

THE WHITE HOUSE
WASHINGTON

April 3, 1999

THE PRESIDENT HAS SEEN

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MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *for*

SUBJECT: Climate Change Weekly Report

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Diplomatic

Your meeting next week with Zhu Rongji is an important opportunity to advance our climate change agenda. The reality is that, when it comes to ultimate ratification of the Kyoto Protocol, all roads lead through China. They are the world's second largest emitter, projected to surpass the United States in 2020-2030. No effort to address this problem can succeed without China, nor is the Senate ever likely to approve Kyoto without meaningful Chinese participation.

At the same time, the Chinese thus far remain adamantly opposed to taking commitments under the climate treaty, noting that per capita emissions in China are less than one-eighth those in the United States. Chinese diplomats were unrelentingly obstructionist at Kyoto and Buenos Aires.

One potentially fruitful area to focus Chinese attention on is clean energy development, and we are working with the Vice President's staff to prepare points on this subject for his working lunch with Zhu. China is projected to add a staggering amount of power capacity over the next 20 years or so -- the equivalent of hundreds of major new plants. This presents China with an enormous opportunity: it can build these plants clean, with natural gas and new high-efficiency "clean" coal technology, thereby sharply reducing China's horrendous air pollution (as well as lowering greenhouse gases) or it can build them with conventional lower-tech coal technology. Clean energy costs more up front, but the benefits in terms of the health of the Chinese people (not to mention global warming) would be enormous.

China thus presents a textbook case for the proposition we keep trying to explain to developing countries: namely, that we are *not* asking them to restrain their economic growth, but rather to grow with 21st century technology. They can seek to emulate our economic success, but shouldn't rely on the exact, outdated tools we used (e.g., dirty coal). *What we should be pointing toward with China is an understanding that we will work together to help them build a clean energy future. This would be good for them, good for us, and good for U.S. business.*

Regarding Kyoto itself, China has much to gain if it can overcome its reflexive resistance. Kyoto's market-based mechanisms -- emissions trading (which requires that a country has taken a target) and the project-based Clean Development Mechanism (which a developing country can use *without* having agreed to a target) -- could provide significant new resources to help build a clean-energy future. Such resources could be used for such purposes as building clean power

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plants or for reforestation (a particular concern after last year's devastating floods). Zhu Rongji has demonstrated familiarity with climate change in private conversations during the past year. Your raising the issue would underscore the priority we attach to it and help convince Zhu that there is more opportunity than threat for China in joining efforts to address climate change.

Press

AP reported on Friday that 30,000 miners are stopping work today to protest costly environmental protections that are jeopardizing mining jobs. A "looming" climate change treaty, along with air pollution regulations, and mountaintop removal challenges were held up as the key problems. On Thursday, the *San Jose Mercury News* reported that a group of students and faculty at Stanford University is asking the university to use its power as a major shareholder to get companies to withdraw their membership from the Global Climate Coalition -- the anti-Kyoto lobbying group. The *Los Angeles Times* ran a story on Wednesday on GM's announcement that it will begin testing electric-hybrid systems in pickup trucks in California and New York next year, becoming the first auto maker to demonstrate the technology in trucks.

cc: Vice President
John Podesta
Sandy Berger
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Very important
because light trucks
+ other large vehicles
big problem in economy
higher mileage

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