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**STATEMENT BY UNDER SECRETARY OF STATE FOR DEMOCRACY AND GLOBAL AFFAIRS PAULA  
DOBRIANSKY TO THE THIRTEENTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UN  
FRAMEWORK CONVENTION ON CLIMATE CHANGE (AS RELEASED BY THE STATE DEPARTMENT);  
LOCATION: BALI, INDONESIA**  
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LOCATION: BALI, INDONESIA DATE: WEDNESDAY, DECEMBER 12, 2007  
  
  
MS. DOBRIANSKY: Thank you Mr. Chairman. We commend you for an outstanding  
Presidency and a superbly arranged conference. Your leadership and that of  
Secretary General Ban Ki-moon is greatly appreciated and has contributed  
significantly to the COP proceedings.  
  
  
Congratulations to Dr. Pachauri and the Intergovernmental Panel on Climate  
Change for their excellent work and Nobel Prize. As the IPCC report reminds us,  
we are at a defining moment. We must develop a global response that rises to the  
scale and scope of the challenge before us.  
  
  
The United States is committed to doing its part in this effort. We seek to work  
together toward a "Bali Roadmap" that will advance negotiations under the U.N.  
Framework Convention on Climate Change and lead by 2009 to a post-2012  
arrangement that addresses climate change and strengthens our energy security.  
  
  
A post-2012 arrangement must be environmentally effective and economically  
sustainable. It also must be flexible.  
  
  
To attract global participation, a future arrangement must be flexible and  
accommodate a diverse range of national circumstances. We must also develop and  
bring to market clean energy technologies at costs that countries can justify to  
their citizens.  
  
  
Emissions are global and the solution, to be effective, will need to be global.  
We want the world's largest economies, including the United States, to be part  
of a global arrangement. An approach in which only some are committed to acting  
cannot be environmentally effective.  
  
  
We have proposed that a future arrangement contain several elements:  
  
  
Mitigation  
  
  
First, in the area of mitigation, we believe a post-2012 arrangement should  
contain both a long-term global goal for emissions reductions and national plans  
that set measurable mid-term goals. It should include improved measurement and  
accounting systems to track the progress of these efforts.  
  
  
We must reduce emissions from deforestation. We welcome the World Bank's Forest  
Carbon Partnership Facility and we are committed to continuing our leadership  
through initiatives such as the Congo Basin Forest Partnership, the President's  
Initiative Against Illegal Logging, and the Tropical Forest Conservation Act.  
  
  
Adaptation  
  
  
A second critical issue is adaptation, which is an increasing priority both at  
home and internationally. We are promoting effective planning as part of broader  
development strategies. Initiatives like the Global Earth Observation System of  
Systems (GEOSS) initiative, involving more than 70 countries, can play a key  
role in this effort. Last week, we announced $4.35 million for the Coral  
Triangle Initiative to help Indonesia adapt to some of the stresses that may  
come with climate change.  
  
  
Technology  
  
  
Technology is a third key element of a post-2012 arrangement. We want to  
collaborate on technology development and deployment strategies for key sectors  
such as advanced coal technologies and second-generation biofuels and work to  
increase access to technologies, especially for developing countries.  
  
  
Financing  
  
  
Finally, a fourth element is financing. President Bush has proposed a new  
international clean technology fund to accelerate the uptake of clean energy  
technologies around the world, and Treasury Secretary Hank Paulson is reaching  
out to partners to further develop this concept. Also, we recently joined the  
European Union in submitting a ground-breaking proposal in the World Trade  
Organization for eliminating tariff and non-tariff barriers for environmental  
goods and services.  
  
  
The Road Ahead  
  
  
The United States is committed not only to developing a roadmap but seeing it  
through to its conclusion. We have brought one of our most senior delegations  
ever to Bali, including the Chairman of the White House Council on Environmental  
Quality James Connaughton, who is President Bush's personal representative to  
the Major Economies Process.  
  
  
As we go forward from Bali, we hope that the Major Economies initiative --  
announced in May 2007 and since endorsed by G8 and APEC leaders -- can play a  
positive role by developing a detailed contribution to and advancing the UNFCCC  
process.  
  
  
Mr. Chairman, we hope that the end of 2007 marks a new beginning -- the launch  
of a new phase in climate diplomacy and negotiations that put us on the road to  
an environmentally effective and economically sustainable post-2012 arrangement  
on climate change.

China Energy Weekly  
  
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**Interview with Brian Ricketts, IEA energy analyst**  
LENGTH: 1335 words  
  
  
Brian Ricketts, an energy analyst with the International Energy Agency (IEA),  
spoke to Interfax recently about China's coal sector, and its dominant role in  
the country's energy industry in the foreseeable future.  
  
  
Ricketts said that China's rapidly growing coal demand will likely turn the  
nation into a net coal importer, which as a result, will drive up coal prices on  
the international market. Such high prices will then have a flow-on effect on  
the domestic Chinese domestic, increasing the need for consumers to adopt  
efficient utilization practices. He said that the country's coal sector should  
look closely at a new recently approved methodology that would grant carbon  
emission reduction credits for building new efficient coal-fired power plants.  
  
  
In addition, Ricketts said that the increasing interest Chinese coal companies  
are showing in acquiring overseas coal assets should be interpreted as a  
commercial strategy rather than a unified national strategy.  
  
  
Ricketts joined the IEA, an intergovernmental organization that advises  
industrialized countries on the international oil market, in 2005 as a coal  
analyst with the Long-term Cooperation Policy Analysis Office's Energy  
Diversification Division. Prior to that, he worked with the UK Department for  
Business, Enterprise and Regulatory Reform where he advised on coal markets and  
all matters relating to clean coal technologies.  
  
  
Interfax: What do you think the future role for coal will be in China's energy  
consumption, considering the Chinese government's push for renewable energy?  
Ricketts: It's crucial. It is crucial now and will continue to be crucial in the  
future. All of our projection shows that China's electricity sector will remain  
dominated by coal.  
  
  
Interfax: As coal will remain the leading form of energy, what do you think  
should be the prime focus of the coal sector in order to reduce pollution?  
Ricketts: Local pollution control must remain the prime objective. From an  
international perspective, there will be mounting pressure on China to do  
something about carbon dioxide emissions.  
  
  
Look at China's laws, it's all there. All the measures needed have been  
expressed by the NDRC, but implementing those [measures] at the provincial level  
remains a problem, and the monitoring of important existing regulations should  
proceed. You need more manpower to do that.  
  
  
The environmental protection agencies need more people to control existing rules  
and regulations.  
  
  
Interfax: Some Chinese experts have predicted that the country will turn from  
being a traditional coal exporter to a net coal importer. What impact do you  
think that will have on the global coal market? Ricketts: China was a net coal  
importer for several months this year.  
  
  
China is definitely going through a transition. We predict net imports to rise  
significantly, with projections having them stand at around 100 million tons by  
2030. It put China in a very important position in terms of the prices on the  
global market and our hope is that the [increased] prices will also flow into  
China itself, so that Chinese consumers will see more expensive coal prices, and  
therefore be more careful about how to use coal in a more efficient manner.  
  
  
Yes, coal prices will be higher to some extent, but it will lead people to use  
energy more efficiently. If China's domestic coal market becomes more integrated  
into the international coal market, you should see high prices, especially for  
coal for power generation.  
  
  
Japan, the world's largest coal importer, is very concerned about high coal  
prices. But Japan is a rich country. It should be able to weather the high coal  
costs.  
  
  
Interfax: What do you think about Chinese companies, such as Shenhua, looking  
overseas to acquire coal-related assets? Ricketts: What they are doing is the  
same as any other multinational coal company - expanding operations into areas  
where coal can be produced more cheaply. For example, it is sometimes cheaper to  
produce coal in Indonesia and transport it to southern China's Guangdong  
Province than transport coal from northwestern China. Coal transportation costs  
in China are horrendous.  
  
  
I think they are moving in the right direction. I'd still like to think that it  
is part of a commercial strategy, not a national strategy to ensure energy  
security. People are getting mixed up between national energy security through  
acquisition of foreign assets and commercial strategies. If you own a foreign  
energy asset, it doesn't mean that energy produced from the asset will come to  
your country because in a global market, it will go to whoever pays the most for  
it. So, China shouldn't be thinking those are permanent roots for supplying  
China. The coal might get to other countries.  
  
  
Interfax: But do you see such mentality among Chinese coal companies? Ricketts:  
Of course we do, and we hear it, but we think such mentality will change as  
money talks loudly. If India, for example, is willing to pay more for Indonesian  
coal, then it will go there. People who use coal most efficiently and in the  
most sensible way will receive it [coal resources], and those inefficient users  
will drop out. It actually happened already among coal producers, with the most  
efficient coal producers leading the market, which is good.  
  
  
Interfax: China has a huge problem with coal transportation bottlenecks, but in  
the meantime, the central government has set a minimum production capacity level  
in order for coal mining projects to be approved. So the situation has become  
very awkward for regions that are not rich in coal resources and are not  
conveniently reached by transportation networks.  
  
  
What's your comment on that? Ricketts: No one can comprehend the size of China's  
coal sector, which is tremendous. There is no single rule that can fit the whole  
of that sector. I think the 300,000-ton annual production [level] is going to  
cause a problem for small [coalmines] and rural areas, where a more modest scale  
is needed. My view is that coal mining can be carried out safely at almost any  
scale, the important thing is to carry it out safely. Uncontrolled small scale  
mining we've seen in China is wrong and needs to be improved.  
  
  
To move only to large scale mining, as the NDRC wants, is only one solution, and  
I guess there are others. If we look around the world, in Europe and the United  
States, smaller scale coal mining has been operated safely and cleanly, but it  
needs more manpower, such as inspectors, to monitor it.  
  
  
Interfax: What do you see the potential for clean development mechanism (CDM)  
projects in China's coal sector being? Ricketts: China's CDM market is currently  
dominated by HFC (hydrofluorocarbon) and coalmine methane projects. A new  
methodology approved in September this year would allow credits to be created by  
the building of more efficient coal-fired power stations. The Chinese coal  
sector needs to look very carefully at this new methodology, and decide whether  
it can build more efficient coal power plants in the future, and take the  
benefits from that new methodology. But, it's only for investment into new power  
plants, [and] that could damage the prospects of existing projects.  
  
  
Interfax: What do you think about China's coal chemical industry? Ricketts: It's  
a very unique industry. Not many other parts of the world use coal in that  
quantity in coal chemical production. It's understandable and growing. It's a  
way of moving coal energy in a more efficient way.  
  
  
Shenhua was given full support from the government to proceed with such  
projects, highly risky projects. For those large scale CTL projects, they are  
full commercial demonstrations, but they are using technologies that are not  
completely proven. The methanol industry also seems to be growing very quickly.  
  
  
China's coal chemical industry is apparently overheating and the NDRC has the  
same concern. It's different from the coal mining sector. Coal chemical projects  
can only be carried out safely, cleanly and economically on a large scale, while  
I would maintain that coal mining could proceed at smaller scales.