

Mr. Sensenbrenner's Opening Statement for Select Committee on Energy Independence and Global Warming hearing: "Preparing for Copenhagen: How Developing Countries are Fighting Climate Change."

March 4, 2009

Last week, we learned just how expensive our response to climate change is going to be. President Obama's budget blueprint established the potential domestic costs, and today's hearing will highlight the mounting international demands. The world is expecting increased energy efficiency from the developing world and the developing world is demanding compensation in return.

We've known for a while that cap-and-tax policy -- which is my name for the carbon trading system President Obama is advocating -- will significantly harm the U.S. economy. In his budget blueprint last week, President Obama sketched out a cap-and-tax plan that will require approximately \$80 billion-a-year from U.S. taxpayers. By 2020, Americans will have paid \$646 billion to fund his scheme.

And while \$646 billion is a shocking number -- or at least it used to be -- it pales in comparison to the demands of developing nations.

India's government stated that the developed nations owe billions of dollars to developing nations to compensate for climate change. In its submission to the United Nations Framework Convention on Climate Change, the Indian government argued that this funding should be a legal obligation for developed countries that "cannot be subject to decisions of developed country Governments or legislatures." They added that this funding should not be in the form of loans and that "[t]he providers of finance cannot be discretionary 'donors,' but must be legally obligated 'assesseees.'"

In its own submission, China argued that developed countries should provide "new, additional, adequate, predictable and sustainable" funding of at least 0.5 percent to 1 percent of a nation's gross domestic product, over and above existing foreign aid.

The Massachusetts Institute of Technology's Joint Program on the Science and Policy of Global Change, a supporter of cap-and-tax policies, estimated that welfare costs to developed countries could be over \$400 billion per year in 2020, rising to over \$3 trillion per year in 2050-- and over a trillion dollars of this would come from the United States. As the MIT study notes, "the scheme goes well beyond compensating for mitigation costs and turns the mitigation policy into an instrument for global income redistribution."

Several developing countries have made efforts to increase their energy efficiency. Many of these countries have publicly stated their good intentions and aspirational goals to reduce their

emissions; but, it is their willingness and ability to actually implement these policies that will determine the ultimate success of our global efforts.

China has already resisted enforcement of WTO's trade rules. The U.S. Trade Representative found in its 2008 report to Congress on China's WTO compliance that: "China has yet to fully implement important commitments, and in other areas significant questions have arisen regarding China's adherence to ongoing WTO obligations, including core WTO principles." A post-Kyoto treaty cannot succeed without China's participation, but can we expect China's compliance with a climate change treaty given its history with the WTO?

Today's witness, Lee Lane, a Resident Fellow at the American Enterprise Institute, rightly recognizes that technological development is the crucial long-term priority.

Politics is the art of the possible. But current proposals for emissions reductions go beyond not only what's politically possible, but also what is actually achievable. Nations cannot afford to meet greenhouse gas reduction goals without substantial advances in energy technology.

The development of technology -- not higher taxes or wealth redistribution schemes -- should be where Congress focuses its efforts to confront climate change. I look forward to hearing from our witnesses today and learning more about what role technology can play in these important climate treaty negotiations heading to the U.N. Conference of Parties in Copenhagen this December.

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