



GLOBAL CLIMATE COALITION

November 25, 1996

To: The Global Climate Coalition Board of Directors

Subject: The Coalition's Strategy in 1997

1997 offers both challenge and opportunity for the Global Climate Coalition. Responding to both will require a level of membership effort and an availability of resources unlike those required in the past. Internationally, the coalition will be engaged in negotiations that are intended to lead, by the end of 1997, to a legally binding treaty to reduce greenhouse gas emissions. Our challenge is to ensure an agreement that is global and one that is based on sound science and thorough economic analysis. Our challenge is to gain the time needed for careful scrutiny and a public debate on proposed policies before such an agreement is finalized.

At home, the Coalition faces the challenge of working with an Administration that seems dedicated to climate policies that will have an adverse effect on our economic future. The Coalition also faces the challenge of changing the mis characterization of our positions as a negative approach to the issue. This mis characterization, advanced by those that would divide the business community, is far from true and our messages in 1997 must focus on the coalition's positive and sensible approach to climate.

Our strategy to meet these challenges and take advantage of the opportunities is attached. It has been reviewed by the GCC Committee Chairs, Operating Committee and Executive Committee and reflects comments made by these members. It is based on the situation as outlined below. The tactics to implement the Coalition's strategy will be assessed and revised as necessary.

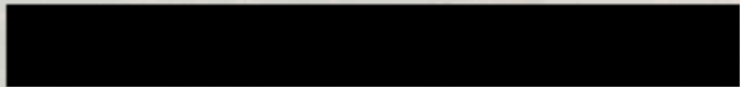
The Clinton/Gore Administration's views on global climate change are clear: climate change poses a serious threat; their assessment of the science (as reflected in the Geneva Ministerial Statement given at COP2 in July 1996) supports their statements and views that urgent action is required; an agreement is necessary that includes quantified, legally binding objectives (targets) to reduce greenhouse gas emissions within a specified time frame. These targets and timetables would apply to developed nations only.

Although the Administration has rejected calls for unrealistic short term targets (ie 20% by 2005) and has rejected the use of inflexible, internationally "harmonized" policies it says that it supports "medium term" (2010 has been

1331 Pennsylvania Avenue, NW • Suite 1500 - North Tower • Washington, DC 20004-1703
Telephone: (202) 637-3162 • Fax: (202) 638-1032 • Fax: (202) 638-1043

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implied) realistic, but legally binding targets supported in part through an international emissions trading scheme and joint implementation. Both concepts require emission caps on individual nations, but the Administration has been silent on how these would be determined or enforced.

Developing countries have no additional commitments under the agreements now being negotiated. Although the Administration has agreed that because developing countries will be the source for the majority of future emissions and must be eventually be included, ways to accomplish this should be discussed after completion of the 1997 agreement.

The Administration does continue to talk about the need for economic analysis and assessment of the various reduction options and indeed, is developing a "tool box" that includes economic models to use for this purpose. Nevertheless, the Administration is an active proponent of the current process in which negotiations are proceeding in parallel with (or ahead of) analysis.

The European Union is expected to continue support for short term legally binding targets and to insist on Annex I (developed countries) "common" mandatory policies such as CAFE type standards, efficiency standards and energy taxes. Developing countries will continue to seek to preserve their exemption from new commitments and to minimize the negative impact of any agreement on their own economies. This group of nations will push for higher levels of technical and financial assistance as a requirement for even minimal action on their part.

The re-election of Clinton/Gore for a second term refocuses and gives added strength to those that wish to impose domestic policies to reduce greenhouse gas emissions by forcing the outcome of the international negotiations with minimal domestic input. The Administration's positions on climate change are expected to be incorporated in proposed legislative and regulatory initiatives in 1997.

The debate on climate will go beyond the beltway in 1997 as the Administration conducts a series of grass roots and educational programs that will include "Town Hall" meetings and workshops held throughout the United States. These programs are designed to persuade decision makers in states and local communities that actions to reduce greenhouse gas emissions are necessary. For the first time, the Administration is likely to play the health card - an unfounded argument that climate change will cause an increase in diseases and will otherwise affect the health of US citizens. These meetings and educational efforts are meant to lay the groundwork thought necessary to garner support for ratification of a treaty or protocol that includes legally binding targets (and associated costs and life style changes).

GCC STRATEGIC FOCUS - 1997

International, bi-lateral or domestic agreements, policies and programs which seek to address "climate change" should be based on sound science, realistic economic impact analyses and the recognition that this is a global issue. Policies and programs considered should be comprehensive, flexible and cost effective. Negotiations leading to agreements on climate change are necessarily complex and fraught with uncertainty. The agreements reached will influence economic conditions well into the next century. Thus, there should be adequate time to ensure that agreements, policies and programs are carefully considered and crafted and that they have had the careful scrutiny and testing which is only possible in a thorough and open public debate. This is vital as failure to get the process and the outcome right can have unintended consequences for the environment, the world's economies and the well being of its citizens.

GCC's Focus

In 1997 the Global Climate Coalition's activities must expand in both the international and domestic arenas.

Internationally, the Coalition must focus on obtaining a reasoned, scientifically and economically responsible global outcome to the negotiations under the Berlin Mandate process established by the First Conference of the Parties in 1995. The negotiations, being carried out by the 160 parties to the UN's Framework Convention on Climate Change, are intended to result in a December 1997 agreement establishing post 2000 emission reduction targets and timetables for developed countries. Additionally, the Coalition must be ready to address the climate issue in other fora including workshops and reports of the IPCC (Intergovernmental Panel on Climate Change); the April meeting of the UN's Commission on Sustainable Development; the June Special General Assembly session on Rio Earth Summit and Agenda 21 follow up and the G-7 Economic Summit in Denver. GCC must participate in all these meetings.

Early in the year GCC will develop positions on the form and substance of the protocol/amendment and will frequently update tactics needed to obtain a desired outcome. These positions will be based on a set of basic principles:

- ◆ protect economic growth potential;
- ◆ involve all nations;
- ◆ include programs that are flexible, comprehensive and cost effective;
- ◆ reflect the importance of timing for capital investments and technology; and
- ◆ be consistent with an objective assessment of the science; and,
- ◆ be developed with full and open public debate.

Domestically, the Coalition must have strategies for the Congress and the Administration as well as an "outside the beltway" strategy. The Coalition will encourage Congressional involvement through oversight hearings and participation in international meetings. Education of Congressional staff and members of Congress will be an important part of the GCC strategy as will monitoring legislative and regulatory actions with coalition participation as appropriate.

The Coalition encourage a greater policy making role for the Administration's economic, energy and labor agencies. In discussions the Coalition will emphasize the importance of economic analysis of continued research on the science of climate change.

public debate in advance of decisions, and will provide input and analysis on behalf of industry whenever the opportunity occurs.

The Coalition will accelerate efforts to work with other business groups (domestic and international) and to bring in industries not yet as active in this debate. The Coalition will encourage public interest groups and others who will be economically affected by climate change policies to become more involved.

GCC strategy must include a broad based grassroots effort designed present a balanced view on the climate issue on the state and local levels. The Coalition has formed a new State and Local Committee to monitor activities now occurring in individual states, to coordinate the state/local activities of all GCC committees, and to serve as a liaison with other business and public interest groups with similar views on climate change.

GCC's Approach to Climate Change

The Coalition believes that climate change is a matter of serious concern that justifies global policies that are consistent with the state of science and the economic consequences associated with various courses of action. In particular, the coalition supports policies and programs that:

- ◆ Promote aggressive research aimed at reducing policy relevant scientific and economic uncertainties
- ◆ Are comprehensive and include all greenhouse gases and all sources;
- ◆ Are flexible and cost effective;
- ◆ Are global and include all nations, both developed and developing;
- ◆ Are based on sound science and with sound economic underpinnings;
- ◆ Expand cost effective voluntary actions including "joint implementation";
- ◆ Foster new energy efficient R&D and remove impediments to capital stock turnover;

And policies and programs that are:

- ◆ Developed only after thorough and open public debate in which the full social and economic costs and benefits are discussed and the underlying scientific basis is well understood.

The GCC will aggressively promote proposals that meet these criteria and challenge those that do not.

The coalition also supports

- ◆ An open and transparent international negotiating process that will give the parties adequate time to achieve an outcome that is carefully considered and crafted, given the potential for adverse impacts that a misguided or hastily conceived program could have on the economic and environmental well being of so many nations.

The agreements reached will influence economic conditions well into the next century. Thus, there should be adequate time to ensure that these agreements, policies and programs are carefully considered and that they have had the scrutiny and testing which is only possible in a thorough and open public debate. This is vital as failure to get the process and the outcome right can have many unintended, and potentially disastrous, consequences. Unfortunately, the Berlin Mandate timetable, which calls for decisions by December 1997, was politically determined rather than being supported by the scientific evidence that would support this urgent schedule does not allow time for adequate analysis and debate.

Even if a problem exists and actions are required, scientific analysis has shown that emission reduction program decisions do not have to be made with urgency. A strategy of invest now, decide later is advantageous to all as this protects the economic well-being so necessary if investments are to be made in new, possibly less energy intensive, technologies while still limiting the risk of possible climate change. While time is being taken for the research necessary to improve understanding and to advance technologies, it also allows a program to be devised that is most advantageous to the environment and to all participants from both a social and an economic perspective. Time is necessary to be sure the programs enacted are the "right" programs and do not tread on the sovereign rights of nations.

The primary audiences for the Coalition's efforts should be expanded such that they include:

- ◆ Administration policy makers engaged in discussions on implementing the FCCC and in negotiations of additional commitments;
- ◆ Other agencies throughout the Administration to ensure a balanced and thorough assessment process and consideration of economic effects of any proposal under consideration;
- ◆ The legislative branch to continue to encourage Congressional involvement and oversight;
- ◆ Thought leaders in the media to promote a better understanding of the science and economic implications of possible policy initiatives;
- ◆ Industry, business or public interest groups not yet involved in the climate change debates, but whose members would be affected by decisions made;
- ◆ State and Local opinion leaders that will be influential in any debates on climate change at the local, state or federal levels;
- ◆ Other participants involved in the AGBM process to inject as much balance and breadth of interest into the debate as possible.