AUSTRALIA

MINISTER FOR FOREIGN AFFAIRS
HON ALEXANDER DOWNER, MP

TRANSCRIPTION: PROOF COPY E & OE

DATE: July 28 2005

TITLE: The Today Program, BBC Radio 4, Presented by John Humphrys

John Humhrys: The Kyoto Agreement on climate change has never delivered on its promise, how could it, the world's biggest polluter, the United States, refused to sign up to it and so did others. Now six of them, led by America and Australia, have come up with an agreement of their own. They've been working on it in secret for the past year or so and it's been announced in the past few hours. It sets no targets and it's not binding on anyone, it relies on developing and exporting new technologies. I've been talking in the past few minutes with the Foreign Minister of Australia, Alexander Downer who announced the agreement.

Minister Downer: Well what we want to do is encourage more investment, be it government or private sector investment in developing clean energy technology and that will obviously be not only very beneficial to developing countries in itself, but it'll make a substantial contribution to reducing greenhouse emissions as well. See, our view is that you really need to focus on technological change to solve the climate change problem, if solve is the right word, and you do have to involve the major developing countries, which are very substantial emitters, so having India and China involved in this process, well at this stage, and it's just the beginning, I think it's very prospective.

John Humphrys: Well the other view is that it's just a device to enable you to duck your commitments under Kyoto, to which you haven't signed up?

Minister Downer: Well we haven't ratified the Kyoto convention, but on the other hand our emissions levels would be, are on target for the target that was set for Australia, so there's obviously not ducking any commitment under Kyoto. Our concern is that in the end Kyoto is simply just not going to do the job as it's currently structured. I mean, according to the Australian Bureau of Agricultural Research and Energy, if you take the period 1990 to 2010, emissions were expected to increase globally by 41 per cent and as a result of Kyoto if everyone meets their targets, which they probably won't do, emissions would increase by 40 per cent, so sure that's progress, one per cent less - but if you want to make a really substantial change then you have to do it through technological change and I think getting significant countries together here, encouraging more investment, be it public or private, it will probably be both - in investment in technological research and development, I think is the way to go.

John Humphrys: You say you have to do it through technological change, the other way of doing it of course is using less energy – you don't have to drive such big cars, you don't have to use so much air conditioning, you don't have to waste energy in the way we, and particularly the United States does.

Minister Downer: Sure, and those sorts of things are happening and certainly in our country we've put in place a whole range of different measures to reduce our greenhouse emissions and we've made good progress. We're making good progress to the extent that we're one of the very few countries that, despite the fact we haven't ratified the Kyoto convention, we're on target to meet our target, which is more than you can say for many countries, including a lot of European countries. But the point here isn't.... sure there are lots of different ways to address this issue, but I think technological change is likely to be the most significant way that will get greenhouse emissions down by a sufficient amount to make a difference, and without crippling our economies, and we don't want to do that either.

John Humphrys: Isn't that the essence of it, that it's all to do with economies?

Minister Downer: Well I don't think any government wants to preside over a massive increase in unemployment and simply just put its people out of work, in any case that government wouldn't last very long, it would only last until the next election, so it's not realistic.

John Humphrys: So it's political short termism in the end?

Minister Downer: Well I think you have a problem if you think, no but I think you've got to be realistic. I think you've got a problem if you think the solution to the climate change problem is a solution which in the end isn't going to work. And just throwing tens of thousands of people out of work, it's just not going to be the solution. The solution is going to be to find better technologies that allow you to continue economic growth, but reduce your level of greenhouse emissions, that's what the solution is going to be. But to achieve that, we still need a lot more investment than is currently the case.

ENDS

TRANSCRIPT

Senator the Hon Ian Campbell

Minister for the Environment and Heritage

Press conference at Yaluma Primary School, Perth

Wednesday, 27 July 2005

Climate change negotiations with Asia-Pacific

E&OE...

JOURNALIST:

Senator, the report of the secret regional pact on greenhouse emissions, is it true?

SENATOR CAMPBELL:

Well we've been working on bilateral arrangements with these nations, we've been building regional arrangements and searching for something that is going to work beyond Kyoto. It's quite clear that Kyoto Protocol won't get the world to where it wants to go. We're going to have a 40 per cent increase in greenhouse gas emissions under the Kyoto Protocol and the world needs a 50 per cent reduction. We've got to find something that works better; Australia is working on that with partners around the world.

JOURNALIST:

Why is this better than Kyoto?

SENATOR CAMPBELL:

Well, what's got to be better than Kyoto is, why we need something that's better than Kyoto is because under Kyoto greenhouse gas emissions will rise by around 40 per cent. The world needs greenhouse gas emissions to come down by roughly 50 per cent this century; the Kyoto Protocol only excludes about a third of the world's emissions; we need something that is bigger, more practical and more likely to get results. So Australia is working with partners. In terms of the proposal that's been alluded to on the front page of The Australian today we would like to make formal announcements on things along those lines down the track but Australia is, and I reassure the Australian people, working on something that is more effective post-Kyoto. We know as a country that we're vulnerable; we know the world is vulnerable; we know that Australia only emits only 1.4 per cent of the world's greenhouse gases. Anything that's going to work in the future has to engage all major emitters and Australia has been committed to work in that way for a long time.

JOURNALIST:

So will this involve firm targets or just sort of voluntary, notional targets?

SENATOR CAMPBELL:

Any details of the proposals we're working on will be announced in the very near future.

JOURNALIST:

Why do you have these countries (...inaudible...)?

SENATOR CAMPBELL:

Well the countries that are involved in any future proposal will be announced when we announce the details of the proposal. But the main target, the main aim of effective action to reduce greenhouse gases, is to involve developing countries, rapidly developing countries who have legitimate needs to increase their energy use but also we need to find the answer to the global imperative of reducing emissions. We need to expand the energy the world consumes and reduce the emissions. That's going to need new technologies; it's going to need the development of new technologies and the deployment of them within developing countries. That is the conundrum, that is the policy problem that faces the world and Australia will be a part of finding the solution to it.

JOURNALIST:

There must be incentive for Australia to be involved here. You mentioned technologies, perhaps we'd be a source of technologies for countries like perhaps China, India?

SENATOR CAMPBELL:

We have a huge incentive – as I showed with the release of the Allens Consulting report on Australia's vulnerability – although we although we only produce 1.4 per cent of the world's emissions, in fact you could close down every power station in Australia tomorrow, or tonight, and within 12 months, with just the growth in China's emissions, will replace all of those powerhouses in Australia within 12 months. Before the power stations go cold in Australia, all of our greenhouse gas emissions will have been reproduced in one country alone.

That highlights the fact that we need to engage developing countries, we need to develop technologies which can be developed in Australia and exported around the world – but it also shows that what we're doing now, under the Kyoto protocol, is entirely ineffective. Anyone who tells you that the Kyoto protocol, or signing the Kyoto protocol is the answer, doesn't understand the question.

JOURNALIST:

So you'll be optimistic that what, we'll be able to work in association with countries like China and those other countries that are mentioned, which (...inaudible...) 40 per cent or whatever of greenhouse gas emissions, and do it effectively?

SENATOR CAMPBELL:

It's imperative that Australia is part of engaging countries that fall outside the Kyoto targets. The Kyoto problem is that it engages very few countries, most of the countries in it won't reach their targets, and it ignores the big looming problem – that's the rapidly developing countries. So Australia needs to be engaged. We need to be engaged to help save our climate and help save

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Australia. We can do whatever we want in Australia but it won't solve the problem. We have to engage internationally and we will announce the details of these proposals in the very near future.

JOURNALIST:

How long will we have to wait?

SENATOR CAMPBELL:

You won't have to wait very long, we've been working on this for a long time. We've been working bilaterally for a long time. We know that this is the answer, we know that the Kyoto protocol is a failure in terms of saving the climate – we have to do better.

JOURNALIST:

How long have you been working on it?

SENATOR CAMPBELL:

We've been working on bilateral and multi-lateral arrangements on 'beyond Kyoto' for the past 12 months. It was in our election policy – no one paid attention to it, everyone focused on Kyoto. The reality is that the Kyoto protocol…if you think the Kyoto protocol is the answer, you don't know the question. The question is, how can you possibly say Kyoto is the answer when greenhouse gases under Kyoto will actually rise by 40 per cent, when the scientists tell us that during this century, to save our climate, you have to reduce them by around 50 per cent. We need to engage the big emitters, we need to engage the countries that have no commitments inside Kyoto, we need to ensure that we develop technologies that will see energy expand – because we need more energy. The people of Sub Sahara in Africa, the people of China, the people of India, the people of our region need more energy to have education, health and a living standard that we take for granted. But we need to do that while still reducing emissions drastically. That is going to require trillions of dollars of investment in technology. The development of that technology and the deployment of it as rapidly as possible, that is going to need something that is far more comprehensive, far more likely to produce results than the Kyoto protocol could even dream of.

JOURNALIST:

So the details in a matter of days?

SENATOR CAMPBELL:

Details will be announced in the very near future.

JOURNALIST:

So you've signed off but you don't want to announce it yet, is that the case?

SENATOR CAMPBELL:

We'll be announcing any future proposals in the very near future.

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JOURNALIST:

But have you signed off?

SENATOR CAMPBELL:

As I said, we'll be announcing the details of any proposals, any successful agreements in the very near future.

Thank you very much.

.../ENDS

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TRANSCRIPT

Senator the Hon Ian Campbell

Minister for the Environment and Heritage

Excerpt from press conference in Main Committee Room, Parliament House, Canberra

Thursday, 28 July 2005

Global action on climate change

E&OE...

SENATOR CAMPBELL:

Well thank you ladies and gentlemen of the press, thank you to Your Excellencies, the ambassadors and diplomatic representatives of India, Japan, the United States of America, China and Korea; my ministerial colleague Ian Macfarlane. We're here today to announce that as we gather here that in Laos, in Vientiane, that the Foreign Minister and the Deputy Secretary of State of the United States and representatives of the nation's represented here at the table are signing an historic partnership on clean development and climate change. I think the historic nature of this is underscored by the fact that here today we have the representatives of nations that represent approximately half the population of the world, approximately half the economies of the world, and, by their very nature, nearly half of the greenhouse gas emissions on the globe.

The world has been searching for many months now - some would say 'years' - for a practical technology based realistic and achievable way of addressing climate change in an economically efficient way, in a way that also addresses the human development needs of the world and particularly poor people of the world and people who are living in abject poverty and who face loss of life through disease or malnutrition that a process of addressing the human development needs while we address the expanding energy needs of the world but also this problem of climate change can be done in this way. This partnership is quite practically speaking the most important step that the world has taken towards achieving that goal from Australia's point of view. We need a practical partnership that engages technologies, that engages both developed and developing countries, and sees investment in technology development and deployment both in the developing and the developed world. This is a partnership that builds on and is complementary to the Kyoto Protocol; it is a group of nations that are committed to working within the United Nations Framework Convention on Climate Change; a group of nations who share the view that economic development is absolutely vital to human development and building the maximum capacity for the development of human beings across the planet, and that we know that energy expansion will be a part of that but that an expansion of greenhouse gas emissions cannot be part of that. That we do in fact need cuts to our greenhouse gas emissions, that technology is the only solution to that – developing new technologies, deploying existing technologies and deploying them across the globe. That is why this partnership is so historic. This is why the partnership marks today in history as a day of unbridled optimism about the future in addressing climate change.

We believe as a government that we can address climate change if we work in practical partnerships and the countries that are represented here today that have worked for so long to build this new partnership, and will begin work today on the practical implementation of it, can together make the

difference the world needs on climate change. We will welcome, in the future, new partners to this partnership; we will announce initiatives flowing from this partnership; it is all about practical action to reduce climate change and to do it in a way that is economically efficient, that sees an expanding world economy with a lower greenhouse footprint.

Can I say that the first ministerial meeting of the partnership will occur this year, later this year, in Australia when we will welcome Ministers from the participating nations, and of course that will be the next substantial step in the building of this partnership.

Could I please invite my ministerial colleague, Ian Macfarlane, to address issues from the industry perspective and then I will ask my diplomatic friends and colleagues to make short addresses on behalf of each of their nations.

.../ENDS

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28 July 2005

TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
PRESS CONFERENCE
SYDNEY

Subjects: Subject: Asia Pacific Partnership on Clean Development and Climate

E&OE.....

PRIME MINISTER:

Good afternoon. Ladies and gentlemen I have called this news conference to say a few things about the Asia-Pacific Partnership on Clean Development and Climate. This is an historic agreement for the cause of reducing greenhouse gas emissions. It brings together the United States, Australia, China, Japan, India and South Korea. Those nations together comprise more than 50 per cent of the world's population, 50 per cent or more of energy consumption and also 50 per cent of greenhouse gas emissions. And the Vision Statement that's been released in Vientiane tackles head on the need to put greater emphasis on new and more effective technologies to reduce the greenhouse gas emissions from the use of fossil fuels. In that sense, the Partnership is on all fours with the philosophy of the Government's energy statement released more than 18 months ago. The nations that comprise this partnership are all committed to a reduction in greenhouse gas emissions. From Australia's standpoint, the entirety of the Kyoto Protocols was never fairly based. It would have unreasonably penalised countries such as Australia, and that is why we have not ratified the protocol although we have committed ourselves to reaching the emission target set by Kyoto and we are well on track towards doing that.

And I very warmly welcome this Partnership because it means that the six nations are committed to a process of finding different ways, including but not only, new technology in order to reduce the greenhouse gas emissions coming from the use of conventional fuel sources. Australia, as you all know, is very rich in energy. Australia is the largest coal exporter in the world and it is in Australia's interests that we try and find a way of coal being consumed in a manner that does not add as much as it does now to greenhouse gas emissions. It is a matter of the national interest and of commonsense that Australia should associate herself very vigorously with such a process.

And we are going to, of course, continue to pursue other climate change opportunities, including some of the things laid out in the G8 Meeting. But what is good about this Partnership is that it establishes a long term framework for cooperation amongst key countries in the region on practical ways of developing and promoting clean technology.

The Vision Statement has been released in Vientiane by the Foreign Ministers. President Bush has made a statement regarding this issue. It's a matter that I discussed with him during my

meetings in Washington the week before last and I welcome very warmly this historic agreement between the Asian Pacific countries which together comprises I said more than 50 per cent of the world's population, energy consumption and greenhouse gas emissions.

This will be more effective in our view and fairer. The fairness and effectiveness of this proposal will be superior to the Kyoto Protocol. It demonstrates the very strong commitment of Australia to reducing greenhouse gas emissions but according to an understanding that is fair to Australia and not something that will destroy Australian jobs and unfairly penalise Australian industry. Are there any questions on that or indeed anything else?

JOURNALIST:

Will nuclear power be one of your alternative energies?

PRIME MINISTER:

Well I've already said that I'm happy to debate the issue of nuclear power if that's something that comes up in the course of the examination so be it. The greater emphasis is on finding ways of reducing the greenhouse gas emissions flowing from the exploitation of traditional energy sources.

JOURNALIST:
This agreement has been described as largely symbolic because it doesn't have any sort of binding emissions reductions targets on member countries?

PRIME MINISTER:

Well I reject the suggestion that it's symbolic. It's anything but symbolic when you bring together countries that comprise, as I said 50 per cent of the world population, greenhouse gas emissions and energy consumption. And the reason it's not symbolic is that what it recognises is that we have to find ways of reducing the greenhouse gas emissions flowing from the use of fossil fuels, as well as seeking alternatives. It is too expensive at present. The technology is way too expensive to see many of the alternative sources as an effective alternative to the traditional sources. And it is clearly in Australia's interests because of our natural endowments that we go down this path. I have never seen the logic of Australia unreasonably penalising herself by saying well in effect we're going to try and move away from the use of fuels in relation to which Australia has a natural advantage.

JOURNALIST:

But Prime Minister won't those renewable technologies always remain too expensive if countries like Australia and the US aren't prepared to invest in them?

PRIME MINISTER:

No. It's a question though of exploiting those areas where you have a natural advantage.

U.S. DEPARTMENT OF STATE
Office of the Spokesman

For Immediate Release
2005/732

July 28, 2005

Remarks

U.S. Deputy Secretary of State Robert Zoellick
Press Conference to Announce The Asia-Pacific Partnership On Clean Development

Also Participating: Australia: Alexander Downer, Foreign Minister, China: Liu Yongxing, Ambassador to Laos, India: Raoul Inderjit Singh, Union Minister of State for External Affairs, Japan: Shinichi Nishimiya, Deputy Director General, Asian-ASEAN Department and Republic of Korea: Ban Ki Moon, Foreign Minister

Vientiane, Laos

10:30 a.m. (Local)

DEPUTY SECRETARY ZOELLICK: Thank you very much Minister Downer. Let me start by thanking all of you for joining us today. I am very pleased to have the opportunity to be here with my five colleagues for the release of this vision statement on a new partnership on clean development and climate. As my colleagues have emphasized, we view this as a complement, not an alternative, to the U.N. Framework Convention on Climate Change and the Kyoto Treaty. I supervised the U.S. delegation in 1991 and '92 when we created the U.N. convention and it was exactly this type of idea that we hope that the convention's flexibility will enable us to pursue because it is absolutely vital to bring developed and developing countries together on these topics.

As Minister Downer mentioned, the six countries at this table represent over half of the world's economy, population, energy use, also green house gas emissions. From the experience that I had in the past four years working with the World Trade Organization, it is very clear to me that it is vital to be able to build on mutual interests of developed and developing countries together if one is going to take on global challenges and in doing that one has to be careful to listen to one's developing country counterparts to have a sense of how one can develop mutual interests if one is going to be able to solve a problem.

So, this vision statement begins by recognizing those mutual interests. It focuses on the interests of energy, both energy security, but also energy efficiency. It focuses on the vital role of energy in development and it also focuses on the issues of climate change. It opens up the possibilities for developing, deploying, and transferring cleaner, more efficient technologies. There are some that are ready to go now, dealing with clean coal, liquid natural gas, methane capture and use, renewable fuels, but there's also a longer term agenda, in terms of reducing green house gas intensities, topics such as hydrogen, fusion, advanced biotechnology, and nanotechnology. So I want to thank our colleagues from Australia in particular for agreeing to host the ministerial later this year at beautiful Adelaide, which I had an opportunity to visit with the minister in the late 90's. I think the key is the flexibility that this vision outlines because our goal here is to try to complement other agreements and activities with practical solutions to problems. I think others and we will need networks and partnerships like this one so we can try to customize work on issues of energy security and efficiency and also green house gas emissions. Thank you.

QUESTION: (Amy Kasmin, Financial Times): How much money is being committed to carry out these activities? What are the obstacles now to the deployment and diffusion of innovative technologies in this area?

DEPUTY SECRETARY ZOELLICK: Amy, just to briefly answer your first part, if my memory serves I think the United States devotes over 5 billion dollars a year to climate change issues and a large part of that is technology development. There's also information that goes into scientific analysis and research. But this partnership is a good example that while the United States is devoting a very large sum to that, we have to use a series of networks to be able to expand the availability of that knowledge and transfer it into practical forms. So as to go to your second question, part of this can be market mechanisms, it depends on the pricing. Some of this depends on the availability of business networks to be able to bring the products and make them available. But part of it is also simply the knowledge transfer, which can happen in scientific circles, can happen in academic circles. But one key part about bringing developed and developing countries together is that I think that some of the developed countries that have put a lot of energy into this, and I know Japan has made huge investments as well, for us to learn how to be able to expand the use of this technology we have to listen to our developing country colleagues about some of their particular problems. India and China in particular both have huge development challenges of which energy is a critical component, so part of the nature of this partnership is not just for us to roll out technology; its also for them to get a better understanding of some of the challenges they face, some of their development plans, and try to see how we can connect that together in an effective network.

QUESTION: (AP): If the commitment is nonbinding, how do we expect to fulfill this, and you said that it's a partnership and not an alternate, that it will complement and won't be an alternative to the Kyoto Protocol. How will it be a complement when you're not in the Kyoto Protocol yourselves?

DEPUTY SECRETARY ZOELLICK: Just briefly, I agree with what Alexander said, is that as for your first question, I think the logic of this group is that we're going to be more effective in dealing with these combined challenges on energy, the environment, climate change, if we do so in a way that takes account of mutual interests and incentives. We have some major development issues here related to energy and again I just draw my development experience on the trade side. One can't just command other parties to do things. You can try, but it's not going to be effective, so you need to try to develop interests and incentives. The United States is a member of the global climate convention, as I mentioned, the agreement that was done in '92. We've stated our differences with the Kyoto Treaty, but just to give you a sense of our own commitment to this overall process, the United States under the Bush Administration has reduced carbon dioxide emissions by 0.3% in the first three years and just to set a contrast, the carbon dioxide emissions in all the other G-8 countries increased during this period. For example the EU of 15 by 3.6%, the EU of 25 by 3.4%, so we're committed to trying to address this effort. We think that there's a better way to do it than the requirements of the Kyoto Treaty, but we respect those who have pledged to those requirements and we understand their interest in trying to achieve them.

Let me give you a specific example that I touched on. One of the ideas that we've been trying to develop is a methane-to-markets initiative. I referred to CO_2 emissions, but obviously the second most frequent green house gas emission is methane. There are some very interesting possibilities here to use methane to help meet countries' energy needs, particularly developing countries' needs and that would otherwise be a gas that would go and contribute to the overall increase in

global climate change. So it's a good example of trying to find a win-win combination of meeting energy needs but also dealing with the climate possibility. The clean coal technology, if you look at China's energy development, it's still very, very dependent on coal. China's economic growth is important for reducing poverty, development, its important for the growth of the world as well as the region. But we've discovered some very strong interest on the Chinese side in clean coal technology development. So this is an example of, at least we believe, ways in which this activity can compliment commitments that others have made but also further our common interests in trying to intersect the energy issues with development issues with climate change issues.

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THE WHITE HOUSE

Office of the Press Secretary
(Albuquerque, New Mexico)

For Immediate Release August 8, 2005

REMARKS BY THE PRESIDENT
AT SIGNING THE ENERGY POLICY ACT OF 2005

Sandia National Laboratory
Albuquerque, New Mexico

11:26 A.M. MDT

THE PRESIDENT: Thank you all. Please be seated. Thanks very much for the warm welcome. I appreciate you treating a neighbor from Texas so kindly. (Laughter.) I'm really proud to be here with the men and women of the Sandia National Laboratory. We just had a fascinating tour of the facility. It was a little quick, but I learned a lot, and I want to thank Tom Hunter for his hospitality and his enthusiasm for the projects that go on here, and his praise for the people who work here.

I thank you for coming, and it's such an honor to be here. I know full well that the work you do here keeps our military strong, it keeps our nation competitive, and our country is really grateful for your dedication and for the fact that you lend your expertise into helping Americans.

It is such an honor to be in New Mexico, the home state of Pete Domenici, as well as Jeff Bingaman, to sign this bill. This bill will strengthen our economy and it will improve our environment, and it's going to make this country more secure. The Energy Policy Act of 2005 is going to help every American who drives to work, every family that pays a power bill, and every small business owner hoping to expand.

The bill is the result of years of effort. It is the result of good folks coming together, people who have made a commitment to deliver results for the American people. This bill launches an energy strategy for the 21st century, and I've really been looking forward to signing it. (Applause.)

I appreciate Pete Domenici's leadership on this bill. You know, he's the kind of fellow, when he makes up his mind to do something it's hard to stop him. And as Pete said, he's worked on a lot of energy bills in the past; some of them were signed by Presidents and some of them never made it to the desk. But he's been dogged in his determination to get a bill done, and he found a really find partner in Joe Barton.

Joe Barton did an outstanding job as the Chairman of the House Energy and Commerce Committee, and he did a really good job as the conference chairman. This bill is here in New Mexico because of the fine work of Joe Barton and Pete Domenici. (Applause.) And as Pete mentioned, Senator Jeff Bingaman gets a lot of credit, as well. (Applause.) He knows the subject matter in the bill, and he's a proven leader on issues such as conservation and efficiency and renewable fuels and research and development. And, Jeff, I, like Pete, I want to congratulate you for a job well done, and thank you for being here -- (applause.)

A member of the House Energy and Commerce Committee came on over -- Ralph Hall, a great Congressman from the state of Texas. Ralph is a good friend. I think he came just to grab a cup of coffee on Air Force One, but -- (laughter) -- I'm proud to have him alongside. Thanks for coming, Ralph, and thanks for your vote. (Applause.)

I appreciate Congressman Steve Pearce, from eastern New Mexico, joining us. He and his wife, Cynthia, are with us. Thanks for coming, Steve. Appreciate your support on this bill. Good work. Thank you. (Applause.) I put a good fellow to run the Energy Department in Sam Bodman. He's smart, he's capable, he's got a lot of experience, he knows what he's doing. He's going to be the right person to help implement this bill. (Applause.) And I want to thank Sam and his wife, Diane, for being here. Thank you all for coming.

I want to remind you about the fact that this economy of ours has been through a lot. And that's why it was important to get this energy bill done, to help us continue to grow. We've been through a stock market decline; we went through a recession; we went through corporate scandals; we had an attack on our homeland; and we had the demands on an ongoing war on terror. And to grow this economy, we worked together to put together an economic growth policy, an economic growth package, the cornerstone of which was to cut the taxes on the American people. And that tax relief plan is working. This economy is strong, and

it's growing stronger. And what this energy bill is going to do, it's just going to help keep momentum in the right direction so people can realize their dreams.

Last week we had some good news that America added just over 200,000 jobs -- new jobs -- in the month of July. Since May of 2003, we've added nearly 4 million new jobs. More Americans are working today than ever before in our nation's history. (Applause.) Workers are taking more of what they earn -- taking home more of what they earn. Inflation is low, mortgage rates are low. Home ownership in America is at an all-time high. In other words, this economy is moving. And what this energy bill does is it recognizes that we need more affordable and reliable sources of energy in order to make sure the economy continues to grow.

It's an economic bill, but, as Pete mentioned, it's also a national security bill. For more than a decade, America has gone without a national energy policy. It's hard to believe, isn't it? We haven't had a strategy in place. We've had some ideas, but we have not had a national energy policy. And as a result, our consumers are paying more for the price of their gasoline, electricity bills are going up. We had a massive blackout two summers ago that cost this country billions of dollars and disrupted millions of lives. And because we didn't have a national energy strategy over time, with each passing year we are more dependent on foreign sources of oil.

Now, solving these problems required a balanced approach. And that's the spirit that Pete and Jeff and Joe took into the -- on to the floors of their respective bodies. They recognized that we need a comprehensive approach to deal with the situation we're in. In other words, we need to conserve more energy; we need to produce more energy. We need to diversify our energy supply, and we need to modernize our energy delivery. And so they worked hard and listened to a lot of good ideas, and they've taken really important steps.

Now, one of the things that I appreciate about the people on the stage here is that they were able to set aside kind of the partisan bickering that oftentimes -- too many times -- deadlocks Washington, D.C. In other words, they said, let's get something done for the good of the country. And that's an important spirit. That's what the American people expect. I know the people in New Mexico expect people to go up to Washington, D.C. and work together for the common good. And that's exactly what this bill has done.

These members, when they say they're going to strengthen our economy and protect our environment and help our national security, are telling it like it is. And let me tell you why. First, the bill makes an unprecedented commitment to energy conservation and efficiency -- an unprecedented commitment. The bill sets higher efficiency standards for federal buildings and for household products. It directs the Department of Transportation to study the potential for sensible improvements in fuel-efficiency standards for cars and trucks and SUVs. It authorizes new funding for research into cutting-edge technologies that will help us do more with less energy.

The bill recognizes that America is the world's leader in technology, and that we've got to use technology to be the world's leader in energy conservation. The bill includes incentives for consumers to be better conservers of energy. If you own a home, you can receive new tax credits to install energy-efficient windows and appliances. If you're in the market for a car, this bill will help you save up to $3,500 on a fuel-efficient hybrid or clean-diesel vehicle. And the way the tax credit works is that the more efficient the vehicle is, the more money you will save. Energy conservation is more than a private virtue; it's a public virtue. And with this bill I sign today, America is taking the side of consumers who make the choice to conserve.

Second, this bill will allow America to make cleaner and more productive use of our domestic energy resources, including coal, and nuclear power, and oil and natural gas. By using these reliable sources to supply more of our energy, we'll reduce our reliance on energy from foreign countries, and that will help this economy grow so people can work.

Coal is America's most abundant energy resource. It accounts for more than one-half of our electricity production. The challenge is to develop ways to take advantage of our coal resources while keeping our air clean.

When I ran for President in 2000, I promised to invest -- or asked the Congress to invest $2 billion over 10 years to promote clean coal technology. So far, working with the United States Congress, we've provided more than $1.3 billion for research in the innovative ways to improve today's coal plants and to help us build even cleaner coal plants in the future. And the bill I sign today authorizes new funding for clean coal technology so we

can move closer to our goal of building the world's first zero emission coal-fired power plant. (Applause.)

Nuclear power is another of America's most important sources of electricity. Of all our nation's energy sources, only nuclear power plants can generate massive amounts of electricity without emitting an ounce of air pollution or greenhouse gases. And thanks to the advances in science and technology, nuclear plants are far safer than ever before. Yet America has not ordered a nuclear plant since the 1970s. To coordinate the ordering of new plants, the bill I sign today continues the Nuclear Power 2010 Partnership between government and industry. It also offers a new form of federal risk insurance for the first six builders of new nuclear power plants. With the practical steps in this bill, America is moving closer to a vital national goal. We will start building nuclear power plants again by the end of this decade. (Applause.)

Meeting the needs of our growing economy also means expanding our domestic production of oil and natural gas, which are vital fuels for transportation and electricity and manufacturing. The energy bill makes practical reforms to the oil and gas permitting process to encourage new exploration in environmentally sensitive ways.

The bill authorizes research into the prospects of unlocking vast amounts of now -- energy now trapped in shale and tar sands. It provides incentives for oil refineries to expand their capacity, and that's consumer-friendly. The more supply, the more reliable your gasoline will be and the more -- less pressure on price.

The bill includes tax incentives to encourage new construction of natural gas pipelines. It clarifies federal authority to site new receiving terminals for liquified natural gas, so that consumers across this nation can benefit from more affordable, clean-burning natural gas.

Thirdly, the bill I sign today will help diversify our energy supply by promoting alternative and renewable energy sources. The bill extends tax credits for wind, biomass, landfill gas and other renewable electricity sources. The bill offers new incentives to promote clean, renewable geothermal energy. It creates a new tax credit for residential solar power systems. And by developing these innovative technologies, we can keep the lights running while protecting the environment and using energy produced right here at home. When you hear us

talking about less dependence on foreign sources of energy, one of the ways to become less dependent is to enhance the use of renewable sources of energy. (Applause.)

The bill also will lead to a greater diversity of fuels for cars and trucks. The bill includes tax incentives for producers of ethanol and biodiesel. The bill includes a flexible, cost-effective renewable fuel standard that will double the amount of ethanol and biodiesel in our fuel supply over the next seven years. Using ethanol and biodiesel will leave our air cleaner. And every time we use a home-grown fuel, particularly these, we're going to be helping our farmers, and at the same time, be less dependent on foreign sources of energy. (Applause.)

I used to like to kid, but I really wasn't kidding when I said, some day a President is going to pick up the crop report -- (laughter) -- and they're going to say we're growing a lot of corn, and -- or soybeans -- and the first thing that's going to pop in the President's mind is, we're less dependent on foreign sources of energy. It makes sense to promote ethanol and biodiesel. (Applause.)

The bill I sign today also includes strong support for hydrogen fuel technology. When hydrogen is used in a fuel cell, it can power consumer products from computers to cell phones to cars that emit pure water instead of exhaust fumes. I laid out a hydrogen fuel initiative, and I want to thank the members of Congress for adding to the momentum of this initiative through this energy bill.

The goal -- the goal of the research and development for hydrogen-powered automobiles is to make it possible for today's children to take their driver's test in a pollution-free car. (Applause.)

Fourth, the energy bill will help ensure that consumers receive electricity over dependable modern infrastructure. The bill removes outdated obstacles to investment in electricity transmission lines in generating facilities. The bill corrects the provision of the law that made electric reliability standards optional instead of mandatory. Most of you probably consider it mandatory that the lights come on when you flip a switch. (Laughter.) Now the utility companies will have to consider it mandatory, as well. (Laughter.)

To keep local disputes from causing national problems, the bill gives federal officials the authority to select sites for

new power lines. We have a modern interstate grid for our phone line and our highways. With this bill, America can start building a modern 21st century electricity grid, as well.

The bill I sign today -- (applause) -- the bill I sign today is a critical first step. It's a first step toward a more affordable and reliable energy future for the American citizens. This bill is not going to solve our energy challenges overnight. Most of the serious problems, such as high gasoline costs, or the rising dependence on foreign oil, have developed over decades. It's going to take years of focused effort to alleviate those problems. But in about two minutes, we're going to have a strategy that will help us do that. (Applause.)

And as we work to solve our energy dependence -- dependency, we've got to remember that the market for energy is global and America is not the only large consumer of hydrocarbons. As the economies of nations like India and China grow rapidly, their demand for energy is growing rapidly, as well. It's in our interest to help these expanding energy users become more efficient, less dependent on hydrocarbons. You see, by helping them achieve these goals, it will take pressure off the global supply and it will help take pressure off price for American consumers.

And so, last month, I joined with the leaders of India and China and Australia and Japan and South Korea to create a new Asia Pacific Partnership on Clean Development. This is an innovative program which is authorized by this energy bill. And through it, our goal is to spread the use of clean, efficient energy technologies throughout the Pacific Rim. (Applause.)

After years of debate and division, Congress passed a good bill. It's my honor to have come to the great state of New Mexico to sign it. I'm confident that one day Americans will look back on this bill as a vital step toward a more secure and more prosperous nation that is less dependent on foreign sources of energy.

Thank you for coming. (Applause.)

(The bill is signed.)

END 11:47 A.M. MDT

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Clean energy special: The big clean-up

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Ben Crystall

They said Kyoto would never work. They said capping emissions was not the answer. And now the US and Australia are putting their money where their mouth is as part of a six-nation pact dedicated to using technology to halt climate change. In this special focus (see links on the right) we assess what the new partnership means for the world, identify the technologies that could make the biggest difference, and visit energy-hungry China for a glimpse of the future.

"IT'S QUITE clear the Kyoto protocol won't get the world to where it wants to go," Australian environment minister Ian Campbell told journalists on 27 July. "We have got to find something that works better."

The next day, following months of secret negotiations, officials from the US, Australia, Japan, South Korea, India and China laid out their alternative: an agreement to develop and share cleaner, more efficient technologies that will, its backers say, meet climate concerns without strangling economic growth.

According to the six countries involved, the Asia-Pacific Partnership on Clean Development and Climate is an honest attempt to reduce greenhouse gas emissions while providing "secure" energy supplies for the nations involved. It will not undermine the Kyoto protocol but complement it, by speeding up the spread of clean technologies in developing nations.

There's little doubt that this is progress of sorts. Alone among industrialised nations, the US and Australia have refused to ratify the Kyoto protocol, arguing that doing so would cripple their economies. The new pact is a recognition that something needs to be done. The announcement was even accompanied by an unequivocal statement from the White House that global warming is real and caused, at least in part, by human activity.

But while advocates of Kyoto, including the United Nations, cautiously welcomed the initiative, others were sceptical. European Community spokeswoman Barbara Helferrich says that technology alone is unlikely to reduce emissions. Environmental groups have gone further, denouncing it as a deliberate attempt to undermine Kyoto - a protectionist pact cooked up by coal burners keen to look busy while actually doing very little.

Certainly the partnership has revealed few details of its strategy. The nations involved simply pledge to cooperate on developing and sharing clean-energy technologies. This includes anything and everything, from improved energy efficiency to fusion. There are no targets and no binding agreements.

Politics aside, what can the partnership hope to achieve? What is the scale of the challenge it faces and what kinds of solutions are likely to prove most promising? Can technology really save the planet?

The task faced by the six nations is daunting. Together, its members eat up 45 per cent of the world's energy and belch out more than half its carbon dioxide emissions (see "Gas-guzzling planet"). Carbon emissions from the US account for 24 per cent of the global total, and are growing by 1.5 per cent annually. China is on track to become the world's largest emitter by 2025, and by then India will not be far behind.

That's a very big ship to turn around. A study by the US Department of Energy estimated that to meet Kyoto targets the US would need to reduce its annual carbon emissions by about 540 million tonnes between 2008 and 2012, equivalent to shutting 90 coal-fired power stations each year. The study

suggested that meeting the target could cost the economy 4.2 per cent of its GDP by 2010 - around $400 billion.

At the same time, however, the US is one of the leading developers of technology to reduce carbon emissions. And despite fears that greenhouse gas emissions can only be controlled by a revolutionary leap in technology - fusion reactors, say - most experts have little doubt that we already have the technology to stabilise atmospheric emissions.

In a paper published last year in *Science* (vol 305, p 968), Stephen Pacala and Robert Socolow of Princeton University outlined a strategy to stabilise emissions using 15 technologies that have already proved themselves on an industrial scale. Their list includes better energy efficiency in buildings, doubling the fuel efficiency of cars, generating more electricity from wind turbines and adding 700 gigawatts of nuclear power generation. The authors calculate that by implementing seven or more of these, atmospheric CO_2 levels will stabilise at today's levels by 2054. "It's an immense job," says Socolow, "but it's tractable."

One technology will be critical, he suggests: carbon sequestration, which researchers and governments are already taking very seriously (see "Going underground"). Technologies for burning coal more cleanly (see "A greener shade of black") are another key consideration.

If the new agreement smooths the spread of such technologies to developing countries, that is likely to be a good thing, says Dennis Anderson, a climate and energy expert at Imperial College London. And in fact the US already has technology exchange agreements with all of the partnership members, including a formal link with India to develop nuclear power and a research agreement with China to develop fuel cells and carbon sequestration.

This, however, raises a question: if the six countries are already sharing clean energy technology, what can the new agreement add?

The answer could, paradoxically, lie with Kyoto itself. The protocol includes a mechanism for transferring clean technology from one country to another. But each project must be approved by UN inspectors.

This is fine in theory, says Liz Bossley, a director of the London Climate Change Services group, but in practice it is a bureaucratic quagmire. "The Asia-Pacific Partnership says nuts to that," she says.

Instead, the new agreement appears to allow relatively straightforward technology transfer between companies. And, says Bossley, if it turns out that the partnership does help bring down barriers, it might actually do what its supporters claim and complement Kyoto.

The pressure is on for the US and its partners to show the world that the Asia-Pacific Partnership is more than just hot air. And with its inaugural meeting scheduled for November - just days before the next round of UN climate negotiations get under way in Montreal - the world doesn't have long to wait.