



Energy and Climate Exchange Series @ Bruegel

“The US Climate Debate and the Prospects for Copenhagen”

Cathleen Kelly,

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The second edition of the *“Energy and Climate Exchange Series @ Bruegel”* featured Cathleen Kelly (Director of the Climate and Energy Programme at the German Marshall Fund of the United States), who spoke on the status of the American climate debate and its implications for December’s climate summit in Copenhagen.

Kelly explained that the US position over climate change issues has radically changed since President Obama entered office. She insisted on the unprecedented level of commitment of the Obama administration to tackling climate change and pointed to a 2007 U.S. Supreme Court decision that gave the Environmental Protection Agency (EPA) clear power to regulate emissions. Even with this high level of commitment from the Obama administration, it is still essential that Congress passes legislation sharply limiting emissions, as there would be no public support for the administration acting alone and any action undertaken by the administration would have to be much lower in scope as a result. In fact, since the crisis, climate change issues have lost some traction in American public opinion amid fears about how the transition toward clean technology would affect jobs. Despite these issues, Kelly pointed out that the House of Representatives has already passed an important bill on climate change, which features an economy-wide cap-and-trade programme and would cut greenhouse gases (GHGs) to 1990 levels by 2020. The Senate must now pass its own version of a bill, but debate has been delayed by the health care debate. If legislation is to be passed, it must be done before April, because the US will then enter the 2010 midterm elections period and large-scale reform will be difficult to achieve.

In terms of the international negotiations, Kelly argued that the US must put a number on the table as a strong sign of effective commitment, but this will not happen without a solution in the Senate debate. An important goal of the international agreement is to define clear support for developing countries to adopt green technologies, and the US should also commit on this point in Copenhagen. But if the US is not able to come to Copenhagen with a defined number, Kelly said, there is little hope that any agreement will be made in the near future.

After Kelly’s talk, the floor then opened up to discussion, which emphasised the differences between the EU and the US. One participant pointed out that the EU has been a leader in the debate by setting a defined goal of a cut of GHGs to 20 % below 1990 levels by 2020, but the Europeans are still criticised more often than the US. Kelly explained that the emissions target that the US will eventually commit to is likely a 14% reduction in GHGs from 2005 levels by 2020. She argued that this cut is fairly comparable to the EU commitment if one takes into account the 2005 context. Bruegel Senior Resident Fellow Reinhilde Veugelers, who moderated the event, followed up by explaining that the best policy to deal with climate change is to use a mix of instruments, one being a stable, long-term and predictable carbon price. In this perspective, she argued, President Obama should be pushing for a long-term carbon price. Kelly insisted again on the key role of the Congress; resorting to EPA regulation would be a very risky strategy, it would take a very long time and it would have to be revised many times. According to Kelly, a cap-and-trade bill, once passed, would deliver the market signal that we need.