

STATEMENT

**Statement by
Eileen Claussen
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Before the Governmental Affairs Committee
United States Senate
July 18, 2001**

Mr. Chairman and members of the committee, thank you for this opportunity to testify on S.1008, the Byrd-Stevens Climate Change Strategy and Technology Innovation Act of 2001. My name is Eileen Claussen, and I am the President of the Pew Center on Global Climate Change.

The Pew Center on Global Climate Change is a non-profit, non-partisan and independent organization dedicated to providing credible information, straight answers and innovative solutions in the effort to address global climate change. Thirty-six major companies in the Pew Center's Business Environmental Leadership Council (BELC), most included in the Fortune 500, work with the Center to educate the public on the risks, challenges and solutions to climate change. (See Attachment A for the list of companies.) The BELC companies do not contribute financially to the Center.

Mr. Chairman, I believe that enacting the Byrd-Stevens bill will be an important first step in developing a serious domestic climate change program -- a step that should be taken quickly. This bipartisan bill will align our energy policy with the long-term goal of stabilizing atmospheric greenhouse gas concentrations. It will respond to concerns, often raised by other nations, that the U.S. has no basis for domestic action. And it will continue investigation into the uncertainties of the science and economics of climate change.

Most important among the many provisions of the Byrd-Stevens bill is the one that requires the development, within one year, of a U.S. Climate Change Response Strategy. This strategy will have the long-term goal of stabilizing greenhouse gas concentrations. To meet this goal, the strategy will rely on emissions mitigation measures, technology innovation, climate adaptation research, and efforts to resolve

the remaining scientific and economic uncertainty. Allow me to comment on these elements.

At the Pew Center, we believe enough is known about the science and environmental impacts of climate change for us to take action now. As we have learned from the Intergovernmental Panel on Climate Change (IPCC), confirmed recently by the National Academy of Sciences (NAS), the scientific consensus is very strong that greenhouse gases are accumulating in Earth's atmosphere as a result of human activities, causing surface air temperatures and subsurface ocean temperatures to rise. Human-induced warming and associated sea level rises are expected to continue through the 21st century. We are also likely to see increases in rainfall rates in some areas and increased susceptibility of semi-arid regions to drought. As a consequence, according to the IPCC and NAS reports and our own peer-reviewed reports there likely will be substantial impacts to human health, agriculture, ecosystems, and coastlines. The high probability of these outcomes indicates the need for action now.

Even as we act, however, we need to refine our understanding of the causes and impacts of climate change – especially as they affect particular regions of our country and the world. This is will be especially important in developing the measures needed to adapt to climate change. Regardless of how quickly we act to mitigate climate change, the best scientific evidence tells us that we have already “bought” a changed climate to which we and our children will need to adapt. Obviously, the more quickly we mitigate, the less we will have to adapt, but some amount of adaptation is apparently inevitable.

For example, on the whole, U.S. agriculture is likely to adapt to the increases in temperature, droughts, floods, and evaporation rates expected over the next century. In specific regions of the U.S., however, the impacts might be significant. The sooner we can identify those regions, the sooner we can prepare the people and economies of those regions to adapt. The Byrd-Stevens bill creates a sound basis for giving priority to and investigating these issues.

We also applaud efforts to further analyze the uncertainties regarding the economic impacts of climate change. Work done by the Pew Center suggests that no existing model accurately predicts the economic effects of any given measure to mitigate

climate change. Therefore, none of the cost information so handily bandied about can currently be viewed as reliable. We are hard at work to fill in many of the gaps in the models, but efforts, particularly to take the economic assessment to regional levels, would be most welcome.

Second, the Byrd-Stevens bill will promote technology innovation. In May, Senator Byrd said from the Senate floor that to address global climate change, “[w]hat is required ... is the equivalent of an industrial revolution.” He was exactly right. To effectively address climate change, we need to lower carbon intensity, become more energy efficient, promote carbon sequestration, and find ways to limit emissions of non-CO₂ gases. This will require fundamentally new technologies, as well as dramatic improvements in existing ones. New, less carbon-intensive ways of producing, distributing and using energy will be essential. The redesign of industrial processes, consumer products and agricultural technologies and practices will also be critical. These changes can be introduced over decades as we turn over our existing capital stocks and establish new infrastructure. But we must begin making investments, building institutions, and implementing policies now. The Byrd-Stevens bill will provide a solid foundation for needed revolution in technology.

I applaud the Senators' efforts to deal with the very real institutional and budgetary challenges that have plagued federal energy research and development and technology diffusion for many years. I endorse the proposal in S. 1008 to create a new research and technology organization with a clear mission to foster the best, most cost-effective ways to reduce greenhouse gases, along with a significant increase in funding. In addition, the Senate may want to consider establishing stable funding for research and development. The Senate may also want to consider increasing the emphasis on public-private partnerships, which have yielded some of the greatest federal R&D successes in years past.

Third, under the Byrd-Stevens bill, the Climate Change Response Strategy will be required to incorporate mitigation approaches to reduce, avoid, and sequester greenhouse gas emissions. This is an extremely important provision, and will force us to take a hard look at our policy choices.

We believe that it will be extraordinary difficult, if not

impossible, to muster the kind of sustained effort needed to reduce, avoid and sequester greenhouse gas emissions without the force of legally binding commitments. There is little incentive for any company to undertake real action unless, ultimately, all do, and are in some manner held accountable. Markets, of course, will be instrumental in mobilizing the necessary resources and know-how; market-based strategies such as emissions trading will also help deliver emissions reductions at the lowest possible cost. But markets can move us in the right direction only if they are given the right signals. In the United States, those signals have been neither fully given nor fully accepted.

Three decades of experience fighting pollution in the United States have taught us a great deal about what works best. In general, the most cost-effective approaches allow emitters flexibility to decide how best to meet a given, binding emissions limit; provide early direction so targets can be anticipated and factored into major capital and investment decisions; and employ market mechanisms, such as emissions trading, to achieve reductions where they cost least. To ease the transition from established ways of doing business, targets should be realistic and achievable. What is important is that they be strong enough to spur real action and to encourage investment in development of the technology and infrastructure needed to achieve the long-term objective.

A good first step is to get our house in order by immediately requiring accurate measurement, tracking and reporting of greenhouse gas emissions. In addition, the government could enter into voluntary enforceable agreements with companies or sectors willing to commit to significant reductions.

While such efforts can help get the United States on track, the long-term emission reductions needed can be achieved only with a far more comprehensive—and binding—strategy. Alternative approaches should be closely studied, and the results publicly debated. But much of the analysis thus far suggests that a “cap-and-trade” system—which sets an overall cap on emissions and establishes a market in carbon credits—can provide the private sector the certainty they need coupled with the flexibility and incentive to achieve emission reductions at the least possible cost.

An effective Climate Change Response Strategy will

incorporate these and other mitigation measures.

As a side note, I should point out that congressional debate over the mitigation measures should start now, and not await completion of the strategy – especially since the debate will take some time to resolve. As Senator Byrd said when he introduced his bill, “[t]his legislation is intended to supplement, rather than replace, other complementary proposals to deal with climate change in the near term on both a national and international level.”

In closing, Mr. Chairman, the Byrd-Stevens Climate Change Strategy and Technology Innovation Act of 2001, if enacted quickly and implemented in a serious manner, will provide an excellent foundation for climate change policy in this country. Thank you for the opportunity to testify in support of it.

ATTACHMENT A

Business Environmental Leadership Council

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Air Products and Chemicals
Alcoa
American Electric Power
Baxter International
Boeing
BP
California Portland Cement Co.
CH2M HILL
Cinergy Corp.
Cummins Inc.
Deutsche Telekom
DTE Energy
DuPont
Enron
Entergy
Georgia-Pacific
Holnam
IBM
Intel
Interface Inc.
John Hancock Financial Services
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Maytag
Ontario Power Generation
PG&E Corporation
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