

Clinton administration. Long-standing concerns about energy supply led the former administration to diversify foreign oil (energy) supply by fostering relationships with oil-rich countries like Venezuela, for instance. The continuing concerns over proliferation of nuclear materials led to active engagement of Russia on energy issues (including reorienting Russian nuclear facilities for other purposes). The multilateral initiatives to diversify supply and promote security were accompanied by efforts to improve domestic supplies of renewable resources and efficiency of appliances.

While the Clinton administration promoted the idea that emission trading was the most effective way to stabilise greenhouse gas concentrations in the atmosphere (at a level that would prevent dangerous anthropogenic interference with the climate system), the Bush administration surprisingly decided to withdraw from the Kyoto Protocol, which laid the formal foundation for such a system.³ Instead, the Bush administration has been moving toward a free market system for energy, which will likely be based on the cheapest commodity – coal. In order to mitigate the potential negative effect of coal-based energy generation, deregulation should be accompanied by efforts to reform the Clean Air Act and to better control green gas emissions.

By withdrawing from the Kyoto Protocol, the U.S. administration has also sent a signal that the process whereby the U.S. has been using energy issues (i.e. sustainable development) as a form of dialogue with countries such as Russia, China, and Brazil, has come to an end. The U.S. withdrawal from the Protocol will also mean a loss of markets for some U.S. firms. However, this will not be the case for larger, multinational firms which will have to meet the Kyoto Protocol targets in their offshore operations, whether the U.S. signs or not.

European and other countries are resigned to the fact that they will have to begin resolving global warming without the U.S. While there has been a shift toward multilateralism in U.S. foreign policy after September 11, no outward-looking energy policy has been articulated yet. **For now energy problems are being resolved by a policy of “punching holes into the ground,” at the expense of other, more sustainable types of energy supplies (generation).** This situation is not sustainable in the longer-term (i.e., free-rider problem). The administration will have to come up with proposals/infrastructure to address climate change, whether outside or inside the Kyoto

³The Kyoto Protocol, agreed in December 1997, sets legally-binding greenhouse gas emission objectives for each industrialised country, as listed in its Annex B. These countries should, as a whole, achieve at least a 5% reduction in emissions from 1990 levels over the 2008-2012 period, a significant departure from current trends. To that aim, the Protocol indicates areas for action, and sets up a number of mechanisms for international cooperation, such as emissions trading. Among other things, further work will be needed to elaborate the rules for these mechanisms and to agree on measures to be taken by Parties in case of non-compliance. See <http://www.iea.org/ieak Kyoto/index.htm>