



The Secretary of Energy
Washington, DC 20585

October 5, 1998

*U.S. Group
I think we
should do this
BC*

MEMORANDUM TO THE PRESIDENT

FROM: BILL RICHARDSON *BR*

SUBJECT: WINNING DEVELOPING COUNTRY COOPERATION
ON CLIMATE CHANGE

*copied
Podesta
Stern
COS*

Our collective efforts to persuade key developing countries to adopt binding emissions targets have not yet been fruitful. Only with Argentina are we beginning to see real progress. These developing countries have managed to characterize this disagreement as a North-South issue and have maintained remarkable group discipline. With a concerted effort I believe we can divide and conquer this group, persuade at least a few key countries to adopt voluntary or binding targets for the 2008-2012 time period, followed by binding targets beginning in 2013. It will require an interagency effort, a willingness to link some forms of cooperation to progress on climate change and some cabinet level pressure on our friends and partners. I am willing to lead this effort with your support, the support of the Vice President and cooperation from Treasury, State, EPA and USAID.

The key argument we must make is that it is in the economic interest of developing countries to adopt binding emissions targets. While we can make our case on environmental and political grounds, these arguments are not compelling to countries struggling for development and fearful of the current economic turmoil. We must shift our diplomatic focus away from the Foreign Ministries, which make their trade in G-77 cooperation, and towards the Trade and Finance ministries, which are looking for any lifeline they can get. We must also make a concerted effort to wage a public diplomacy campaign in the media of the countries we are targeting. We must make the case that cooperation on climate change is the key to technological cooperation and the generation of cash from the international emissions trading regime.

You made this argument in your meetings with President Jiang Zemin and President Kim Dae Jung. The high level working groups you offered to create have met and are beginning to make some progress. I would like to expand on your idea and target additional countries that are in more dire economic straits or with whom we have the greatest leverage. We will have to work with them to develop their own analyses indicating the economic benefits of entering the emissions trading



system. We must provide them with the analysis that shows them the international capital flows that could accompany the adoption of an emissions target. My Department has the analytical firepower and resources to develop this analysis and present it with credibility abroad.

While access to capital is the carrot, ultimately each country's decision to cooperate with us will be a political decision. We need a more political strategy to win their cooperation. We need to begin by targeting the countries that we have the best chance of splitting away from the G-77. These can be Allies like Israel and friends like Singapore, who are well off and have low emissions levels now. We should work on Mexico and continue to push South Korea -- countries in need of a capital boost and likely to see the benefits from emissions trading. We can also target those countries over which we have, for a variety of reasons, great leverage.

With your support I will use my travel abroad to press our case and gain agreement to create a series of these multi-agency working groups. I can begin this month when I visit Mexico and Venezuela and continue with the Caspian nations, South Korea and the Gulf States later this Fall.

What I need is your support to let me lead these bilateral efforts. My counterparts in other countries need to know that we will meet at ministerial level when their Presidents come to town or when we host major binational events. I will work hand in glove with the Vice President, Todd Stern and my colleagues at State, Treasury, EPA and USAID. But if we want to break the current logjam and persuade the Congress that we are making a serious effort to win "meaningful developing country participation" we need to start fresh, work as a team and start now.

You have set a new course for our efforts with China and South Korea, one which has shown some promise. I think we need to turn this into a concerted campaign. I'm ready to hit the trail.