

MAJOR ECONOMIES MEETING ON
ENERGY SECURITY AND CLIMATE CHANGE
CLOSING PRESS CONFERENCE

JANUARY 31, 2008

MR. CONNAUGHTON: Good evening, I'm Jim Connaughton, Chairman of the White House Council for Environmental Quality and President Bush's leaders representative for this meeting. To my right is Dan Price, who is the President's Assistant and Senior International Economic Advisor in the GH Sherpa. Dan was the moderator, along with some others, over two days of very productive meetings. You have around the room the leaders representatives from each of the major economies. We met over the course of the last two days in order to improve our understanding of how to develop a detailed contribution in taking forward the Bali Action Plan under the UN Framework Convention on Climate Change.

All of us, as we started the meeting, welcomed the Bali Action Plan as a means of launching a comprehensive process to enable a full, effective and sustained implementation of the UN Framework Convention on Climate Change to result in a decision in 2009 for long term cooperative action.

All of us underscored the importance of rapid progress in implementing the Bali Action Plan and we are all here together in recognition that these meetings are intended to assist the UN Framework Convention on Climate Change toward a successful outcome.

We began our discussions at the first Major Economies Meeting in Washington which focused on areas on which we felt that we could through a political dialogue contribute to the UN negotiations taking into account common but differentiated responsibilities and respective capabilities. During the course of our discussions as we went through these issues at this meeting, we discussed the desirability of a meeting of leaders of major economies in mid-2008 in order to add political impetus in support of a successful outcome in the UN at CCC in 2009. We had a useful exchange in the context of the Bali Action Plan on a wide range of issues, focusing on those where the major economies could make the greatest contribution and could potentially be addressed by the leaders.

We then spent a little bit of time focused on how we can carry our process forward, recognizing we need to do that in an efficient way, and we have some meetings coming up that will help us advance our discussions. There will be a clean energy technology workshop in Chiba, Japan in mid-March and we will be looking forward to some supporting consultations as well as an offer from France to host another gathering of leaders representatives in April.

Let me just say for my own part this was among the most substantive, among the most constructive and among the most positive of discussions that I have had on the subject of climate change, and I say that in the context of the fact that we went into the very difficult issues. We

did not skirt around. We went into all of the very difficult issues, and I think we have a very solid and clear agenda ahead of us.

I want to thank Dan Price for helping to steer the discussion and for the cooperative spirit that was embodied by every one of the leader representatives around this table. I'd like to invite any leader representative who chooses to do so to make comments at this time. So if you wish to do so, just signal. Otherwise, I will open it up for questions.

Okay. Well, let's open it up for -- I'm sorry. Do you want to -- very good. Our colleague from Germany. And please give your name and your position.

MR. MACHNIG: Yes. Matthias Machnig, I'm the State Secretary. First of all, I'd like to thank the American government, the U.S. Government for hosting this conference, and I think it was an effective conference because, indeed, we touched all main issues and I'd say from the German point of view, I think one thing is very, very important that we made a clear statement here that we want to assist the UN process by this meeting here and by the MEM process or by the MEM meetings to come to an agreement in 2009. That's very important.

The second thing I'd like to say, there are, I'd say, from a German point of view, we have, let's say, a certain cascade of issues. First of all, this is an international, this is a UN process. That's very important. Second, I think we need an international, long term goal. Third, we need a mid term agreed goal. Fourth, we need, of course, national action to implement these international mid term goals, and fourth we have to talk about very important issue like adaptation and all this stuff that were brought to the table.

So what we look for is to further constructive discussion in this process and hopefully we can help to bring the UN process to good end in 2009.

Thank you.

MR. CONNAUGHTON: Thank you.

MR. KRANJC: Thank you. I would like to add to this for the beginning that I think what was important was that there were very good preparations for this meeting, namely the organizer. The host sent out the invitation agenda quite sometime in advance so that we had time to discuss it, to think of it and we exchanged a lot of views on that so that among host and other countries we coordinated inside EU, for example, so that agenda was drafted at the end in such a way that was acceptable and we were satisfied with that.

Thanks.

MR. CONNAUGHTON: China.

MR. ZHENHAU: Yes, I am the representative on behalf of the Chinese President. First of all, I would like to express the United States Government for hosting the second MEM. I agree with Mr. Connaughton's remark about this meeting. I should say that this meeting in terms

of promoting the Bali action process it has played a very constructive role in terms of we have conducted a lot of discussions about the very candid exchange of ideas in terms of how to implement the Bali Action Plan. We talk about the long term goals and the mid and the near terms and also technology transfer and also the national appropriate reduction issue, funding, financing, forestry, et cetera. And we have made some agreement. For example, we -- a lot of people believe that it is very urgent for us to implement a Bali Action Plan and it is our common hope that we can play a very active role by means of MEM. However, we also have some disagreement. For example, we have a different understanding of the Bali Action Plan and we also have differences in terms of how to implement this action. But it's very natural, normal to have differences and to achieve the understanding of the differences actually we provide a good basis for our further work so, therefore, our Chinese delegation can assure you that we have achieved a lot in this conference and we also again thank the U.S. Government for hosting this meeting. Thanks.

MR. VORSTER: Shaun Vorster, South Africa. Also from South Africa's side we would like to thank the U.S. Government for hosting this meeting. We too share the impression that it's been a very constructive, a very frank and a very fruitful meeting. For our part I think we stressed that any response to climate change in the future framework should strike a key balance between adaptation and mitigation and a key climate stabilization and sustainable development objectives.

Though in some issues we do not yet see eye to eye, I think we leave here with a much improved understanding, not only of each other's national positions, but also of underlying concerns and aspirations. South Africa, I think conveyed to the meeting that we understand the magnitude and the urgency of action, but we stand ready to take our fair share of responsibility. But you must raise the bar for everybody around the table and we are looking in particular to developed countries around this table to take on an ambitious leadership role. But we stand ready to contribute our fair share. Thank you.

MR. CONNAUGHTON: Okay. We will open it up for questions. Please identify yourself.

Question: (Inaudible) Voice of America. You mentioned that you discussed difficult issues. Could you please give us an example of what those issues were?

MR. CONNAUGHTON: Sure. So the first, one of our topics of discussion implementing the Bali road map is how to come up with a shared vision, including a long term goal for reducing emissions. In the Bali road map, we committed to a vision of deep cuts in emissions and now we are trying to sort through how we can come up with a common expression of that. There were a number of proposals that we are in the process of giving serious consideration to. We are trying to find a way that all countries can come behind a long term goal. That's a big challenge. We have not done that before.

Another area that is an area under development is how sectoral approaches can contribute to the long term goal, to national plans that include mid term commitments. Excuse me. And that's a new discussion and so there are a variety of perspectives on that. So I wouldn't say it's

difficult so much as we are entering into a new set of thinking and so we had to get a lot of ideas out on to the table. So those would be two specific examples I would give.

Question: What specific message would you have for college students who will be inheriting a lot of the policies and initiatives that could be decided in the future?

MR. CONNAUGHTON: I will comment and I'll invite my colleagues to comment on that. We are gathered here to look at what we can do now, what we can do tomorrow and what we can do over the long term and the students here in Hawaii who were a great host to us and the students around the world are going to be carrying forward the mission that we begin to chart for ourselves here today and they will be doing that for their children. This is a challenge that will take us many decades to address and I think collectively this group is committed to acting urgently now and so we look forward to more students becoming interested in this issue and more students conveying the message of practical actions to make real progress.

I invite other colleagues who might have anything to say on that as well. Please.

MR. TSURUOKA: Koji Tsuruoka, Director-General Global Issues, Japanese Foreign Ministry. It's a very good occasion to talk to the college students, because they will be there in our future. There are things that we can already do today. For example, during the course of discussion today the air conditioning for this hall was stopped, because it was getting freezing cold. Some of us were wondering why do we need air conditioning being in Hawaii? And this is one example of what we individuals can do. Thank you.

MR. PANKIN: Yes, thank you. I'm Alexander Pankin from the Russian Ministry of Foreign Affairs. Just picking up what the youth should do -- well, we also talked about changing the lifestyles. We are trying to change our lifestyles. You have your future which will really see the changes in the lifestyle and you have to influence those changes. That's very controversial, very controversial, to which extent you are going to sacrifice your comfort or the comfort which was traditional in your family or city or country. That's a difficult issue which we probably leave for future generations. Thank you.

MR. HA-YOUNG: I'm the Korean Ambassador for Climate Change. I think that we now all know that global warming is going on and it's starting, you know, and it may come decades in the years ahead. So, therefore, we should combine our efforts all of our international communities to tackle this matter and all 70 members of this -- those countries, who are emitting 90 percent of these emissions. We came here to find a common ground, common measures against climate change. I think the commitment to cut emissions by these governments to do this, and I'm sure that they will make some good effort to tackle this issue.

As my colleague of Russia has said already, in matters of your life transformation, for example, you can take a bicycle instead of bus, you can conserve your energy by lighting off the lights in your homes. So, therefore, I hope that the youth think of such lifestyle change and to guide your people around to have some sort of campaign to conserve energy and to make everything efficient and particularly by making you strong by riding bicycles.

Thank you.

MR. VARGAS: My name is Everton Vargas. I am Under Secretary General for Political Affairs in the Ministry of Foreign Relations of Brazil, and besides that I am a professor of at the Diplomatic Academy in Brazil, so I regularly have to deal with college students as they are the new diplomats in Brazil, and I will tell you something, normally you will read in the press that this issue of climate change needs to have a global response that unless everybody does something this will not be solved. And this is true. This is not something that is wrong. But there is something that normally doesn't appear in the press is that society is very differentiated, not only in the international system, but it is differentiated even within societies, and what is the major cause of differentiation? It's a cultural view of life, and the biggest challenge that you have in the future is exactly to challenge this cultural view that there is from society and from the role of each one of us in the world, because the views that we have of our own roles in society is actually projected in the international system and that's why we have so many asymmetries, that's why we have so many injustice and lack of equity, which is the real challenge that we have to address climate change.

Thank you.

MR. CONNAUGHTON: Thank you.

MR. LaLONDE: Can I add something? I'm Brice LaLonde. I am from France. In front of us in France we have the difficult task to have a meeting which would be as good, as well organized and well conducted as this one. We are very happy to be in the United States and especially in this moment, an important political moment in the United States, and we would like, of course, climate change to become the center of discussion. It's a very important issue, probably one of the most important issues that we have to face all of us, mankind. And it's very important also, because the people who are going to suffer the most of climate change who have already started to discover are not in this room, because they are the poorest in the world. And it's us, I would say collectively but probably the big block countries which were first responsible and we have to have do our best.

We are very happy to be in the United States because we are happy that the position of the United States is changing and we welcome this and we welcome this meeting, because it's a sign that the position has changed. Of course, we want more. We want more and we hope in the next weeks after these discussions we will be able to deliver more, but it's a good start. We had a real good discussion, a real discussion face to face. Why don't you do that? Or could you do it this way? We still have to do some work on this issue, et cetera. That was very important for us because we don't often have that sort of direct face-to-face discussion where we can say exactly what we believe or why do we have a problem of trust or why didn't you do this? That's very important. That's why we want to go on with that sort of discussion and we really hope that we are going to deliver real decisions in the short future.

So thank you again and thank you for being here and thank you for providing this. We need your help. We need the help of the public.

Thank you.

MR. MACHNIG: I think this place not only in Hawaii but this University is very well chosen because of one reason. If we look at the targets we are heading for, meaning reduction of 50 percent up to 2050, this is a huge goal and Mr. Tanaka of the International Energy Agency said one thing, we need an energy revolution or an industrial revolution. And where are, let's say, innovations made? They are made in universities. And so I think we all agree that in the next years we need more innovation. We need technology breakthroughs so that we can make this very deep structural change that our economies have to deal with in the next years. So I think that it's, therefore, a good place to be and that shows how important knowledge, competence and innovation are for the change we have to do in the next years.

Second remark I would like to say, okay, we had a very constructive debate. There are some positions who are not, let's say, shared by everyone, and I think one thing is very clear, we all have a responsibility, because public wants action from us, public wants answers, public wants that those things we agreed on are now implemented and that we go straight away free of the clear reduction strategy for the next years.

And from a German point of view, therefore we need clear international agreements, international agreements, binding agreements, and these binding agreements have then to be implemented in every country who agreed on these targets. That's very important, because one thing is very clear, we had certain approaches on reduction and we didn't succeed when we didn't have mandatory targets and, therefore, it's very important to have an international regime with mandatory targets based under the umbrella of the UN, and hopefully we made a step forward here to go on a productive debate and come to real agreements in 2009, because that is the most important thing, because we are running out of time.

Question: I'm just curious do you have the plan of how you plan to reduce (inaudible) aware or care about reducing carbon emissions.

MR. CONNAUGHTON: Well, first of all, the issue of climate change has moved to the top of the national agenda and especially among the younger people in America. The enthusiasm though, at least in America is around technology and innovation. There is a great enthusiasm for new kinds of cars, great enthusiasm for new kinds of fuel, alternatives to petroleum, and your Congress and your President just signed a new law to make sure that happens.

There's also greater understanding and awareness that personal behavior can make a difference. So you're seeing people change light bulbs, and there's a national campaign on that. And, again, Congress just passed a law that the President signed that's going to help change that and grow awareness for the real benefits, not just in terms of addressing climate change, but the real benefits in terms of saving money and the benefits of reducing air pollution that can harm people and harm natural resources.

So these are all the steps we can take, but it goes two ways. The government can take action but also our citizens have to take action as well. That's what you're seeing and I think the leaders representatives here represent 80 percent of the world's energy use and 80 percent of

emissions. The leaders themselves are speaking to this issue, they're talking regularly to each other. And that kind of leadership then translates out into their national settings. So the next several years are going to be very transformative in this entire discussion, I believe.

Next question in the front.

Question: Can you explain the next steps of MEM (inaudible) and what was the discussion of nuclear power?

MR. CONNAUGHTON: So the question was what are the next steps for us in the Major Economies Meeting and then what was the -- did the discussion address nuclear power.

First of all, the leaders reps all discussed the desirability of having a meeting of the leaders of the major economies in mid-2008. As you may know, President Bush suggested that in his speech when he spoke to the major economies last September.

Secondly, we are going to be having a series of supporting meetings as we try to advance the agenda. You know, we have a very broad agenda. Now we have to start putting some very specific ideas and structure the conversation around that. So we'll have some intermediate discussions in advance of the next Major Economies Meeting in France, which will be in April. So with the supporting discussions and the meeting in France, we will then take stock of where we are and see what additional work we will need to do before the leaders assemble. So that's the basic outline. I think you'll see a lot of country-by-country consultations and then some group conversations and then the larger group conversation. This is a very complex endeavor.

I would also underline that the UN will begin its formal meetings starting this Spring, so our processes will overlap in support of each other.

Nuclear power was a centerpiece of the energy discussion, along with renewables, the need for efficiency, the need to find ways to produce power from coal with low and no emissions and along with a number of other technology pathways.

The head of the International Energy Agency gave us a one-hour presentation with questions and answers in which he made a fundamental point: We need action in every category of our energy system, nuclear, coal, renewables, efficiency and fuels, as well as vehicle efficiency, and I think we all came away from that discussion very impressed at the scale of what it is we need to achieve.

Question: The representative of the European coalition in negotiations in Bali, what's the point of the (inaudible) reduction of 25 to 40 percent and that issue regarding disagreements there with the United States.

MR. CONNAUGHTON: Let me repeat the question for the sake of the translators. The question was on the issue that the European Union raised in Bali about the 25 to 40 percent reduction in greenhouse gases by 2020, was there any movement or discussion of that in this process.

MR. KRANJC: As you know, in Bali when we were discussing the 25 to 40 percent I think we had an agreement among all the Kyoto (inaudible) which was everybody around the table, apart from one country, that was the United States, that 25 to 40 percent is a kind of starting point for our deliberations in the future. We have not been talking here about concrete figures for sets of countries. I think we had a very long discussion on the global goal. There were some figures mentioned here, which is halving emissions in the year 2050 from the European point of view compared to 1990, but there's not agreement yet on these issues. That will still require some time in order to move forward.

But I think if you look at the report of the IPCC, it's very clear what the message is from there that if you go above the lowest scenarios that they have assessed, then the impacts of climate change will be serious and that is the reason why low lying islands, maybe Hawaii is also a part of that, are asking already to look for scenarios which go even lower in terms of atmospheric concentrations of greenhouse gases. So I think there's concerns around the table that have been voiced.

MR. CONNAUGHTON: I would observe that we did learn in this meeting that every one of the economies represented in this room is currently in the process of developing their mid term strategies at the national level and we had a very detailed conversation about what each country is now seeking to achieve as they assemble those plans and it was quite a compelling array of commitments, including lots of new regulatory programs in most of the countries around this table. So we are going to try to take all that on board as we discuss our mid term strategies.

Next question in the back.

Question: (inaudible) did you come up with any (inaudible) and also (inaudible) the United States (inaudible).

MR. CONNAUGHTON: I'm sorry, the first question was, did we come up with a statement out of this meeting, and secondly, did the U.S. make a proposal on long term global goal and, if not, why?

Yes, we will circulate after this just a very short statement reflecting my opening comments that all of us -- that all of us agreed on.

Secondly, we did have an extensive discussion based on the foundation information provided by Mr. Tanaka of the IEA of what the range of scenarios and options might be for a long term goal. We had a very specific conversation about how to structure a shared vision recognizing that we have many opportunities for cutting emissions, but making substantial cuts over the long term also requires some pretty significant changes in technology especially when it comes to energy systems, when it comes to fuel, the use of petroleum.

And so the United States and other countries raised a number of ideas for how we might express this goal and we are now in the process of -- we will work those ideas up and share them among ourselves. At this point I'll leave it at that. We are giving serious consideration to the

proposals from the European Union, Japan and Canada of at least halving emissions by 2050, and then we are working through how to express that in an appropriate manner.

Question: National public radio. How much of an impact did the recent (inaudible) cutting emission by 20 percent (inaudible) discussion here and because also is there a consensus whether cuts would be mandatory?

MR. CONNAUGHTON: So the question was how much of an impact of the recent announcement by the EU of their new package in support of their commitment to cut emissions by 20 percent below 1990 levels by 2020 have on this discussion? And then the second question, mandatory -- did we discuss mandatory.

So I will give my own view on the impact of the EU proposals is, our colleague from the European Commission gave a very nice outline on all of the new programs that the EU is working with the member states on developing in support of that goal.

For our part, the United States, we then put on the table the very substantial new initiative that the President and the Congress has called for, beginning with our commitment to slow, stop and then reverse our emissions, but then backed up by all the new mandates. We have five new mandates in the new energy bill that will cut our emissions by nearly 6 billion tons by 2030. In addition to that are three other new mandates that we have got moving in America. So the five new mandates in America are on vehicle efficiency, on alternatives to petroleum, on building -- I'm sorry, on lighting system efficiency, on new appliance standards and then a very significant requirement that the federal government itself improve its energy efficiency by 30 percent, use 20 percent renewal fuels.

I give you those examples because the U.S. Government is actually the world's single biggest energy user and that mandate on the U.S. Government will result in very significant emission reductions.

There was a lot of discussion around the table about mandatory commitments, both at the national level and at the international level and so we had a lot of perspectives on how those commitments might be expressed and developed at the national level and how such commitments might be included in a future binding international agreement and I think that's the issue that we will be discussing in the coming -- in the coming months. I think we might get a few comments from our colleagues on that specific question.

MR. ZHENHUA: You raised several questions just now. All of your questions around about a long term and mid term goals. I should say that during this meeting we have had a discussion about the EU's proposal and the plan, the 50 percent reduction by 2050. We also discussed about Japan's proposal about this 50 percent reduction, and we -- we also discussed about mid term goals. So after 2012 or before 2020 what kind of action should we take? And EU also mentioned about the goal of a reduction of 20 percent, and if other countries can also do this kind of work and so the EU will raise their reduction up to 30 percent. Other countries share some of their views, but over all we did not really conduct very in-depth discussion about this aspect, but we all feel that requirement from the Bali Action Plan asks that developed countries

after 2012, all developed countries need to -- must do the absolute quantity of the reduction which can be measurable and reportable and also verifiable.

For developing countries, we also need to take very active measures to mitigate the GHG emission. This is very clearly delineated, but we have not reached an agreement in terms of quantity or the numbers, but we did conduct construction. So the question right now if we translate the quantitative reduction to -- qualitative reduction to quantitative and we need to take what kind of measures in order to fulfill our goals and reach our target? Each representative of each country has expressed their point of view and in China we have taken several regimes.

First of all, we have to have the energy efficiency. Secondly, we have to improve the efficiency of the energy. In the past 15 years we have improved the energy efficiency by 47 percent and we plan to improve the efficiency by another 20 percent. We also need to use renewable energy and also nuclear energy. Right now it only constitutes about 5 percent of our total energy.

We also need to do the reforestation. In the past 15 years China has planted all together about 800 million hectares size of the plants and we still have some areas we want to plant even more trees in those areas. So I should say we need to take very active actions in order to adapt and to deal with the climate changes.

I should say different countries have different kind of opinions about how to deal with climate changes, but we still need to do more to quantify and qualify this line of work.

Thank you.

MR. CONNAUGHTON: Let me make one other observation, in his State of the Union address just a few days ago President Bush made very clear that the United States is prepared to enter into an international agreement that includes binding commitments as long as the other major economies are prepared to do so as well, because such an agreement can only be effective if we all take such action together, but then we are doing a whole cascading series of domestic, mandatory programs. By the way, these are accompanied by very important technology programs, including our new announcement to have a whole new program, nearly a billion dollars of public and private funding just in 2009, to find the new technologies. For example, to make power from coal with no emissions. Big challenge. It's one we all face.

India.

MR. CHIDAMBARAM: My name is Chidambaram, Principal Scientific Advisor to the Government of India. I thought I would also give you a perspective from the point of view of a developing country like India, because the per capita electricity consumption and our per capita carbon dioxide emission is much lower than the developed countries, but all of us are affected by global climate change, all of us have what we have in common but differentiated responsibilities.

So India is having an action program in the context of climate change. We have a council headed by the Prime Minister, which looks at all the activities because you have the mitigation

technologies, you have put emphasis on renewables, putting on efficiency, putting on nuclear and it's important to close the nuclear fuel cycle if you want to get the full benefit from the resources that we have. Then there are strategies because it's inevitable that global warming is taking place, so all the kinds of things in terms of water resources, in terms of agriculture, maybe new (inaudible) and high resolution climate modeling. Because it's one thing to say the average temperature change, then we have to carry out very careful climate modeling in local areas to see which are the ones that are more viable.

Thank you.

MR. CONNAUGHTON: Thank you.

Let me underline the fact that this meeting did spend a good portion discussing the issue of adaptation, which all around the table agree is now critically important and it's right up there in importance with mitigation and the other aspects of what we're discussion, as our colleague just indicated.

We can take two more questions. Two more questions? In the back?

Are you asking -- no.

Question: When negotiations (inaudible).

MR. CONNAUGHTON: The question is at what point will some of the decisions begin to be made? We are aiming toward a leaders meeting. This is still something under discussion, and I think leaders are very good about clearly explaining for themselves what their views are, so we are working in support of that. So I think that's when you should expect...

MR. LALONDE: Can I just add that we aim to feed the United Nations process which has its own schedule and we have agreed in Bali that the decision of a final comprehensive climate change international agreement should be achieved in Copenhagen in 2009. We have intermediate sessions. So these are the forums where the final decisions engaging all of us should be taken, and we hope the different steps of this Major Economies Meeting will help us to get to there.

MR. CONNAUGHTON: Sorry, United Kingdom.

MR. WOOLAS: Phil Woolas, Minister for the Environment in the United Kingdom. Adam asked the question when will we start taking decisions. This is an attempt by the major economies in the world to plan, organize and implement the second industrial revolution. This is not an episode of 24. This is not to take place in a day. The decisions have started now. This is the first major meeting since the Bali conference, so the starting gun is gone. There will not be a specific meeting where a series of decisions will be taken, but the clock is ticking until December 31st, 2009. We have to have an agreement by then. That organization that we are engaged in feeds in as my colleague from France rightly says, into the United Nations process,

and in our view and in my view this process is the biggest boost to the power and the strength of the United Nations that we have had since it was formed after the Second World War.

So this is a frustrating process for journalists. It is not giving sexy headlines day by day, but as I said, this is not an edition of 24. This is the process to organize the second industrial revolution and I thank the United States for providing the platform to do that.

MR. CONNAUGHTON: Thank you.

Japan, please.

MR. TSURUOKA: Thank you for asking that question. Decisions will be taken for sure and my colleagues have explained to you in the process concluding in 2009 end of the year the Copenhagen. But what is more important than making decisions is taking action. We have confirmed today throughout the discussion that actions can be taken even today and this is the value of engaging the leaders. If the leaders decide to do it, it will be translated into immediate action. My Prime Minister delivered a speech in (inaudible) last week, and he stated that Japan will work to establish a quantified reduction target for Japan as a nation together with the efforts of major economies of countries around the table today, and that is a decision and we are now in the station of implementing that.

Another decision which has already been implemented is the Japanese funding mechanism, which we call Cool Earth Partnership, which will present a total of 10 billion U.S. dollars worth of assistance to developing countries in mitigation, in adaptation and access to clean energy. As an act of practical immediacy we have sent a mission to Bali, another island country that maybe Hawaiians feel close to. They are really facing a very dangerous situation.

The server mission will come back and we will have recommendation as to what we could meaningfully do. These don't require necessarily multilateral or collective actions. These are decisions that can be immediately implemented. That is the important part of this discussion.

Thank you.

MR. CONNAUGHTON: Let me just briefly highlight, then, three supporting decisions that are now in movement. One is at the international level -- actually two are at the international level. The U.S. and the EU have come together on a joint proposal to WTO to eliminate the tariffs on clean energy technologies and services and we are seeking the interest of other economy leaders in reaching that outcome. If we act now on that, we can increase the two-way global trade in these clean energy technology and services by up to 14 percent per year, which would be an huge introduction of these technologies in a very short period of time.

Also, joining with Japan the United States, President Bush, has a decision on his budget, which is going to provide two billion dollars over three years in support of this clean energy technology fund, and the United Kingdom has put, I think the number is 1.6 -- I think it's 1.6

billion dollars over three years so we are just looking at the first period on this fund and we are looking to expand that out and that will happen right away.

At the domestic level on the budget side the President has dedicated the single biggest budget to the research enterprise on low carbon coal, as I indicated, which will be nearly a billion dollars in public/private, but the equally important supportive piece of the budget will provide \$38.5 billion in loan guarantees that will pay for 80 percent of the total cost of any technology project that's going to commercialize outcomes that will avoid, sequester or reduce greenhouse gases. This is unprecedented in scale and scope. These are the decisions that are happening, even as we speak.

Last question.

Has anyone else not asked a question?

Question: I believe that you said earlier that the U.S. position have changed. I'd like to know what you see as that change.

MR. LALONDE: Well, if I can speak very simply, now all developed countries have joined them, the European Union and other countries like Japan in having goals to reduce the overall emissions of greenhouse gases. That was in the Kyoto and (inaudible) started and we had the joy to have Australia joining us very recently, but still the United States did not agree to join the movement.

And I could say it was a bit lagging, I would say, and now we are having -- we are seeing that the United States is discussing the matter that is becoming central, that you have a lot of bills in the Congress and that the administration is taking steps. It has -- last year in Washington we had the Major Economies Meeting. We had the speech of the President and we are having this initiative, which is a useful initiative and, of course, we welcome this move. It's a real move. The language is different, the goals are different, the cooperation, the international cooperation is different, and I must say here that we need the United States leadership.

Of course, we are waiting for the -- for the next step, which would be that United States would also have a goal in reducing its greenhouse gases, joining in that way all developed countries.

MR. CONNAUGHTON: Thank all of you very much. We look forward to further productive conversations and to my colleagues around the table I look forward to the time we next meet.

(Applause.)