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analyzes the factors driving down US emissions and identifies policies that could reduce emissions further in the future. It concludes that, despite continued obstacles to US climate action, recent trends have created an environment of cautious optimism for accelerated climate action by an increasingly climate-friendly administration.

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# The New US Domestic Climate and Clean Energy Agenda. The Outlook for 2013

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Climate change US climate policy US energy policy

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## Introduction

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In the wake of President Barack Obama's reelection, the outlook for domestic action and leadership on climate change by the United States (US) remains unclear. On the one hand, recent projections of US emissions show that the United States — through a mix of major clean energy policies, slow economic growth, and abundant, cheap natural gas — may achieve the significant emission reductions President Obama promised in late 2009. On the other hand, the sluggish economy, rising budget deficits, and other factors continue to press against strong US climate action at home or abroad. Congress remains deeply divided on climate policy and highly dysfunctional on other matters. Internationally, many nations increasingly see the Obama administration as falling short of its climate goals. In reality, the United States has delivered on short-term promises regarding emission reductions and international climate assistance to developing nations. But domestic US policies have so far lacked long-term vision and clear leadership.

This paper seeks to make sense of these trends by reviewing the post-election political and emissions landscape. We discuss the impact of the election and the continuing barriers to US climate leadership. We also analyze the major drivers of the new US emissions trajectory and identify some policies that could drive further reductions in the future. Overall, we find that despite continued obstacles to US climate action, recent trends have created an environment of cautious optimism for accelerated climate action by an increasingly climate-friendly administration.

## 1. US Political Context

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### *Election Outcome*

Following a hard-fought and drawn out campaign, President Obama won reelection to a second term with a decisive victory in November 2012. The election centered on the impacts of the economic downturn on the

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American public, from jobs and unemployment to taxes and healthcare. The candidates largely avoided discussion of climate change, although President Obama's challenger, Governor Mitt Romney, occasionally used climate change as an illustration of what he viewed as the President's misguided priorities and objectionable desire to expand the role of government. The candidates' so-called "climate silence" drew ire from environmental groups weary of the treatment of climate change as a politically toxic issue.

The candidates' approach was no doubt influenced by the knowledge that many in Congress remain hostile to new climate policies. The balance of power in Congress remains the same post-election, despite slight Democratic gains in the House and Senate and a weakening of the Tea Party, the ultra-conservative movement within the Republican Party. Following the election, the negotiations over the so-called fiscal cliff — real and politically contrived domestic budget challenges — have altered the political landscape in ways that are difficult to predict.

Since the election, Obama has increasingly highlighted climate change as an issue he intends to tackle in his second term, from his post-election victory speech to his inaugural address and annual State of the Union address to Congress and the American people. His choice of John Kerry as the next secretary of state further indicates his continuing interest in this issue. The State Department plays a key role in conducting international climate negotiations and defining US climate policy and Senator Kerry was the most vocal champion for climate action in the US Senate.

Yet, the extent to which he will prioritize climate change in his second term remains unclear. The president will have a harder time claiming a mandate for new climate action, as he did not mention climate legislation in the campaign, unlike immigration and fiscal policy, and now faces the pressing challenge of gun control. In his State of the Union speech, the President proposed new clean energy policies, encouraged comprehensive climate legislation, and promised executive action if Congress does not adopt new legislation. At the same time, he acknowledged the low chance of comprehensive legislation passing and left largely undefined the executive actions his administration will consider. It is not clear then how hard the president will push on climate change in his second term.

### *Public Attitudes*

A reasonable observer might conclude from politicians tip-toeing around the climate issue that Americans are hostile to climate action. However, a large majority of Americans — 70 percent — believe that global warming is occurring and is largely caused by humans, and have held this belief for many years (Leiserowitz et al. 2012a). In fact, the percentage of Americans who think that global warming is happening has been increasing steadily since 2010 (Leiserowitz et al. 2012a). More importantly and surprisingly, the majority of Americans also support political action on climate change. 71 percent of Americans say that addressing global warming should be a priority for the president and Congress, and 91 percent similarly prioritize developing clean energy sources, including 46 percent of Republicans (Leiserowitz et al. 2012b). A bipartisan majority indicated that they would support climate and energy policies even in the case that this slightly increased household costs.

Further, this polling likely reflects a recent spate of extreme weather events that has focused public and media attention on the hard-hitting domestic effects of climate change. Extended droughts throughout the American south and west were seared into the American psyche by raging wildfires in the summer of 2012. A few months later, Hurricane Sandy hammered the northeast coast of the United States just prior to the election, turning the storm's wreckage into a tense political battleground. Faced with widespread devastation, prominent leaders of affected areas issued impassioned calls for action on climate change. New York City mayor Michael Bloomberg

and New York governor Andrew Cuomo both wrote op-eds in major newspapers, titled “A Vote for a President to Lead on Climate Change” and “We Will Lead on Climate Change,” respectively (Bloomberg 2012, Cuomo 2012). A poll conducted one month after Hurricane Sandy found that 69 percent of New York voters believed the storm demonstrated climate change (Siena Research Institute 2012).

Yet despite high levels of public support and awareness, climate and energy policies remain stymied by a formidable host of forces.

## 1.1 Remaining Obstacles to Climate Action

### *Other Legislative Priorities*

Pressing political issues like immigration reform and gun control demand the immediate attention of Congress and the administration. Brought to the foreground by the 2012 election, these issues draw political oxygen away from climate and environmental issues. In particular, fiscal debates will continue to cause dysfunction within Congress. Despite avoiding the so-called fiscal cliff, Congress still must pass an annual budget, approve increases in US indebtedness, and negotiate over scheduled budget cuts (Klein 2012). The endless series of political struggles over fiscal policy leave little time for serious discussion of even what liberals perceive as modest climate policies, such as tax credits for renewable energy and increases in international climate assistance.

### *Slow Economic Growth*

The sluggish US economy continues to dominate the political dialogue, leaving little appetite for more long-term, global, and controversial issues like climate change. Further, many politicians believe that addressing climate change would require significant new costs for their constituents that, with unemployment still high, would engender a strong political backlash. Studies suggest, however, that the United States could take significant steps towards addressing climate change without major new costs (Creys 2007). Independent analysis also suggests that many near-term climate actions would benefit the economy in the long run by avoiding climate-related damage (Stern 2006). These arguments have not gained traction in the current debate over the economy.

### *Polarized Media Coverage*

Traditional news sources tend to give equal coverage to climate skeptics and mainstream climate scientists, despite the fact that 97 percent of climate scientists believe that global warming is occurring (Farnsworth and Lichter 2012). These media outlets play up the debate between scientists to create viewer interest, disguising the lack of actual traction by climate skeptics in the scientific community. In addition, the proliferation of news outlets and online media with a broader range of biases and topics causes American audiences to draw more of their news from politicized sources. This results in Americans receiving fewer impartial and informational assessments of climate change science. One recent study found that Fox News stories and commentary were far more dismissive of climate change in tone, less likely to include claims that affirm the global scientific agreement, and far more likely to feature climate change skeptics than CNN and MSNBC (Feldman et al. 2012). Whether drawing from perceived liberal or right-wing news sources, Americans are exposed to two fundamentally different climate realities in the media, neither of which reflect the actual state of agreement within the climate community. This perceived lack of consensus weakens public support and political will to tackle climate change.

### *Increasing Partisanship*

Hyper-partisanship is the new political reality. Gerrymandering (the ability of incumbents to re-draw the lines of electoral districts so as to increase the chances of the party in power to be re-elected), political self-sorting, and the increased political benefits of partisanship have contributed to a steady increase in political polarization (Silver 2012). Political polarization has in turn transformed climate change into a partisan issue. Due in part to divisive media sources, some Americans increasingly perceive climate change as a liberal cause championed by intellectuals, coastal elites, and Hollywood celebrities. Adding to this perception, the political champions of climate policy have been mainly Democrats, most notably former vice president and presidential candidate Al Gore, who won a Nobel Peace Prize and an Oscar for his work championing climate action.

Simultaneously, opposition to climate action has increasingly become associated with conservatism, possibly as a result of intentional efforts by some conservative political strategists to draw a sharper distinction with liberals. This shift is most apparent among the most vocal and active conservative voters — including those in the Tea Party movement — who have stepped up the intensity of their opposition to climate policy since 2009. Indeed, some political candidates now use opposition to climate policy as a short hand to signal their conservative credentials. At the Republican National Convention in August 2012, presidential candidate Mitt Romney helped signal his ideological swing to the right by contrasting his priorities with President Obama's dramatic comments on climate change, saying "President Obama promised to begin to slow the rise of the oceans and to heal the planet. My promise is to help you and your family." (Romney 2012).

Conservatives faced setbacks in the 2012 election, but most did not take away from this loss a new perspective on climate action. This may be because climate change played a minor role in the election, or because more conservative challengers unseated many moderates. Overall, conservatives in Congress are now more likely to maintain that comprehensive climate policy (with requirements for strong emissions reductions) flies in the face of basic conservative ideology by restricting personal liberty, impeding economic growth and jobs, and abdicating US sovereignty to the United Nations (UN) and the international community. Given the ideological basis of this position, such conservatives will likely continue to oppose climate action.

### *Confused Climate Negotiations*

In the negotiations within the UN Framework Convention on Climate Change (UNFCCC) in 2011, countries set out the goal of reaching a new agreement by 2015 that would enter into force in 2020 and cover international climate cooperation over the ensuing decade or so. Since 2011, ongoing debates between developed and developing countries over questions of responsibility for causing and mitigating climate change have continued to stymie the negotiations. Some countries perceive the United States as unwilling to compromise and thus a stumbling block to progress in the UN climate talks. US climate negotiators push back against this charge, pointing to the need for concurrent action by the emerging market countries (China, India, Brazil, South Africa, etc.) and the fact that the United States is on track to achieve emissions reductions before 2020 (discussed below).

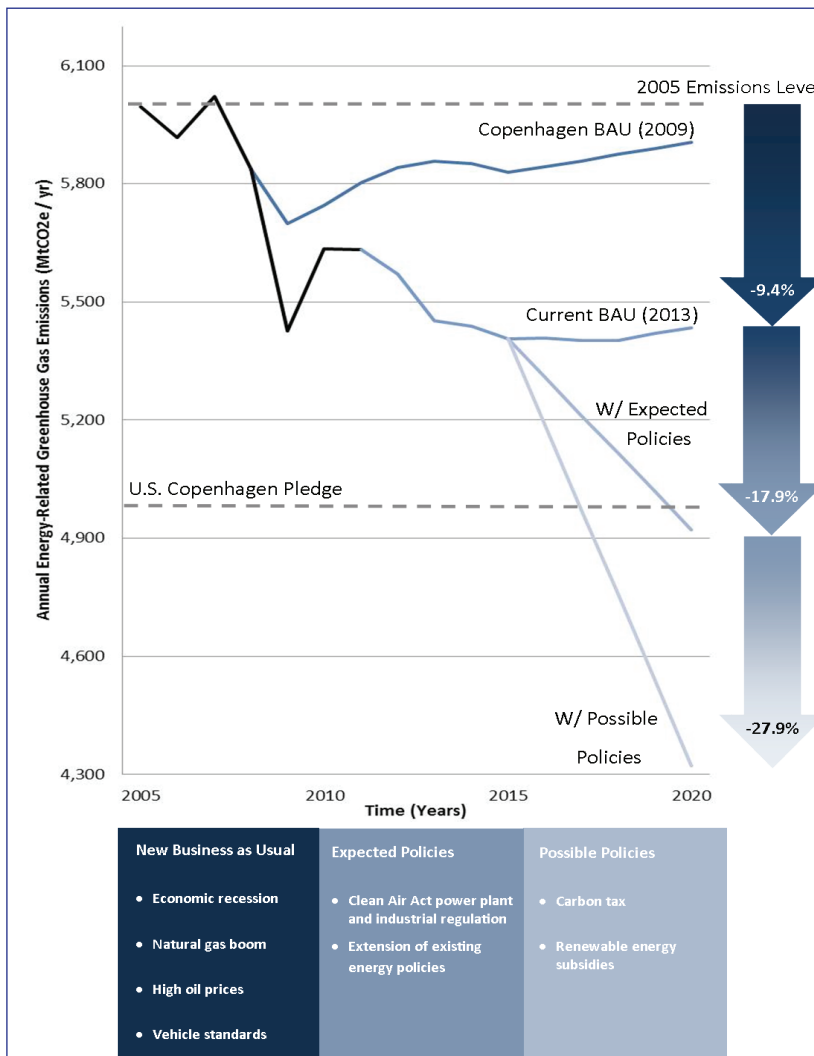
The US Congress continues to resist comprehensive climate action in the absence of similar efforts by other major emitters. The inability of the international negotiations to move forward quickly, therefore, creates a barrier to domestic US action. Moreover, many scientists agree that a global agreement entering into force in 2020 probably will be too late to limit global warming to two-degree-Celsius, which many scientists consider essential to avoid unacceptable risks of climate catastrophe, if that goal is even still within reach (UNEP 2012). While a global climate agreement is still important, supplemental action outside the UNFCCC will be necessary to avoid unnecessary climate risk, and many countries have adopted their own bottom-up approaches to mitigating emissions in recognition of this urgency.

## 2. Tracking Emissions Reductions: Trends and Policies

### 2.1 The 2020 Emissions Trajectory

At the Copenhagen climate summit in December 2009, President Obama pledged that the United States would reduce its carbon emissions 17 percent below 2005 levels by 2020. This pledge stood in stark contrast to President Bush’s prediction, in 2008, that US emissions would not peak until 2025. Despite continuing international perceptions of the United States as a climate action laggard, perhaps fueled by the refusal of the US Senate to adopt comprehensive climate legislation in 2010, US emissions have been declining significantly for several years. In fact, America appears on track to reach President Obama’s Copenhagen pledge despite the absence of comprehensive climate legislation.

• Figure 1 | Emissions trajectories for new policy scenarios, 2005-2020



Source: EIA 2012, Burtraw, Paul and Woerman 2011, Krupnick et al. 2010.<sup>1</sup>

<sup>1</sup> An earlier version of this figure appeared in Purvis 2012: 12-13. The new figure has been updated to reflect the latest emissions projections, which take into account continued low natural gas prices, slow economic growth, and existing energy policies. The emissions trajectory for possible policies now reflects the inclusion of a carbon tax rather than a clean energy standard, driving projected emissions far below the Copenhagen target.

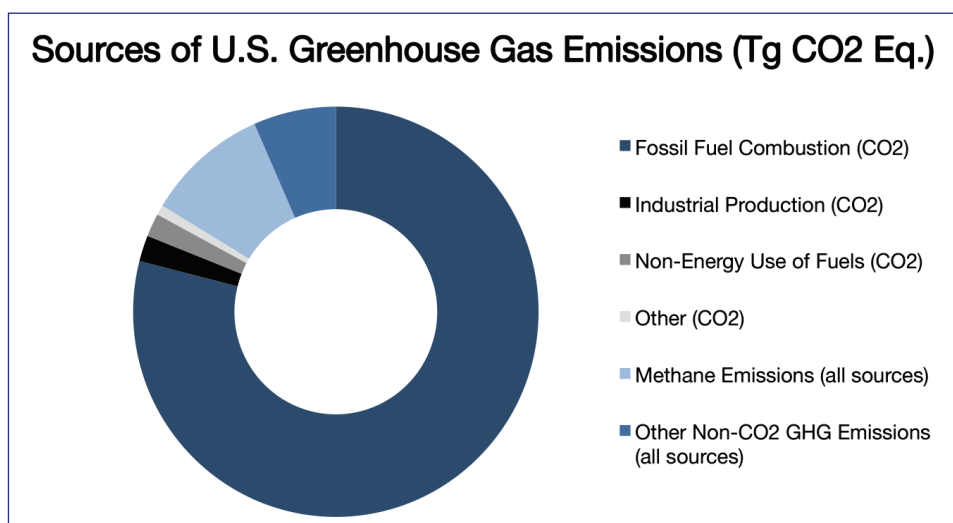
As shown in Figure 1, the business-as-usual (BAU) emissions trajectory at the time of the Copenhagen climate talks predicted that US energy-related CO<sub>2</sub> emissions would decrease by only 1.5 percent relative to 2005 levels by 2020, well short of the president's 17 percent target. Current projections, however, show emissions decreasing by 9.4 percent relative to 2005 levels by 2020. These projections do not include policies expected to come online over the next few years, which would put US emissions on track to meet the Copenhagen pledge by 2020. Further, if the administration pursued additional climate policies, such as a carbon tax, the United States could reduce emissions by nearly 30 percent by 2020 — demonstrating unprecedented climate leadership to the rest of the world.

Box 1 | **Emissions Accounting**

Figure 1 shows emissions trends for CO<sub>2</sub> emissions from fossil fuel combustion, which represent 79 percent of total US greenhouse gas emissions (US EPA 2012). This does not include other significant sources of emissions, shown in Figure 2 below, including emissions from industrial processes and non-CO<sub>2</sub> greenhouse gases like methane. The overwhelming role of energy-related CO<sub>2</sub> emissions indicates the importance of the trends described in Figure 1. Yet it must be noted that methane, the largest non-included source, remains a particularly large threat to the downward trajectory of US emissions. We discuss methane and potential abatement options later in this paper.

The projections in Figure 1 also do not include emissions from land-use change and forestry, a significant global emissions source. In the United States, land-use change and forestry net absorb rather than produce emission, offsetting 16 percent of total US emissions in 2010 (US EPA 2012). If land-use change and forestry were factored in to the emissions equation, the United States would be very slightly closer to meeting its emissions reductions goal.

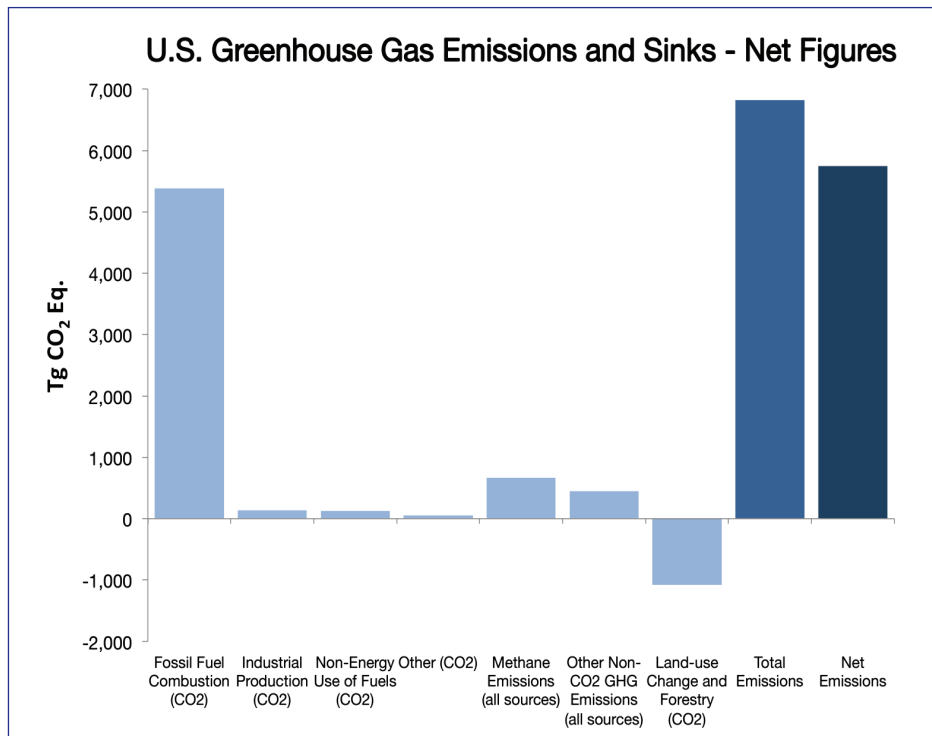
• Figure 2 | **Sources of US greenhouse gas emissions, 2010** (US EPA 2012)



Source: US EPA 2012.

Box 1 (continues)

• Figure 3 | U.S. Greenhouse gas emissions and sinks - net figures (Tg CO<sub>2</sub> Eq.)



Source: US EPA 2012.

## 2.2 The New Business-As-Usual

These surprising reductions in US emissions without comprehensive climate legislation or binding international commitments have many causes. The following economic trends and existing policies are responsible for recent and projected emissions reductions.

The Great Recession — as the past few years have become known in the United States — continues to depress America's economic engine, slowing emissions growth. The discovery of huge domestic deposits of unconventional fuel sources has led to rapid expansion of cleaner-burning natural gas as a fuel. Despite the coal industry's cries that the Obama Administration and the Environmental Protection Agency (EPA) are waging a "war on coal" by regulating various pollutants associated with coal-fired power plants, the fuel transition from coal to gas for electricity generation has largely been driven by the extremely low price of natural gas, more so than pollutant regulations (Celebi, Graves and Russell 2012). These non-policy drivers by no means indicate a permanent or stable reduction in emissions, but may account for over one fifth of the United States' near-term drift towards lower emissions (Burtraw and Woerman 2012).

The US government also has taken significant steps towards emissions reductions by promoting increasingly stringent fuel economy standards for vehicles. These standards require steady improvements in fleet average



fuel efficiency for a range of vehicles, aiming for 35.5 miles per gallon (6.6 L/100 km) by 2016 and 54.5 miles per gallon (4.3 L/100 km) by 2025, potentially offsetting over 5 percent of greenhouse gas emissions by 2020 (Burtraw and Woerman 2012). The US government has also finalized a number of rules on non-climate air pollution from power plants. Although these rules are not the primary driver of coal plant shutdowns, they will affect climate pollution over time.

States and local governments have also exercised significant climate policy leadership. Thirty-eight states have set renewable energy goals, and many have also established ambitious energy efficiency policies — for example, Massachusetts utilities plan to invest 2.2 billion dollars in energy efficiency resources over the next three years (ACEEE 2012). Combined, state renewable energy standards and energy efficiency policies may drive roughly one fifth of US emissions decline by 2020 (Delaquil et al. 2012).

States are also piloting cap-and-trade programs in the wake of the failure to establish a national carbon market. California's cap-and-trade programme, which will link with a similar market in Quebec, will begin to reduce emissions in 2013. Progress has already been heralded by recent upticks in carbon prices. It is prescient to note that if California were a country it would be the world's ninth largest economy. Emission reductions in California matter both in their own right but also because what California does sends ripples across the United States and often presages change in Washington, DC. In short, state renewable portfolio standards, energy efficiency policies, and local cap-and-trade programmes are making a difference and will continue to do so at the national level.

### 3. Accelerating Climate Action

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While the slight decline in US emissions over the past few years is welcome news, those reductions are not at the scale necessary to spur stronger global action in line with climate science. What more might the United States realistically do given slow-moving global climate talks and polarized, dysfunctional domestic climate and energy policy? The following expected and possible domestic policies are most likely to produce politically viable climate solutions in the next few years, helping the United States achieve — and possibly surpass — its Copenhagen goal.

#### *Clean Air Act Expansion*

The Clean Air Act, passed in 1970, enables the EPA to regulate air pollutants. In 2007, the US Supreme Court ruled that air pollutants include greenhouse gases, thus establishing a channel for the EPA to directly regulate carbon emissions from various sources. The movement to expand Clean Air Act regulations continues slowly but surely, built on a strong foundation of support from both civil society and the Obama administration. This year, the EPA will finalize regulations for new stationary sources (e.g. power plants and petroleum refineries), in effect banning new coal and petroleum coke plants without carbon capture and sequestration (CCS). If optimally implemented, these efficiency standards could achieve emissions reductions of 90 million tons of CO<sub>2</sub> per year, or roughly 1.4 percent of total US emissions.

Should the effort to regulate emissions from new power plants go forward, the logical next step is for the EPA to regulate emissions from existing power plants. Again using the Clean Air Act, the EPA will likely propose new greenhouse gas standards for existing power plants. These existing sources are the single largest source of US emissions, though these regulations are likely to take several years to arrive. While regulations for existing power

plants would require few emissions reductions in the first years they are in force, they would have a significant impact on greenhouse gas emissions in the long run.

### *Aviation*

United States aviation activities are responsible for approximately 40 percent of global aviation emissions (C2ES 2010). Environmental advocates have long called on the US government to regulate aviation climate emissions under the Clean Air Act, though so far the US government has declined to act. Aviation emissions in general have recently received increased attention due to the debate over the inclusion of aviation in the European Union (EU) Emissions Trading System. The United States is currently involved in negotiations in the International Civil Aviation Organization over a global framework for domestic aviation regulations and a global market-based mechanism to reduce aviation emissions. If countries agree on a framework and not a market-based mechanism, then the US government could face increased pressure from civil society groups to take up aviation Clean Air Act regulations.

### *Renewable Energy Incentives*

Domestic energy policy continues to be shaped by the push-and-pull between subsidies for fossil fuels and renewable energy. Fossil fuel subsidies continue to outstrip renewable energy subsidies by a ratio of six to one (IEA 2012), although the renewable energy industry is slowly developing. Renewables won a small victory with the extension of the wind production tax credit (PTC) as part of fiscal policies worked out between President Obama and Congress at the beginning of the year to avert the so-called fiscal cliff. The deal only extended the production tax credit for one year, however, giving little long-term reassurance to the domestic wind industry (Juliano 2013). A long-term extension of the tax credit could offset over 170 million tons of CO<sub>2</sub> over the next five years, equal to 2.5 percent of current emissions, indicating that continuation of the tax credit will bring increasing climate benefits (Navigant 2011). Low-emissions energy sources will continue to be championed by climate advocates through renewable energy subsidies and clean technology development.

#### Box 2 | **New Energy Policy: Effects on Emissions Unclear at Best**

Broad bipartisan support for energy efficiency measures — as evidenced by the Senate's unanimous passage of an energy efficiency bill in December 2012 — has raised expectations that a larger energy bill could pass in Congress this year. A comprehensive energy bill would likely include incentives for energy efficiency and clean technology. It will also likely include, however, benefits for the fossil fuel industry, such as opening up new areas for drilling.

The natural gas boom has similarly unclear emissions impacts. New natural gas supplies have kept US natural gas prices low, helping put many coal power plants out of businesses. This trend will continue to reduce CO<sub>2</sub> emissions from fuel combustion but increase methane from gas production. The natural gas production process drives increased incidental methane emissions from wells, pipelines, and refineries. Methane is a far more potent greenhouse gas than carbon dioxide, but so far the US government does not yet closely track these so-called "fugitive" emissions, nor is there scientific consensus on the percentage of methane lost to leakage in the production process. The recent data from the EPA shows that in 2010, the natural gas industry emitted just over 3 percent of the United States' total greenhouse gas emissions through fugitive methane, representing a serious climate concern (US EPA 2012). The aggregate effect of the natural gas boom is unknown.

#### Box 2 (continues)

In the near future, exports of US gas in the form of liquefied natural gas (LNG) could further change this equation. The LNG exports could also lower global natural gas prices, reducing emissions in other countries. But increased LNG exports could raise US natural gas prices, thereby making electricity from coal-fired power plants more competitive. And producing and shipping LNG increases the life cycle emissions of natural gas by 15-20 percent, calling into question its climate benefits as a “cleaner” energy source (Mackenzie 2012). The Department of Energy (DoE) continues to evaluate the economic implications of exporting liquefied natural gas, while several environmental and health groups are rallying against possible LNG export. With initial positive evidence of the economic benefits of LNG export, the United States will likely expand loans and financial assistance for LNG export infrastructure.

#### *Natural Gas Industry Regulations*

Natural gas will dominate the climate-energy discussion, as scientists and industry try to evaluate the net emissions impacts of the recent and rapid transition towards natural gas. The fugitive methane problem could reduce the net climate benefits of a transition to natural gas (see Box 2). Consequently, emissions regulations for natural gas infrastructure will be a likely focus of US domestic climate action. The United States may adopt better controls on leaking from natural gas infrastructure through regulations for fugitive methane emissions, but many types of wells are exempt from these regulations. Since captured emissions can be used as fuel, best practice technologies, such as leak monitoring systems and vapor recovery units, have extremely rapid payback periods that should make emissions regulations valuable to certain clean technology businesses. With a combined push from climate activists and a pull from the clean technology industry, the United States may expand regulations of natural gas industry emissions.

#### *Carbon Capture and Sequestration*

Beyond energy efficiency and renewable energy infrastructure, additional technologies are being developed to support the climate and clean energy agenda. Carbon capture and sequestration technology (CCS) is not without its controversies, but its deployment may have direct and rapid impacts on US emissions. CCS captures CO<sub>2</sub> during fossil fuel combustion, converts it into a transportable form, and then stores it underground. The primary challenges facing deployment of CCS are the cost of the technology and the low number of projects at a functional scale. The US government is addressing these challenges through several policies. First, the DoE has devoted over 4 billion dollars since 2005 to research and development programs to improve the efficiency and lower the cost of CCS technology. In addition, power plants with CCS technology are eligible for tax credits under the Energy Policy Act of 2005 and the Energy Improvement and Extension Act of 2008. Second, the DoE has also helped fund and develop six full-scale CCS demonstration plants, mobilizing over 12 billion dollars in public and private finance (CBO 2012). Future deployment of CCS will be aided by policies that could reduce the cost of the technology. New Clean Air Act regulations would make operative costs for fossil fuel plants prohibitive unless they include CCS technology. This regulation would unlock private investment in CCS by power plant developers, driving down costs of the technology. A potential carbon tax (discussed below) or other policies that generate price signals for low-carbon technology would similarly increase deployment of the technology by reducing costs relative to non-CCS power plants. For now, CCS technologies remain mostly unproven at scale, but are a promising method of addressing US emissions.

### *Carbon Tax*

The opening for a US national carbon tax may yet come around. Although a carbon tax would be extremely effective in further reducing US emissions, a sweeping tax on the fossil fuel industry is currently politically infeasible.

Climate champions in Congress may try to use the post-election momentum to introduce new climate legislation this year. Their likely vehicle would be a carbon tax, an idea that recently generated significant buzz in US climate policy circles. A number of liberal and conservative groups raised the idea of reducing economically inefficient taxes and putting in place a new carbon tax as a way to reduce deficits and/or make the US tax code more conducive to economic growth. Immediate backlash from many companies and conservatives led President Obama's spokesperson to state that the president would not propose a carbon tax. With neither major political party openly supporting any new revenue measures that would harm the middle class, a tax on carbon seems quite unlikely in the near term.

Yet, over time, growing US budget deficits and pressure from conservatives and business to reduce a variety of other taxes (such as corporate income taxes and inheritance taxes) could eventually bring a carbon tax back into the US political dialogue, particularly since some major companies (including ExxonMobil) are already on record as supporting a carbon tax. If US budget deficits continue to grow and if Europe recovers from its sovereign debt crisis, bond markets may begin to pull back from US treasury securities. Should investors bring an end to the era of cheap money in the United States, rising borrowing costs for the United States could push US policymakers to adopt a variety of unpopular austerity measures and new taxes, including possibly a carbon tax.

## **Conclusion**

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The landscape for climate action is shifting. Certain trends, like domestic partisanship, appear to be etched in stone. Others, like shifting energy markets, have unclear implications for US emissions. But new opportunities after the 2012 presidential election have arisen, and momentum is building. President Obama's choice of climate champion John Kerry as the next secretary of state may demonstrate new opportunities for constructive climate diplomacy. There is a growing sense that the president needs to do something new and big on climate, both domestically and internationally. The idea of President Obama making climate the core of his presidential legacy is gaining momentum. Given the clear consensus among scientists that the world is not doing enough to leave the path to catastrophic climate change by 2020, the world looks to the United States for action. US emissions have declined faster than predicted, and with the United States on track to meet its Copenhagen pledge, there is room for hope. Emissions reductions above and beyond existing pledges are necessary to prevent "the destructive power of a warming planet" that President Obama warned against in his 2012 election victory speech (Obama 2012). Contrary to perceptions of political inaction on climate change, the United States has not only already driven down its emissions, but also has several opportunities to step up climate leadership and win further emissions reductions.

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## THE PROJECT

In an era of global flux, emerging powers and growing interconnectedness, transatlantic relations appear to have lost their bearings. As the international system fragments into different constellations of state and non-state powers across different policy domains, the US and the EU can no longer claim exclusive leadership in global governance. Traditional paradigms to understand the transatlantic relationship are thus wanting. A new approach is needed to pinpoint the direction transatlantic relations are taking. TRANSWORLD provides such an approach by a) ascertaining, differentiating among four policy domains (economic, security, environment, and human rights/democracy), whether transatlantic relations are drifting apart, adapting along an ad hoc cooperation-based pattern, or evolving into a different but resilient special partnership; b) assessing the role of a re-defined transatlantic relationship in the global governance architecture; c) providing tested policy recommendations on how the US and the EU could best cooperate to enhance the viability, effectiveness, and accountability of governance structures.

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