

Obama's green New Deal

Barack Obama is expected to turn around America's energy policy by boosting renewable energy sources and energy efficiency, and by vigorously rejoining global efforts to curb climate change. This opens up new possibilities for cooperation between the US and Europe. It also means that Europe will have to step up pushing green innovation in order not to lose its leadership.

| by Stefan Nicola

One of Obama's first speeches as President-elect was a video message delivered to US governors at a climate change summit in California. During his campaign, Obama had frequently talked about the need to embrace climate protection efforts, but the message sent to California made America's green turnaround official.

'Too often, Washington has failed to show leadership. That will change when I take office,' Obama said. 'My presidency

a Republican, among those applauding. A couple of weeks later, on 4 December, Obama met with Al Gore, the world's most famous anti-global warming Czar, to underscore his willingness to take bold steps to go green.

Experts are excited and say the green transformation may influence international diplomacy. 'This is a big opportunity for a dramatic change in the

Council on Foreign Relations, a Berlin-based think tank.

Unlike in Europe, there is no talk in the US that the current economic crisis leaves no extra cash for green investments. Rather the contrary. 'This is a matter of urgency and national security...[but] it is not only a problem, it is also an opportunity,' Obama said. 'We have the opportunity now to create jobs all across this country in all 50 states to repower America, to redesign how we use energy and think about how we are increasing efficiency to make our economy stronger, make us more safe, reduce our dependence on foreign oil and make us competitive for decades to come - even as we save the planet.'

Competitor |

Obama has tabled several ambitious goals. He plans by 2020 to reduce America's greenhouse gas emissions to 1990 levels, and by 2050 to 80 percent below 1990

'My presidency will mark a new chapter in America's leadership on climate change'

will mark a new chapter in America's leadership on climate change that will strengthen our security and create millions of jobs in the process.' Obama's speech received standing ovations, with California Gov. Arnold Schwarzenegger,

climate policy of the US, which could be beneficial for trans-Atlantic relations as a whole,' Miranda Schreurs, a professor at Berlin's Free University who advises Germany's Environment Ministry, said recently at a meeting of the German



Photo: Bob Daemrlich/Corbis

levels. He has pledged to reduce electricity demand by 15 percent and to boost the share of renewables in US power generation to 25 percent in 2020. He wants to raise American petrol efficiency standards and make all new buildings carbon-neutral by 2030. He has also pledged to implement a national cap-and-trade programme. By 2015, he wants to have 1 million plug-in hybrid cars cruising US roads.

In an investment programme experts have already labelled the “green New Deal”, Obama has pledged to spend \$150 billion over the next decade to boost renewable energy sources and create at least 2.5 million jobs in the process. ‘It’s the industrial revolution of the 21st century,’ Douglas Arendt, visiting fellow at the Centre for Strategic & International Studies, a major US think tank, tells EER in a telephone interview.

This revolution means that the US will

significantly push renewables and energy efficiency technology, two sectors in which Europe has been leading for the past years. ‘The US will quickly become a competitor for Europe when it comes to green innovation,’ says Helga Flores-Trejo, director of the Washington DC office of the Heinrich-Böll Foundation, a political think tank with ties to the Green Party. ‘That means Europe will have to react.’

While putting European companies under pressure to innovate, a quickly growing US market could also open up new chances for firms who have been leading in their field, experts say. ‘We are seeing a number of large European companies make strategic investments here in the US for leveraging their experience and resource base in Europe into new expanding US markets,’ says Arendt. Danish wind power firm Vestas will soon open several production facilities in the US, anticipating fast growth of demand for onshore wind units.

Arendt believes the expanding US wind market will offer a win-win situation for domestic and foreign companies, pointing to the ‘near-saturation’ of the European market when it comes to onshore units. ‘In the US, there is still a significant amount of opportunity for onshore wind, and that focus is now moving from Europe to America,’ he says.

On global warming, the focus is also moving to America. The American blocking position of the past seven years has led some European nations reverting to Bush-bashing instead of taking action on climate change, says one observer. ‘Some European nations and sometimes even the entire EU often hid behind the bad image of the US. This is over now, and the EU will have to do more,’ comments Reinhard Loske, a senior Green Party politician from Germany. Observers expect the US and the EU to become key partners in December in Copenhagen, where they will try to



Barack Obama campaigning with Al Gore in Detroit. Photo: Bill Pugliano/Stringer/Getty Images

hammer out an agreement over a global climate change deal at a UN summit.

Obama, who drives a Ford Escape Hybrid after having ditched his gas-guzzling Chrysler 300, underscored his commitment to focus on the science of climate change by appointing several supporters of a global warming treaty in key posts (see box). Moreover, several conservative House committee leaders have been replaced with green Democrats. Rep. Henry A. Waxman, an Obama ally who has blasted the influence of industry lobbyists and ideologues on Bush administration decision-making, now heads the influential House Energy and Commerce Committee. Interior Minister will be Ken Salazar, who has been known to be opposed to oil shale drilling in Alaska. Important also is the appointment of General James Jones, the next national security adviser, who is known to see energy as a national security issue and has lobbied for independence from foreign oil. In this, he is in line with Obama, who has pledged to try and reduce US crude imports from Venezuela and other Opec-countries.

Obama's policies undoubtedly have wide support in the US. The new president was

able to include all his ambitious plans in his campaign because of a powerful green grassroots movement and industry as well as local and regional political backing for more ambitious climate protection efforts. Some 884 US cities have implemented the Kyoto Protocol without waiting for federal action; several US states, led by California, have introduced incentives for renewable energy generation and emissions reductions. As early as 2007, the 160 biggest US companies, including General Electric, ExxonMobil and Coca Cola urged the federal government to take greater action to curb climate change. Dozens of proposed coal-fired power plants have in the last two years been cancelled because of grassroots opposition and public pressure to turn to renewables instead.

100 days |

Still, Obama won't be able to steer America into a new era without having to deal with serious opposition. The oil and coal lobby is still strong in the US, and even inside his Democratic party, there are voices that call for less ambitious targets in light of the global financial crisis. 'The view in California is not the view in all of the US,' says David Campbell, an energy and trade

expert working for the German industry in Washington, DC. 'If the Green Democrats try too much at once, they will fail.' Even Senator John Kerry, in 2004 a presidential candidate and Obama's representative at the recent UN climate change conference in Poznan, said some projects, including the national cap-and-trade system, should not be dealt with in the first 100 days of Obama's presidency.

Charles K. Ebinger, a senior US energy expert who has advised over 50 countries on energy issues, said he was worried that the low price of oil may undermine green projects, public efforts to reduce emissions, and eventually the cap-and-trade system. 'We are already hearing renewable energy projects being scaled back or delayed', Ebinger, who heads the energy section at the Brookings Institution, a major US think tank, tells EER in a telephone interview. 'We have seen an almost 8% drop in gasoline consumption from a year ago, but I fear that will creep up once prices stay that low. Obama is clearly committed to a cap-and-trade system but what his political ability to get it implemented is in an era of low oil prices I don't know.'

To realise a greater share of renewables in US power generation, there is also still some homework to be done, in particular creating a more efficient electricity infrastructure. Large amounts of electricity generated by wind power plants require a stable grid, and that is exactly what the US lacks. Currently, the US power system relies on three regional grids that are old, disconnected and inefficient. '[The grid] is the single largest long-term issue facing wind and other renewables,' Randall Swisher, the executive director of the American Wind Energy Association, recently told Time Magazine. 'We can't solve the climate challenge without the green electricity superhighways that we are calling for.' Obama has formulated a long-term goal to install a smart electricity grid linking the entire country, but the plan will require a lot of money and years to be completed.

Ebinger is also worried about statements from the Obama team when it comes to clean coal. He says Obama's energy team includes advisers in favour of phasing out coal completely. Such a move, he says, would mean killing the potential of carbon capture and storage (CCS) and ignoring the fact that there are many coal-heavy nations around the globe. 'With so many countries using coal, including China, India and the US, rather than simply saying, "We have to move away from coal", I would call for an accelerated global effort, a joint research and development programme, to prove that CCS is possible and find out what needs to be done to make it commercially feasible. That will do more for climate protection than turning our backs on coal, pretending we're being righteous.'

In the end, Obama may not reach all the targets he set out for, but his presidency will nevertheless set a starting point, says Arendt. 'We have to realise that reformulating the US energy mix will take many decades. It's not something that will happen entirely in his administration, except for setting the vector and setting the commitment to get it going, and I think that's what Obama is looking for.' ■

Obama's 'green dream team'

A Nobel Prize winner committed to fight global warming, an acolyte of Al Gore and top environment and energy officials who have been held back under the Bush administration – Green activists have lauded Obama's energy team, saying it signals that the time for denial is over, and the era of vigorous action to curb climate change has begun.

As his Energy Secretary, Obama has chosen **Steven Chu**, winner of the 1997 Nobel Prize for Physics. Since 2004, Chu has been director of the Lawrence Berkeley National Laboratory, which has 4,000 employees and a budget of \$650 million. The laboratory under Chu became a leading centre of research into biofuels and solar energy technologies. He has been an outspoken critic of the Bush administration's refusal to support green energy, and says a shift away from fossil fuels is key to stop climate change. Chu is expected to slash support for corn ethanol, a rather inefficient favourite of the neoconservatives pushed by his predecessor Samuel Bodman. Instead, Chu may push research for solar power and more efficient batteries for electric cars. However, Obama himself has been a supporter of corn ethanol.

Carol Browner is an Al Gore protégé who has been picked by Obama as his "climate czarina". Obama has created a new post for her – a White House overseer of energy, environmental and climate policy, tasked with coordinating all these issues for the federal government. The decision underscores Obama's commitment to make climate and energy top priorities for his presidency, and direct them from inside the White House. Browner has called the Bush administration 'the worst environmental administration ever' and said that global warming is 'the greatest challenge ever faced.' When she was working for the Clinton administration, she pushed through ambitious air quality standards despite opposition from industry and from some in the government who saw them as too costly.

Nancy Sutley, a top green politician from California, was appointed head of the Council on Environmental Quality, a division of the White House that coordinates US environmental efforts and works closely with agencies and other White House offices in the development of environmental and energy policies and initiatives.

Lisa P. Jackson is Obama's pick as head of the Environmental Protection Agency, which has the power to regulate greenhouse gas emissions in the US. She is the agency's first African-American chief and served there already in the 1980s.



Obama presents 'green dream team'. Photo: Jeff Haynes/Pool/EPA