



## Trade, Climate Change and Soft Power--Does America Have Friends in Europe?

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*As prepared*

There was a time when "preserving our wildlife" meant keeping the bars open late on a Saturday night, and "sox" and "nox" referred to footwear and those hard things one experiences on the road of life.

But those times are over. In addition to reducing technical terms like "sulphur dioxide" and "nitrogen oxides" to "sox" and "nox," a whole new vocabulary has emerged around the issue of the environment. We now have "green collar jobs," "green funds" and "green technology." And, in the Bureau of European and Eurasian Affairs at the U.S. State Department—in addition to our traditional public diplomacy efforts on educational exchanges and cultural diplomacy and sports diplomacy—we now have "green diplomacy."

Green diplomacy is our effort to engage on environmental issues with the people of other countries in a way that communicates our values, culture and policies.

Our green diplomacy ranges from environmental protection for areas of cultural heritage—such as the Ateni Sioni Church I visited recently in Georgia where we are helping to preserve the building and its ancient writings from environmental degradation—to recycling projects in Cyprus, water aid in the Balkans and forestry projects in Russia.

But it also includes environmental issues that relate to trade and climate change.

Our Ambassador in Sweden, Michael Wood, has been conducting green diplomacy by working with Swedish officials to bring together Swedish clean tech companies with American investors. Because both are interested in developing technologies to combat climate change as well as increasing jobs and investment opportunities.

Another example is USAID's Global Climate Change Program, which has been working in more than 40 countries in Europe and Eurasia and has dedicated over a billion U.S. dollars to fund environmental programs that have reduced greenhouse gas emissions while promoting energy reforms. They are helping developing and transition countries achieve economic development without sacrificing environmental protection.

To give you one example: A recent USAID forest conservation project helped our ambassador in Bulgaria bring together American and Bulgarian volunteers to plant more than 500 trees to help replace those burned in forest fires in 2007.

I've captured a small sampling of our green diplomacy in this [Green Newsletter](#) which will be available on our website.

So, when I am posed the question: "Does America have friends in Europe with regard to trade and climate change?" I would say not only does the U.S. have friends, the U.S. also has *partners*.

Let's remember that the transatlantic market today makes up nearly 55 percent of global GDP and about 40 percent of world trade. So there is a strong incentive to work together as friends and partners.

Both the United States and Europe believe in strong and effective regulation to protect our citizens and the environment. However, in some cases, unnecessary differences in our regulatory approaches have made our companies less competitive, raised consumer costs, reduced consumer choice and slowed job creation.

The U.S. Chamber of Commerce and BusinessEurope believe that if we could align our economies better, we could generate \$10 billion in saved costs and potential growth for the transatlantic economy.

And so, working together, we are trying to do exactly that, by creating the Transatlantic Economic Council (TEC), which met for the second time today in Brussels. The TEC was created in April 2007, under the Framework for Advancing Transatlantic Economic Integration, and was signed by President Bush, Chancellor Merkel and European Commission President Barroso during the U.S.-EU Summit in Washington, DC. The goal of the TEC is to promote regulatory cooperation, eliminate barriers to transatlantic trade, advance capital market liberalization, and strengthen support for open investment regimes. In short, it is trying to reduce barriers to trade and investment.

In the area of the environment, the Transatlantic Economic Council is recommending that the June 2008 U.S.-EU Summit consider joint efforts in clean energy technologies that will help us address our shared concerns about energy security and climate change.

Another example of our multilateral cooperation with the EU is the Methane to Markets Partnership, which is an international effort to promote methane recovery and its use as a clean source of energy. Methane accounts for 16 percent of all greenhouse gas emissions that come from human activities. It remains in the atmosphere for up to 15 years and is also a primary constituent of natural gas and an important energy source. So if we can either prevent or use methane emissions, we can achieve significant energy, economic and environmental benefits. This Partnership, which began in 2004, has the potential to deliver, by 2015, annual reductions in methane emissions that would be the equivalent of removing 33 million cars from the roadways for one year, or planting 55 million acres of trees.

The Transatlantic Economic Council and the Methane to Markets Partnership are two examples of U.S.-EU cooperation. Before I describe others, it might be helpful to know about the commitments the U.S. has made domestically on energy security, renewable and alternative energy sources and the reduction of greenhouse gas emissions.

As many of you know, President Bush signed the Energy Independence and Security Act (EISA) in December 2007. EISA was in response to the President's "Twenty in Ten" challenge in last year's State of the Union Address to improve vehicle fuel economy and increase alternative fuels.



The act includes some significant measures, including a Renewable Fuels Mandate that will increase the use of renewable fuels by 500 percent, and a Vehicle Fuel Economy Mandate, which specifies a national mandatory fuel economy standard of 35 miles per gallon by 2020. That mandate alone would save billions of gallons of fuel and increase efficiency by 40 percent.

EISA also phases out the use of incandescent light bulbs by 2014, sets new mandatory efficiency standards for appliances, and requires all federal buildings to reduce their energy consumption by 30 percent by 2015 and to be carbon-neutral by 2030.

The EU has similar legislation pending.

Since biofuels have been in the news a lot recently, I should also mention that the administration is investing in next generation biofuels such as cellulosic ethanol. Since 2001, the U.S. has dedicated about \$1 billion to develop technologies that can make cellulosic ethanol cost-competitive.

Then there's the effort to reduce dependence on oil and other fossil fuels by replacing them with alternative energy sources.

Since 2001, the U.S. has increased wind energy production by more than 300 percent. This may come as a surprise to some, but the United States has actually installed more wind power capacity than any other country in the world. And do you know which state generates the most electricity from wind power? It's Texas, introduced by then-Governor George W. Bush.

We're also making progress in solar power. Between 2000 and 2007, the United States' solar energy capacity doubled. Last year alone, U.S. solar installations grew by more than 32 percent.

One of my colleagues on today's panel, a Member of the European Parliament, pointed out at the reception last night that in recent years the U.S. has made greater progress than the EU. From 2000 to 2004, U.S. absolute emissions increased by only 1.7 percent, while the economy grew 9.6 percent. Over the same period, the European Union saw a 5.0 percent emissions increase with only 7 percent economic growth. At the same time, China's emissions increased more than 58 percent.

I don't want to sound like a research scientist. Our focus at the State Department is more on the *diplomatic* environment. But the success of most of these projects will depend on international cooperation and partnership. So it's very much on our agenda.

Since Europe and Eurasia are my particular area of responsibility, let me tell you a little about how the United States and the EU are cooperating to combat Climate Change.

Both the U.S. and Europe recognize climate change as a serious problem, and we share a common goal to reduce greenhouse gas emissions.

We are both committed to negotiating, under the United Nations Framework Convention on Climate Change, a new post-2012 climate change framework by the end of 2009. And we are committed to working with all international partners, including the major economies, to reach agreement on this post-2012 framework.

Last May, during the U.S.-EU Summit in Washington, our leaders agreed to a series of commitments to ensure secure, affordable and clean supplies of energy, while tackling climate change. But the Summit commitments are only one example of our ongoing and robust transatlantic cooperation on these issues. Another example is our High-Level Dialogue on Climate Change, Clean Energy and Sustainable Development, which was last held on March 7.

Not only do the U.S. and EU cooperate closely bilaterally, but we also work together multilaterally.

Last September, the President launched the Major Economies Process (MEP) as a way to support and accelerate the UN process. We believe that when you gather around a single table the 17 economies that represent 80 percent of the world's economy and 80 percent of the world's emissions, you can make a significant contribution to the UN talks. The EU and several European countries participate in the MEP, and France just hosted the latest meeting in Paris in April. The result is that for the first time ever there will be a Major Economies Meeting (MEM) at the time of the G-8 Summit where MEM countries will be represented at the leader level.

European countries also played an important role at the recent Washington International Renewable Energy Conference (WIREC), which brought together government officials, civil society and private sector leaders from around the world to advance the development and commercialization of renewable energy.

And let's not forget the World Trade Organization (WTO). Last year, U.S. Trade Representative Susan C. Schwab announced that the United States and the European Union had submitted a proposal—in the WTO—to increase global trade in environmental goods and services. This initiative places priority on technologies that are directly linked to addressing climate change and energy security. The U.S. and EU also proposed to eliminate tariff and non-tariff barriers to environmental technologies and services in the Doha Round.

In addition, the U.S. is forming several other international partnerships to pursue clean and renewable energy, such as the Asia-Pacific Partnership on Clean Development and Climate (APP). The APP, which includes Australia, Canada, China, Japan, Korea and India, has endorsed more than 25 new renewable energy projects. There are also other international partnerships and initiatives, including working with Sweden to advance biofuel and clean vehicle technologies, and working with the private sector and the United Kingdom's Wave Hub to harness the power of the ocean.

And of course we have the agreement reached under the Montreal Protocol to speed the phase-out of hydro chlorofluorocarbons (HCFCs) that deplete the ozone layer.

If you leave today with only one message from my remarks, I hope it is the message that the United States is actively engaged and working with other countries in a multilateral way to find solutions to these energy issues that the whole world is facing.

Do we have friends in Europe? Yes, friends *and* partners. And they're not only in Europe. Because the future challenges of energy security cannot be solved by any one country—or any one region—alone. We need to work together globally to find environmental solutions, to find economically feasible alternative energy sources, and then to distribute those solutions to developing and developed countries alike so that everyone can share in their benefits.

Thank you.

