

SECOND MAJOR ECONOMIES MEETING ON
ENERGY SECURITY AND CLIMATE CHANGE
OPENING REMARKS

JIM CONNAUGHTON: I think I will take advantage of the hush in the room. Good morning, everybody. Welcome to Hawaii. Aloha. Please everyone say aloha. I see that most of the ties have been lost. That's very important if you're in Hawaii. They don't believe in ties, but they do believe in a wonderful world for ourselves and for our children and that's what our discussions are about. So I'm pleased to welcome you to the second major economies meeting. As we committed ourselves last September, we wanted to have a very constructive and good outcome in Bali, and I think we can all be very pleased that we have a Bali Roadmap to which we have all committed ourselves, and I think it is on that foundation and in support of that outcome and agreement by the end of 2009 that we now reconvene here in Hawaii.

I will have some logistical information after we hear from our speakers, but I'd like to go directly to our two speakers. I'd like to begin with our home State host for this event, Governor Linda Lingle. I have now had the occasion to become good friends with Governor Lingle over the years. Many of you met her last night. For those of you who missed the event, we had a wonderful celebration of Hawaiian culture by some children and a celebration of Hawaiian culture being in the home of sort of one of the cultural centers of Hawaii.

Governor Lingle has been a very practical, very passionate, she's been a very professional, and a very global leader for the State of Hawaii. And I think you'll hear in her remarks of some of her vision for what this State is seeking to achieve in its environmental stewardship and the economic welfare of its citizens, and how they're trying to take that vision and share their experiences and lead in many key areas with those of us in the rest of the states, but also with others around the world.

You should know that we're in the middle of a political season and Governor Lingle was voted one of the delegates from Hawaii to her State party, then on the way to the National Convention. And so even as we talk about these issues in a policy setting, these outcomes do have political consequences. And here in America, I hope you are seeing a broad consensus across party lines, throughout regions of the country, on the need and the urgency to take more aggressive actions with respect to climate change and with respect to improving our energy security, and I think you will hear a little bit of that as well from the Governor.

So without further introduction, I'd like to give you Governor Linda Lingle.

GOV. LINDA LINGLE: Thank you very much, Jim. Aloha everyone. Good morning. Above everything else I would like to share with you today, I want to communicate what an honor it is for the people in my State to be hosting a meeting that the whole world is watching,

and it must be a tremendous weight on all of you to know that everyone in every country is paying attention to what you're doing, and we are all, as citizens of the world, relying on the ultimate outcome of your discussions.

To Jim Connaughton, Dan Price, Assistant Secretary Andy Karsner, Secretary Yvo de Boer, to all the distinguished guests around the world, we are so glad you're here and as we would say in Hawaiian, E Komo Mai, which means welcome.

Now, looking around this room with the drapes pulled and no windows to the outside, you could be anywhere in the world. I don't think they want you to see the beauty of Hawaii, so you'll stay focused on your work, but I did speak to the conference organizers and asked them to please let you out of the room from time to time to take a look around and to view all the beauty that the State has to offer.

Global representation, that all of you are a part of, reflect that these issues of energy security and climate change are clearly global issues that transcend borders and must transcend politics. It's about the planet's future and those generations who will come after us.

Yesterday, I substituted for a friend of mine as a chaperone for his daughter's fourth grade class at the marine center here in Honolulu down at our harbor. And the man who was giving the tour to these fourth graders, they're about 10 years old, he said to them as he was showing them all of the garbage that washes up in the northwestern Hawaiian islands and what it does to marine life, he said to the children, our generation has not done a good job of protecting the planet and now it's up to you, meaning you children, to help turn things around. But, of course, we can't wait for these 10 year olds to grow up. They are growing up with a different sensibility and a different desire and much more of a global outlook than we grew up with, but we simply can't wait for them to grow up and that's why the burden has fallen to all of you.

I think it's very appropriate that you're here in Hawaii for this meeting and I hope you will draw some inspiration from the very unique place Hawaii is, both its natural beauty and its natural resources and also its diversity of people.

On the Big Island of Hawaii, where some of you will have a chance to visit later in the week, is Mauna Loa, the largest active volcano on Earth. For the past 50 years, Mauna Loa has had a station for measuring carbon dioxide in the atmosphere. It is the oldest, most continuous measurement of carbon dioxide in the world and its data has been used in many landmark studies. I do hope most of you will have a chance to visit Mauna Loa, and I know that it will inspire you.

In Hawaii, the environment, the land, and the ocean have tremendous cultural significance, especially for our Native Hawaiian people, our host culture. Our State motto in Hawaiian is Ua mau ke ea 'o ka aina i ka pono, which means the life of the land is perpetuated in riotousness. This motto guides people and it guides our Government decisions, and it's a principle that can be applied around the world.

Our State in this way is no different than the rest of the world as we face the pushes and pulls of economic development, growing populations, and technology. Hawaii, I am not proud to say, is the most oil dependent State in America. It goes against your intuition. You would think because of our isolation and the need to have oil travel long distances and the fact that we have so many natural resources, this would not be true, but this is true. We are the most oil dependent State in America with more than 90% of our energy supply being imported. We also have the highest utility rates of anywhere in America, and the highest gasoline rates for transportation fuels. We also have many small islands which means that we have an unconnected power grid currently. And as I mentioned, we are the most isolated set of islands anywhere on the planet. But other Pacific islands face similar obstacles and challenges, and we hope to serve as a partner and perhaps even a model for some of these other island countries and territories.

Hawaii is blessed with an abundant supply of natural resources, sun, wind, wave, biomass, geothermal, and even ocean thermal energy conversion, and we have made some progress in the last two years.

In 2006, the Legislature and I adopted a package called Energy For Tomorrow and it initiated some fundamental change in our energy policy. And then last year, I signed the Global Warming Solutions Act that the Legislature passed which mandates that statewide greenhouse gas emissions be reduced to 1990 levels by the year 2020. Only two other states, California and New Jersey, have similar laws.

But the greatest stride that we've taken occurred on Monday with Assistant Secretary Karsner when we signed a major partnership agreement with the United States Department of Energy called the Hawaii Clean Energy Initiative. This is the first such partnership with the United States Department of Energy. In that sense, it's unprecedented, but I think also very innovative. Usually those of us in the States like to think we're the ones who prod the Federal Government because they're so big and slow moving, but in this case, it's the Federal Government who is really out in front and we've set the bar high for our State purposely. We set it at 70% of all of our power coming from clean energy within one generation.

Assistant Secretary Karsner said that it is no coincidence that these meetings are being held here because he views Hawaii as a test bed for technology and could come back here in a few years and you could witness firsthand the progress that we have made. This approach that we're taking with the Federal Government is multi-faceted and it includes that our smaller islands will be 100% powered by renewable sources within a generation.

We'll focus on energy efficiency at military installations and housing. That locally-grown crops will provide the biofuel, not imported crops. That we will change our regulatory and policy framework and that, as I was talking with some just before this meeting started, we will involve all residents and businesses. There will be stronger public/private partnerships, because for these efforts to succeed, it can't be Government alone.

These fundamental changes in the business of energy systems is good business, and I had the privilege to meet a major business leader, Bjorn Stigsson, President of the World Business

Council for Sustainable Development, and I told him how glad I was that he was here, because it's important that business recognize that this change of perspective as it relates to energy security and climate change is good business. There will be a good return on investment. It will be profitable. It will help us to diversify the economy here. It will create new businesses and careers for young people. It will advance technology. And for Hawaii, it will keep billions of dollars a year that we currently send out of our State, it will keep it here working for the people of Hawaii.

Now, we're already making some exciting strides, and I'll mention a couple of specific projects. Our Department of Transportation has just let out an RFP to put 12 solar arrays on our various buildings, including at our airports, that will supply 34 megawatts of power. That will mean that we can put off importing 130,000 barrels of oil every year just because of this one Government-initiated project.

On the island of Maui, Kaheaku Wind Farm produces 9% of that island's energy and 30% of its off-peak power, and I'll be visiting that wind farm with Assistant Secretary Karsner later on in the week.

Next week there's gonna be a major announcement about a wave energy project off the Maui coast. And the Big Island today is producing one-third of its power from renewables.

We're also pursuing ocean thermal energy conversion at the Natural Energy Lab of Hawaii to bring cold sea water from 3000 feet down and have it generate electricity.

The world is changing so rapidly and we are committed in our State to lead by example. By your countries and organizations attending this meeting, you've also made a commitment to lead by example. Much of our progress in environmental issues today in our State is due to cooperation and collaboration and we only began to make progress when we put our egos aside and we put our politics aside, and we may be a small State, but we're like every State, we have a lot of politics, we have a lot of ego, it's only when we were able to get beyond our politics and our ego and rely on the strength of each other that we began to make significant progress. Our success as a world will increase exponentially when we work together and energy security and climate change demand nothing less of us.

Again, on behalf of the people of my State, let me thank you and express my deep gratitude. The fact that you're here, that the world is watching you deal with these issues in our State brings honor to our people. Mahalo.

JIM CONNAUGHTON: Thank you, Governor. And I think all of you can see why Governor Lingle is one of our Nation's great leaders.

You should know that we've arranged some visits. So for those of you who have staff interested tomorrow at lunchtime or for those of you who are staying and flying out on Friday, you have an opportunity to see some of what Governor Lingle just described. So I would encourage you to get ahold of the conference logistical host to look into those opportunities,

especially in the green building area and the alternative energy area. There's some pretty interesting things that we've got arranged if you'd like to be part of that.

I would also like to encourage you, as we do sit in this draped window, we're in a great hotel. The resources of Hawaii are our inspiration. It is home to some of the most abundant bio diversity of any area on the globe and we've endeavored to do a lot to conserve it.

Governor Lingle and President Bush were instrumental in creating the world's single largest act of conservation, which is the Papahānaumokuākea Marine National Monument which protects over 160,000 square miles of reef system. And this is a system we will study and learn from and conserve and protect for future generations, and it's the inspiration of the Hawaiian people that brought the Nation to the point where we could accomplish that.

I'd now like to turn to our next speaker, Yvo de Boer, who undertook one of the most heroic tasks in recent memory, which was the successful outcome in the production of the Bali Action Plan, and we've asked Yvo to come back and speak with us and give us his reflections and to assist us as we think together as the major economies on how we can produce a detailed contribution from our leaders that will meaningfully support the work that we together have committed to achieve in reaching a new international arrangement.

So Yvo, please come join us.

YVO DE BOER: Thank you, Jim. Good morning, everyone. I think it's important to remember that it was actually you that achieved the breakthrough in Bali in the form of a two-year negotiating process to strengthen the international response to climate change, an agenda for key issues to be negotiated after 2009.

What we have is a new process on long-term cooperative action under the Convention and negotiations to do at least three things.

First, define a measurable, reportable, and verifiable ways nationally appropriate emission commitments to developed countries and mitigation actions for developing countries.

Secondly, to determine essential actions to adapt to the inevitable impacts of climate change and to promote climate resilient development.

And thirdly, to mobilize the necessary financial and technology cooperation to support these actions also in a measurable, reportable, and verifiable way.

Also, in Bali under the Kyoto Protocol, parties established a timetable with detailed steps to be taken to complete negotiations on new emission reduction targets for industrialized countries in 2009.

In Bali, technology transfer received much attention and work on it showed renewed momentum. Parties agreed to work on a new strategic program to scale up the level of investment for technology transfer.

Parties also launched action to reduce emissions from deforestation and forest degradation in developing countries, and to enhance further (inaudible) work in these areas. And Bali saw the launch of the adaptation fund, the establishment of an adaptation fund board so that already this year, a first set of adaptation projects might receive funding. On this topic we have a very, very long way to go.

The UN Climate Change Conference in Bali was the biggest climate change conference ever. It showed a great desire of parties to make progress. It demonstrated huge public interest in a sense of common ownership. It is the countries around this table that now have a major responsibility to make the Bali Roadmap a success.

Then the way forward. The real work begins now with an incredibly busy time ahead. The challenge is huge. Less than two years left to craft an agreement on stronger international action on climate change that measures up with the imperatives of science. Achieving the goal of the negotiations will require at least three things.

First, a delicate balance between the political necessity of engaging major emitters and recognizing the economic growth and poverty imperatives of developing countries.

Second, a way forward that leads to strong investment opportunities beyond a pure assistance approach and subsidization.

And thirdly, a global approach that ties together the developed and developing world.

Our first meeting to embark on this road is going to be from the 31st of March to the 4th of April, and we hope to be announcing the venue soon. And this meeting will need to set the detailed work plan for the negotiations.

First, identifying the areas that need to be further clarified. In other words, what should be understood by words like "measurable, verifiable, and comparable" in the Bali Action Plan.

Secondly, it needs to identify the issues where work needs to be done and in what order this should happen.

And thirdly, it needs to identify the inputs needed from the UN at large, the business sector, and others in order to move things forward.

The ad hoc working group under the Kyoto Protocol has a very clear work plan which will focus on the rules for the period after 2012. Given the short time available, this work has to move ahead. While it is clear that everything will be agreed in the final package, much of the work on the details cannot be reopened anymore in the final phases.

And I'd now like to show you a chart that sets out the agenda in a slightly simpler form, if that could be shown now. Maybe ask you to focus on the much more complicated chart which is actually on your table, and which shows that the work ahead of us needs to be driven by a shared

vision which goes towards a global reduction of emissions and resilient economic development. That that shared global vision is only going to be achieved if developed and developing countries take action to limit their emissions and adapt to the impacts of climate change.

It shows that action by developed countries can generate a number of outputs in terms of financial resources, financial flows, that can serve as main elements of support or enabling elements that allow developing countries also to engage on climate change, both for mitigation and adaptation.

And finally, as the Bali decision indicates, that the Convention can play an important catalytic role in terms of mobilizing action elsewhere. And part of the challenge, at least in my mind, will be to see if we can develop this kind of or a different kind of shared vision that sees things in their interconnectedness.

As part of the initial phase, it's important to focus on developing the mechanisms to support and enable action by developing countries to help these countries go the extra green mile. Finance and technology are essential parts of the Bali Roadmap. Developing countries need to know what is in the toolbox for them before committing to action.

Secondly, efforts on climate-friendly technology and financing have to be recognized as a way of creating investment opportunities.

And thirdly, I believe this is an area for positive debate, finance and technology can be the glue that connects developed and developing country actions and, therefore, to my mind, is a constructive starting point of the debate.

What we need is what I have called a climate change martial plan, a plan that will spur green, low-carbon economic growth worldwide, particularly in developing countries. It will reshape the world's future economy and redirect investment flows into a sustainable future.

A comprehensive financial architecture is needed to deliver this, and the variety of tools need to be part of this architecture, including, first, mechanisms established within the framework of the Convention. How can we expand on what we already have within the framework of the Convention?

Secondly, mechanisms enabled through the rules of the Convention, but outside the Convention itself. In other words, through certification through action inside the Convention, how can we create value outside the Convention process itself?

And thirdly, what financial tools can we create independent of the Convention, but linked to the Convention? In other words, how can we catalyze action elsewhere? And let me give one example. If our process over the next two years can say something about what the OECD should be doing on export credits, on loan guarantees, on those kinds of things, then I think we will be catalyzing action outside the Convention in an area not directly under your control.

Targeting inputs from outside the whole UN system, business, and other organizations is needed to ensure that the negotiations deliver what was needed. The Bali Roadmap foresees such input and envisages the UNFCCC to play a catalytic role.

When designing the work plan, parties will have to open the door to other actors early on. They should be invited to let them inform you on, first, what they can deliver on the different building blocks and, secondly, what they need to see in an international agreement in order to be able to deliver.

And let me then come to the input from the major economies process. This process could make a major contribution to the ambitious goals of the negotiations. If the countries represented at this meeting manage to take the Bali decisions to a next stage, progress can be accelerated and the ambitious deadline of 2009 can actually be met.

Of course, industrialized countries continue to carry the main responsibility for taking the lead in reducing emissions, but all major economies have a responsibility in bringing about the solution that ensures the action on climate change that science calls for.

The major economies process could focus on providing input on a broad range of aspects of the Bali Roadmap, including, in discussing the long-term target, you may address how to develop a shared vision that both the AWG and the new ad hoc working group process refer to. In other words, the shared vision that determines action to be taken now; a shared vision that will lead to deep emission cuts by industrialized countries and the peaking and declining of global emissions in the coming decade that the IPCC scenarios call for.

In discussing nationally appropriate targets, you may address what comparability of effort means and how to place mitigation actions in the context of sustainable development, and also how to avoid some of the negative economic and social consequences of mitigation measures.

In discussing sector-based technology efforts, you may address the role of cooperative sectorial approaches and sector-specific actions, including cooperation on research and development and ways to enhance the deployment, diffusion, and transfer of environmentally-sound technologies.

In discussing financing mechanisms, you may address how to put in place the means to support and enable actions by developing countries in measurable, reportable, and verifiable manners using market-based opportunities, mobilizing public sector financing, and removing the policy obstacles to both financing and technology cooperation.

And in taking the work forward, you need to pay attention to the urgent adaptation needs, including associated risk management and risk-reduction strategies and the financing mechanisms needed to adequately deal with these.

To conclude, a truly affective long-term climate change strategy must be comprehensive. To face the climate change challenge, there is a need for radical changes in the world economic future, but this clearly involves changes that imply plenty of opportunities. It's important to bear

in mind that the most vulnerable communities in the poorest countries, those who have contributed nothing to climate change, will be the worst affected by its impact.

There is no time left that the world can lose. All efforts now have to focus on getting the negotiations on the climate change deal off the ground to be ready by 2009. By the time the parties meet in April, the first three months of the two years available will have elapsed. Considering strictly the legal requirement to submit any draft agreement six months before the Copenhagen COP, there is really little over one year left to actually do the work. I'm convinced it can be done, but only if all forces pull together, and the major economies represented in this room have to take the lead amongst those forces. Thank you.