

U.S. Climate Change and Trade Policies

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Outline of Comments

1. Proposals in Congress now
2. Domestic political context
3. Prospects for 2009-2010

1. Proposals in Congress Now

Senate:

***Lieberman-Warner (S. 3036),
as amended by Boxer Substitute Amendment
(S.A. 4825)***

**>caps 2020 at 19% below 2005 and 2050 at 71%
below 2005**

>includes offsetting border measures

McCain-Lieberman (S. 280) –

caps 2020 at 1990 level and 2050 at 60% below 1990 level

Bingaman-Specter (S.1766) –

caps 2020 at 2006 level and 2030 at 1990 level

Also several bills in the House of Representatives

Provisions for offsetting border measures

Lieberman-Warner (Boxer) Bill

1. US importer must buy allowances (no tariffs)
2. Covered countries
3. Covered goods
4. Schedule for implementation
5. Other implementation issues

Senate Vote on Lieberman-Warner (Boxer)

June 2008 procedural vote on 'cloture' of
debate on Boxer Substitute Amendment
(S.A. 4825) to Lieberman-Warner (S. 3036)

Yes 48

No 36

Note that 60 were needed

2. Domestic Political Context

Partisan Issue

Boxer amendment to Lieberman-Warner bill:

procedural vote on cloture

	<u>Democrats</u>	<u>Republicans</u>	<u>Total</u>	<u>Absent</u>	<u>Net</u>
Yes	41*	7	48	6**+?	54+?
No	10	32	36	[10-?]	36+?
Total	51	49	84	16	100

* Includes 2 “Independents”

** 6 wrote letter said they would have *voted for cloture*

N.B. 10 Democrats said they would have voted *against the substance* of the bill

New Congress in 2009

Senate: If Democrats gain (Republicans lose) 6-10 seats, there will probably be ... 60 votes for procedural 'cloture' vote, ... and ...

majority for *yes on* substantive vote

House: If Democrats keep or increase their majority, there will be a majority in favor

What about the new administration?

Democrats:

Obama-Biden would favor mandatory cap-and-trade with target of approximately 80% reduction by 2050 – *probably with offsetting border measures*

Republicans:

McCain: *offsetting border measures* were included in written text of recent speech, but omitted in delivered version

Party platform: pre-convention draft opposes cap-and-trade legislation

Paylin: switched from climate change ‘skeptic-denier’ to ‘believer’ after her selection as running mate

What about business?

Supporters of offsetting border measures

American Electric Power and its union
Steel industry and union

Opponents:

Foreign Trade Council (large MNCs)
GE

3. Prospects for 2009-2010

- ***If/when a domestic mandatory cap-and-trade system is passed by Congress, it will include provisions for unilateral offsetting border measures***
- *Not likely to be passed in 2009 - unless there is a 'landslide' for Democrats in 2008 Congressional and Presidential elections*
- *Likely to be passed in 2010*

May also include ...

Change in procedure for negotiating and implementing *international agreements*

‘Executive-Congressional Agreement’
instead of ‘treaty’

Simple majority in Senate and House
instead of 2/3 in Senate

If Democrats win Presidency and both houses of Congress

There will be new legislation with substantially increased spending on energy efficiency, renewables and climate change mitigating technologies – and international technology transfers

*If Republicans win presidency
and Democrats win both houses of
Congress ...*

There will be increased support for *nuclear* industry and modest increases in spending on energy efficiency, renewables and climate change mitigating technologies

For further information ...

www.usclimatechange.com

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