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September 4, 1998

MEMORANDUM FOR THE PRESIDENT

FROM: TODD STERN *TS*

SUBJECT: Climate Change Weekly Report

9-8-98

Congressional

Budget package. The Senate passed the Foreign Ops bill this week. Two climate change amendments offered by Senators McConnell and Leahy were adopted. One amendment narrowed the scope of bill language requiring that State and AID notify the Committee prior to expending funds to promote climate change activities. We plan to continue to work with Senators McConnell, Leahy and Hagel to further narrow this language. The second amendment added language allowing funding for energy programs aimed at reducing greenhouse gas emissions in situations where such aid money would otherwise not be permitted. The Senate also passed the Treasury-Postal appropriations bill, which included report language prohibiting the spending of funds on actions called for "solely" under the Kyoto Protocol and meant to "implement" the treaty prior to ratification.

On the tax front, we continue to work with Congressman Matsui and Senator Breaux to have our climate tax incentive package introduced. We are working with these Members on a possible press event to introduce the package, perhaps as early as next week.

Oversight: Extensive document production requests continue to absorb a lot of time. The Administration has received a total of 7 subpoenas from the House Government Reform and Oversight Committee (Reps. Burton and McIntosh) requesting climate change documents.

Press

During the past few weeks, there has been a good deal of coverage on climate change. Among the significant stories: **August 10** -- a front page *New York Times* article on the public health aspects of climate change, such as heat stress and a rise in infectious disease; **August 12** -- a story in the *Wall Street Journal* on the recent warming trend, the lack of preparedness for the predicted increase in flooding and the potential economic impact of not acting; **August 15** -- a story in the *New York Times* about the effort of religious groups to gain Congressional support for the Kyoto Protocol; **August 16** -- a powerful Molly Ivins (syndicated) column pivoting off the Texas heat wave and criticizing the media for ignoring global warming or adopting a false even-handedness, which gives undue credence to scientists underwritten by the American Petroleum Institute; **August 18** -- a *New York Times* story detailing the rapid rise in temperature in Alaska, its dramatic impact on the previously frozen environment, and its consistency with global warming

predictions; **August 24** -- a *Time Magazine* one-page feature entitled "Global Warming: It's Here...And Almost Certain to Get Worse" that included recent high temperatures and their impacts as well as a section on what people can do to prevent climate change; **August 27** -- a *CBS Evening News* story on oceans and efforts to use them to better understand climate change.

Diplomatic

The next conference of parties to the climate convention starts in two months in Buenos Aires. Intense preparations are underway.

In general, diplomatic progress since Kyoto has been slow, with countries absorbing complex new concepts in the Protocol (such as the Clean Development Mechanism) and arguing about issues, such as international emissions trading, where the Protocol is ahead of the global consensus. Steps beyond the Kyoto agreement, such as our efforts to more deeply engage developing countries, have met with significant resistance.

At Buenos Aires we expect incremental advance, not historic achievement. Much of the agenda will focus on work plans and time lines for future work. We will seek agreement on several technical issues, such as certain rules for emissions trading, but highly-charged political issues may interfere with progress. Of particular concern are European proposals -- backed by many developing countries -- to impose quantitative caps on emissions trading.

One positive development since Kyoto has been the emergence of a more cohesive "Umbrella Group"-- the negotiating bloc made up of industrialized countries not in the EU, including the US, Canada, Japan, Australia, New Zealand, Russia and Ukraine. Members of the Umbrella Group share a strong common interest in shaping a credible and unrestricted emissions trading regime. Your joint statement with Boris Yeltsin included a strong reference to this topic.

As we approach Buenos Aires, we may recommend calls for you and the Vice President to help advance key objectives. We will forward more detailed information on our Buenos Aires strategy as it develops.

cc: Vice President
Erskine Bowles
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