

## EVENT

Dinner Dialogue  
Climate  
Energy

# Engaging the Climate Behemoths: Transforming Energy Policy in America and China



“Engaging the Climate Behemoths: Transforming Energy Policy in America and China” was the topic of the Transatlantic Climate Dinner in honour of William K. Reilly, co-chair of the US National Commission on Energy Policy (NCEP). The challenges for China’s coal driven energy sector as well as for the US, considering not only energy and climate protection needs but also the wish for economic growth, were discussed in the light of the new proposals of the NCEP. This Transatlantic Climate Dinner Dialogue took place on 6 September 2005 in Berlin.

The event opened with a statement by William K. Reilly. Besides his function as co-chair of the [US National Commission on Energy Policy](#) [1] (NCEP), Mr. Reilly is a founding partner of Aqua International Partners, a private equity fund sponsored by the U.S. Overseas Private Investment Corporation and dedicated to investing in water projects and companies in developing countries. Prior to this work he was the Payne Visiting Professor at [Stanford University](#) [2] (1993-1994), Administrator of the [US Environmental Protection Agency](#) [3] (1989-1993), and president of the [World Wildlife Fund](#) [4] (1985-1989). He served as head of the U.S. delegation to the Earth Summit at Rio in 1992.

The discussion focused on energy policy and the closely related climate protection policy in China and the US. Not only were the severe Chinese environmental problems mentioned, but also the policy drivers for China. For example, with regard to energy efficiency the primary driver was perceived to be its economic implications, rather than a genuine focus on climate protection. Furthermore, it was pointed out that the rise of the Chinese

economy is an important issue in the minds of US politicians, the competitive threat that China represents being seen as one of the most serious economic challenges of the future. This leads to the American conviction that climate protection, or more specifically serious obligatory emissions reductions, can only be afforded by US businesses if China goes along. This view proves to be problematic as China - considered to be a developing country and as such claiming its right for industrial growth - will most likely not make the first step towards serious climate protection policies, instead expecting the US, as an industrialized country, to move first.

The new proposal of the NCEP, which aims at introducing a mandatory emission reduction program, was addressed in even more detail. This federal climate protection program aims at seriously addressing climate change without putting a destructive burden on American companies. The main feature of the proposal is the introduction of CO<sub>2</sub> caps. But unlike, for example, the European emissions trading scheme (EU ETS), the cost per ton of CO<sub>2</sub> would be capped at 7 US\$. Furthermore, the proposal assumes that nuclear power will have to retain a significant market share in the American power-production sector. Furthermore, one criterion for the long-term adherence to the regulation would be that China implements a comparable approach by 2015 at the latest.

In the ensuing dialogue discussants addressed the following issues:

- China's approaches over the last decade to improving environmental standards and energy efficiency, especially in the field of transport, electricity production and private households
- China's need to find a balance between environmental problems and employment rates
- The economic approach to climate protection in the US (cost cap) with its danger of speculation on price vs. the need for concrete and strict CO<sub>2</sub> caps to reach effective climate protection goals
- The political difficulties associated with introducing taxes or caps in the US, as well as the rising awareness in American industry of the importance of climate protection (e.g. GE)
- The influence of mass media on political opinions in the US
- The possibilities and chances with and beyond the Kyoto Protocol and the possible influence of the EU ETS on US policy
- The lack of political leadership, the question of how to create political momentum for far reaching climate protection measures and the search for strong drivers for climate protection policy
- The need for scientific research, especially in the field of carbon storage and sequestration, and the potential for fuel switching in the transportation sector

After the official discussion drew to an end, the participants, including for example [Dr. Werner Schnappauf](#) [5], Bavarian State Minister of the Environment, Public Health and Consumer Protection, and Ms. Cornelia Quennet-Thielen of the Office of the Federal President (Germany), enjoyed a glass of American wine and engaged in talks in smaller groups in the beautiful “Kaisersaal” at Potsdamer Platz.

This [Transatlantic Climate Dinner Dialogue](#) [6], hosted by Ecologic and supported by the [German Marshall Fund of the US](#) [7], took place on 6 September 2005 in Berlin.

6 September 2005

Berlin

William K. Reilly

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**Speaker**

William K. Reilly

**Date**

6 September 2005

**Location**

Berlin, Germany

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**Links**

[1] <http://www.energycommission.org/>

[2] <https://www.stanford.edu/>

[3] <https://www.epa.gov/>

[4] <http://wwf.org/>

[5] <http://www.werner-schnappauf.de/>

[6] <https://www.ecologic.eu/1361>

[7] <http://www.gmfus.org/>