of ambition seen in the Waxman-Markey bill. Some argue it is not enough. That's true with regard to climate science and the degree of greenhouse-gas-emissions that have to take place over the next ten years. 2020 should be the latest date for a global turn around from rising to shrinking emissions.
- But at the same time it is true, that it seems impossible for the U.S. to make up for all the sins of a former administration in a very short term. We do recognize that the legislation being debated in Congress is serious in its ambition to reduce emissions by 2020 compared to the status quo. Therefore, we have to deal with a gap between science based goals and political realities.

- Of course, the EU should lobby for as much as possible. The world simply cannot accept a non-sufficient outcome from Copenhagen. That would sideline scientific findings as the basis for discussion, undermine European domestic efforts, and give other industrialized countries as well as emerging powers an all too easy cover for their reluctance to move forward. If the high industrialized countries fail to deliver in Copenhagen, they would undermine any credibility in the eyes of the developing world.
- The European Union should be frank: Call a low figure a low figure; hold on to the plus 2 degree Celsius target; say that the contribution of the U.S. (and others) must increase; demand a steeper midterm reduction curve because of the slow beginning; and ask for a quid pro quo.

If the Obama government wants the EU to accept a lower-than-IPCC emissions reduction by 2020 in the U.S., it should be willing to offer more on the other issues that will be on the table in Copenhagen, particular with regard to funds for adaptation and technology transfer to poor countries.

- Over the last days we heard a lot of concern that the US may not be ready to join a comprehensive climate agreement until December, due to the overload of domestic and international heavyweights the administration has to lift. We know that the auspices of having a final vote on climate legislation in the Senate over the next two month are lousy, and it's obvious that the administration won't be ready to sign binding obligations without having built a reliable political majority at home. We don't like that message, but we can't ignore it.

Nobody should be interested in creating a deadlock in Copenhagen that could lead to a breakdown of the negotiation process. The US must be part of a Post-Kyoto-Agreement, otherwise it will not happen. Washington's responsibility for success or failure is huge. There may be some space for compromise on the timeline for striking a final deal and on

modeling the reduction curve of US-emissions. But it would be disastrous if the US would depart from the goal to have a new international agreement with binding obligations in succession to the Kyoto-Protocol. This would undermine the whole process and damage the authority of the administration on a global scale.

As important as high level meetings of the G8, the Major Economies Forum (MEF) or the G20 are: the UNFCCC is the right place to find a global solution on climate change.

- G8 and G20 summits bring together the world's biggest emitters. It is crucial to find common decisions and solutions towards low carbon economies among these countries. The smaller format may enable quicker decisions which is good, because we run out of time quickly.
- But G8 and G20 lack the representation of countries that have not caused climate change, but already suffer from its impacts. To deal with the needs of adaptation, climate finance, technology transfer in a serious way, we need to bring in the perspective of countries like Bangladesh or the Maldives. Striking a fair deal with the developing world is the core responsibility of the industrialized countries. It is the basis for any global arrangement.

Transatlantic policy and knowledge transfer:

Europe and the U.S. face similar challenges with regard to the transition of their economies. We both have to transform industries and consumption patterns that have been grown on the basis of fossil fuels into low-carbon economies with hardly any emissions. After the Internet-revolution, we need another green industrial revolution to avoid the collapse of the ecosystems we all depend on: global climate, maritime systems, forests, fertile soil.

For this to happen, we should speed up the transatlantic learning process by institutionalizing various forms of political and economic cooperation. This includes:

- Policy learning on all levels of governance (local, state, and federal level) by exchanging best policies. For example, the United States could rapidly learn from policy measures such as feed-in tariffs, which successfully multiplied renewable energies investments in Germany, reaching a total market share of 16 % in 2009. More than a dozen U.S. states are currently debating the implementation of this policy.
- Creating common institutions such as a U.S.-European Climate Council they could facilitate the mainstreaming of energy and climate policy at all levels of governance.)

Transatlantic technology cooperation with common research & development including the implementation of new technologies:

- Electric mobility (car technology, batteries, infrastructure)
- Super smart grid, DESERTEC
- Renewable energy development and deployment
- From a European green perspective, we are quite skeptical concerning Carbon capture and storage. We don't see the need for new coal fired power plants to cover the electricity needs of the European Union, and we have serious doubts concerning cost- and energy – efficiency of CCS.

At the same time we have to recognize, that other countries are continuing to build new coal fired plants.

Therefore we suggest extended R&D to evaluate the feasibility of CCS. If the results will be convincing, we should introduce the technology as quick as possible into the market.

California and a couple of other states are already implementing regulatory standards to enforce CCS with coal plants. Similar provisions are included in the Waxman-Markey bill. This is something where Europe can learn from the U.S.

Create a common transatlantic carbon market by developing integrated trading platforms, common verifying schemes and harmonized reduction targets. This would boost the competition for cost-effective reduction technologies and resource efficiency.

Transatlantic cooperation to get the laggard regions on board

The EU has provided leadership on the way to a low-carbon economy, in particular with its unilateral target to reduce emissions by 20 percent by 2020 compared to 1990 - levels. But despite these efforts, Europe still has a long way to go to reach its goals and to transform its economies into sustainable forms which help avoid a rise of average global temperatures by 2 degree Celsius. And like the U.S., Europe has to deal with laggards and overcome skepticism within its own borders. Countries like Poland and the Czech Republic oppose ambitious climate policies, because of energy-intensive and coal industries as well as the agriculture sector.

In particular Europe and the United States must join forces to engage their respective laggard regions in a process of economic and environmental reform. Only by winning support in the former industrial and farming regions can the U.S. and the European Union achieve the political majorities necessary to pass the kind of national legislations that effectively allow the transformation to low-carbon economies. A formal policy network could serve as a forum in which the concerned states and regions could share experiences as they are coping with the challenging structural reforms.

As in the area of international security, we firmly believe in the added value of transatlantic cooperation with regard to climate policy and greening the economy. Europe and the US must become the showcase for a sustainable turn. We have to prove that going green will not deteriorate, but improve economic prosperity and quality of life of the broad majority of people, increase energy security and create enormous opportunities for entrepreneurs, scientists and ambitious young people.

Practical examples of greening the economy

With the Obama administration promising big investments in green energy, wind turbine producers see the United States as the key to the industry's future. That's why European companies invest in the U.S. market with new production capacities:

- **German-based E.ON**, the biggest energy utility in Germany with a strong portfolio in coal and nuclear energy, has finished building the world's largest wind farm, a 781.5-megawatt project about 200 miles west of Fort Worth, Texas. It is a \$1 billion investment.
- **Denmark's Vestas** is also a big player in the industry. It has been producing turbines in northern Europe and shipped them all over the world. Vestas is rapidly expanding its production base in the United States, where it has created more than 1,200 skilled jobs. The company expects that number to climb to more than 4,000 by the end of 2010. Last year, Vestas opened a blade factory in Windsor, Colo., hiring 650 people. This year and the next, it will add another blade factory and a nacelle assembly factory in Windsor, as well as tower factories in Brighton and Pueblo, Colo. Vestas is also building up research and development centers in Houston and Boston.
- Vestas' rival **Siemens** is also expanding in the United States. Siemens plans to double the capacity of its factory in Fort Madison, Iowa, which was only opened in 2007. It is also building a new plant in Hutchinson, Kansas., and a research and development center in Boulder, Colo. Boulder was chosen because of its proximity to institutions such as the National Center for Atmospheric Research and the Colorado Renewable Energy Collaborative, a state-funded program including Colorado State University, the Colorado School of Mines and the University of Colorado, Boulder.