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## **Baker Institute conference weighs US-European cooperation to counter climate change**

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Vowing that the United States will re-engage with the world in efforts to contain climate change under the Obama administration, University Professor Neal Lane told an audience at the Baker Institute, "The U.S. will be back in the game, and this time as a partner."

The Energy Forum hosted a conference in December titled "Emerging U.S. Climate Policy: Transatlantic Approaches and Market Harmonization" to discuss U.S. and European policy responses to climate change and to analyze how future international policies may evolve. Bringing together government and industry leaders, academics and economists, the conference was a continuation of discussions from the February 2008 conference "Beyond Science: The Economics and Politics of Responding to Climate Change."

In his keynote address, Lane emphasized that Europe has taken the lead in addressing climate issues over the past eight years through policy and economic mechanisms. He concluded that a successful global climate approach was key to moving forward. The United States must take a leadership role and rapidly implement domestic policy measures, said Lane, senior fellow in science and technology policy at the Baker Institute.

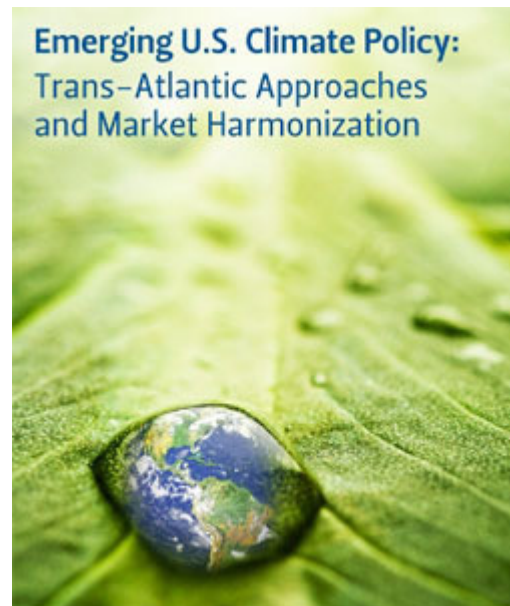
He noted that the climate science community must engage "genuine scientists, engineers and other thinking men and women who tend to be skeptical" and build consensus to mitigate the foreseeable climate change effects and reduce future adaptation expenditures.

Brice Lalonde, ambassador in charge of international negotiations on global warming with the French Environment Ministry, told the audience that Europeans view climate change as a very important matter. Since 80 percent of greenhouse gases are emitted by only 16 countries, Lalonde said, the burden of cutting them must be shared.

A short-term goal, Lalonde said, would be to reduce greenhouse gas emissions by 20 to 40 percent by 2020. That could be raised to a 50 percent reduction by 2050, he added. One problem that must be addressed is that some countries are more afraid of a convention that cuts emissions than they are of climate change itself, he said.

Peter Hartley, Baker Institute Rice Scholar and the George and Cynthia Mitchell Family Chair in Sustainable Development and Environmental Economics, said most environmental economists support taxes over tradable emission permits because of the nature of CO<sub>2</sub> emissions. Carbon dioxide emission life-cycle calculations "open up CO<sub>2</sub> permit allocation to substantial lobbying." Due to the pervasiveness of CO<sub>2</sub> throughout the economy and world, more activities would have to be involved than for similar sulfur dioxide permits. This would require greater monitoring and enforcement costs. Politicians prefer permits to "avoid blame for the consequent energy price increases, while exemptions and special allowances" provide opportunities for political "favors," Hartley said.

Speaking from the corporate perspective, Zin Smati, president and CEO of SUEZ Energy North America Inc., said U.S. climate legislation must balance concerns for security of supply, the environment and costs. He said the best



policy would be federal with an economy-wide, mandatory reduction program that has annual emissions targets and integration into an international program. He suggested that revenues from CO2 taxes or permit sales be "recycled into efficiency, tax credits [and] technology."

Ronald Sass, fellow in global climate change at the Baker Institute, said harmonizing domestic and international policies to achieve the most cost-effective and timely impact will require immediate government action to determine "subjective or qualitative thresholds and be ready to respond." It would also require long-term monitoring, reaction and adjustment, as climate changes are often "slow and creeping," he said. Sass concluded that "averting all damage or removing all risks [from climate change] may simply be too expensive." Therefore, he supports further research into adaptive costs and current action to harden local and state infrastructure from possible natural disasters, develop response plans at all government levels to mitigate economic losses and human and animal suffering.

In his concluding remarks, Rep. Gene Green, D-Houston, said he expected a "fast pace on a lot of legislation coming out of the House" dealing with climate change, especially with Rep. Henry Waxman, D-Calif., taking over the chairmanship of the Committee on Energy and Commerce. But Green noted that bills often slow down in the Senate. He also cautioned that since the health of the economy will occupy most of Congress' attention this spring, efforts to deal with climate change might be less of a priority.

The event was jointly organized by the Energy Forum and the Science and Technology Policy Program of the Baker Institute and was co-sponsored by ConocoPhillips, SUEZ Energy North America Inc., Baker Botts LLP, Consulat General de France and the British Consulate General.

To view conference presentations and other related materials, go to [http://www.rice.edu/energy/events/past/climate/15dec08\\_climatepolicy.html](http://www.rice.edu/energy/events/past/climate/15dec08_climatepolicy.html).