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Reducing greenhouse gas emissions: a central plank of Europe's climate policy

*Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort*

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Ladies and gentlemen,

Good morning. It is a pleasure to be here in Warsaw. I would like to warmly thank the organisers for inviting me to this important and timely conference.

Let me start by expressing my deepest sympathy, and that of the whole European Commission, for the terrible floods and the tragic loss of life and wealth that have struck this country in recent weeks. Our thoughts are with the victims and their families.

Also economically these are tough times, as we all know. The focus right now has to be on managing the debt crisis in Europe.

But soon, hopefully, the key question will be: how do we manage the situation after the crisis? We need to keep in mind that investing in a low-carbon economy now will help us exit the crisis in the most competitive way.

Despite the cold winter, climate change has not gone away - and it is not going to. It is happening now. Preventing climate change from reaching the dangerous levels that are predicted if we continue with business as usual remains one of the greatest challenges facing human kind.

If anyone thinks the cold winter we have had means we can forget about climate change, I'm afraid they need to think again. In fact the cold winter we had in Europe has given way to the hottest March and April on record globally. All the predictions are that this year as a whole will also set a new world record for temperature.

But climate change is about long-term trends, not short-term weather events. Today the global temperature is already around 0.8°C higher than in pre-industrial times.

The Intergovernmental Panel on Climate Change, which brings together hundreds of the world's leading scientists, has projected that without more action to tackle greenhouse gas emissions, we are most likely to see further warming of between 1.8 and 4 degrees this century. In the worst case scenario the global temperature could increase by over 6°C.

An increase even at the lower end of this range would have severe impacts. A rise anywhere near the top of the range could be catastrophic.

That is why the international community urgently needs a strong global climate agreement aimed at reducing emissions to put in place when the Kyoto Protocol's first commitment period expires at the end of 2012.

It was of course widely hoped that last December's Copenhagen conference would take us most of the way towards a global deal. Copenhagen was not the great success we wanted, but the Copenhagen Accord that resulted does represent progress nonetheless.

Firstly, industrialised and developing countries have accepted for the first time in history that they share a joint responsibility for keeping global warming below 2°C in order to avert the worst impacts. Since December more than 120 countries, responsible for more than 80% of global emissions, have associated themselves with the Accord, and over 75 have notified targets or actions to limit or reduce their emissions.

Secondly, the industrialised world has put money on the table to help developing countries combat climate change: nearly 30 billion dollars in finance for the next three years – what we call 'fast start' finance - and for the longer term 100 billion dollars a year by 2020.

Thirdly, in certain areas the Copenhagen Accord provides important political guidance for the UN negotiations that are under way to draw up a global agreement.

But perhaps most importantly of all, Copenhagen put climate change at the top of the political agenda – even in a time of economic crisis. It brought an unprecedented momentum to the willingness of the vast majority of countries to act, even before a global agreement is reached.

Nonetheless there is still a long way to go to reach the strong, comprehensive and legally binding global deal that remains our objective. The two weeks of United Nations talks in Bonn that ended last Friday made a little progress but it is much too slow. The negotiations need to shift up several gears. The talks will have to drastically accelerate at the next sessions in August and October if we are to have a chance of success in Cancun.

The European Union would be ready to reach a legally binding deal at the Cancun conference in Mexico at the end of this year. However, it looks likely that some other key players will not.

The absence of US legislation is without doubt a key obstacle to progress in the international negotiations. If the US does not adopt legislation it is hard to imagine that China will be willing to bring its domestic actions on climate change into an international framework.

On a more positive note, what we can see is that on the ground many countries are working together and launching new initiatives. One is the Paris-Oslo process on reducing emissions from deforestation and forest degradation in developing countries which was formally launched at the end of May. And in the margins of the Bonn meeting new partnerships on adaptation and on reporting rules for emissions mitigation efforts were discussed.

There is now broad international recognition that, instead of going for a 'big bang', all-in-one solution as we did in Copenhagen, the international community needs to move in steps towards a global deal.

This means that the Cancun conference should produce an action-oriented set of decisions. This would give us a solid basis for reaching a global agreement at the conference in South Africa at the end of 2011. Poland, as the country which will hold the EU Presidency in the last 6 months of next year will have a crucial role in preparing the Union to that event.

Ladies and gentlemen,

In parallel with the international negotiations, Europe must push forward the process of decarbonising our economy at home.

We need to do this to reach our long-term target, agreed by all members of the Union including Poland, of cutting emissions by 80-95% by 2050. A reduction of this order by industrialised countries is essential to put global emissions on a path compatible with keeping global warming below 2°C.

There is also a second set of reasons to decarbonise the European economy: in order to maintain our competitiveness in the low-carbon technologies of the future, to safeguard jobs and to strengthen our energy security.

It is both a huge challenge and a huge opportunity.

We gave ourselves a head start on the road to the low carbon economy in 2007. Our leaders agreed an integrated energy and climate strategy and set our ambitious 20-20-20 targets for the year 2020. That is to say: a 20% cut in greenhouse gas emissions, a 20% share for renewable energy and a 20% improvement in energy efficiency.

These targets are now being implemented through the climate and energy package, and through our energy efficiency action plan.

Poland has taken on a target which allows your emissions in sectors outside the EU Emissions Trading System - sectors such as transport, agriculture and households - to rise by 14% between 2005 and 2020. Even if you are well on track to overachieve your Kyoto Protocol target (of a 6% emissions reduction below 1990 levels), it is essential to meet this target. A lot can be done in Poland, for example, in the transport sector – a major offender in terms of emissions. I know that the construction of roads in Poland is advancing relatively quickly. I would very much like to see a similar impetus for example in the rail sector which requires modernisation to attract more passengers and goods. A lot is going on, but there is an untapped potential for increasing low-carbon mobility which can only be unlocked if EUR 5.5 billion of European funds earmarked for railways for the years 2007-2013 are fully used.

Since the climate and energy package was agreed, other major economies have also recognised the huge opportunities for producers of low-carbon equipment and infrastructure such as renewable energy technologies, energy efficiency, carbon capture and storage and smart grids.

Now Europe's leadership is being challenged. For example, the 2010 Renewable Energy Attractiveness Index cites US and China as the best investment opportunity for renewables.

The US is aiming to double its renewable energy generation by 2012. Chinese and Indian wind turbine manufacturers now appear in the global top ten. China and Taiwan now produce most of the world's photovoltaic panels.

In other words, the global race is on. This is an excellent development in terms of fighting climate change. But it also means that we in Europe need to do more to drive our innovation and leadership forward if we are to avoid the risk of being left behind.

Green industries are enormously important to the EU economy.

They directly employ around 3.4 million people and account for around 2.2% of Europe's GDP. That is more than the pharmaceuticals or aerospace industries. Studies show that each direct job in Europe's eco-industries creates between 1.3 and 1.9 indirect jobs. And the global market for environmental technologies and products is forecast to grow strongly at around 10% annually over the coming years. This is more and more a reality in Poland as well. The wind farms like the one in Margonin which will eventually power up to 50,000 households, or those in Karwice and Moltowo which will together provide 60 MW's or a number of projects all over the country where furnaces are changed to be able to burn biomass prove that even the coal-based country can gradually transform its economy to the low-carbon one.

My ambition as Commissioner for Climate Action is to see Europe become the most climate friendly region in the world. This is squarely in our own interests because it will solidify our position in the expanding market for clean technologies.

You may be aware that, besides the unilateral commitment to cut our greenhouse gas emissions to 20% below 1990 levels by 2020, the EU has made a conditional commitment to reduce our emissions by 30% if other major economies agree to do their fair share of a global climate agreement.

This condition has not yet been met, but Europe needs to be ready to act in case this situation changes. That is why last month the European Commission presented an analysis of the costs, benefits and practical options for increasing the target from 20 to 30%.

The purpose is not to trigger some hasty decision to raise the target. Whether to move to 30% is a political decision for the EU leaders to take when the timing and the conditions are right. Obviously the first political priority is to handle the immediate economic crisis. But the Commission has now provided a solid analytical basis for discussing the costs and benefits of a 30% target over the coming months.

What we see is that the crisis has had a big impact in terms of cutting the cost of achieving the targets. At the same time, the recession has also put huge constraints on the ability of governments and businesses to invest.

The cost of meeting the 20% target by the European Union has fallen from at least €70 billion a year by 2020 – that was the estimate two years ago - to €48 billion. This is because the recession has reduced emissions and because higher energy prices have reduced energy demand. But the crisis has also depressed the carbon price in the EU for the foreseeable future because there are now many unused emission allowances that will be carried forward.

There is a clear downside of this phenomenon: the 20% target and the carbon price will be much less powerful drivers of economic modernisation and innovation in Europe than we anticipated when the package was agreed.

This is a serious disadvantage. As I've mentioned, the competition for green growth and jobs is becoming fiercer all around the world. Less innovation in Europe is not what we need if we are to keep up with our main competitors. One of the key benefits of moving to 30% would be to restore that incentive for innovation.

Our analysis shows is that the 30% target is achievable. The cost of reaching it is now estimated at €81 billion a year by 2020. This is €11 billion higher than the price tag of the 20% target two years ago. Compared with the cost of the 20% target today, 30% would cost €33 billion more.

But let's be clear: when we talk about costs, this is not money lost. Rather, it is the cost of an investment that will pay dividends – in terms of strengthening Europe's innovation and competitiveness, safeguarding jobs, reducing our energy import bill and boosting energy security, and cutting air pollution and its costs.

The potential for emission savings is proportionally higher in the less wealthy member states. First and foremost, this means more energy efficiency, in particular in buildings. This is also the case for Poland. And the European Union helps you to realise this potential. The examples of the project realised by the Szczecinek poviat which received almost EUR 10 million to thermo-modernise its public buildings or a similar project in Glogow which received its subsidy only 3 weeks ago and many other are encouraging. I hear that in a recent competition for European funds supporting thermo-modernisation in Poland the demand has exceeded the supply so much that Polish authorities decided to increase the amount available almost by 100%. This shows how much there is still to be done.

The effects on individual Member States of a move to 30% will be analysed before any final decision is made. The situation of poorer Member States will naturally continue to be fully taken into account.

The Commission also looks beyond 2020. As I mentioned a few minutes ago, the EU's long-term target is to reduce our emissions by 80-95% below 1990 levels by 2050.

This is a challenge for all of us, but one that also will bring considerable opportunities. Over the coming months the Commission plans to develop a vision of the structural and technological changes that will be needed to achieve a low carbon, resource efficient and climate resilient European economy by 2050.

All sectors will have to contribute. The electricity sector shows the biggest potential to decarbonise. Realising this potential to the fullest extent, which means reducing the sector's emissions to very close to zero by the middle of the century, will be a challenge for both energy and climate policies.

Other major emitting sectors like transport, industry, agriculture and buildings will also need to play their part.

For agriculture the challenge will be to reduce emissions while continuing to meet other requirements, including food and bio-energy demands. This shift will also need to take account of the important role that soils play in storing carbon that would otherwise go into the atmosphere.

Finally, while reducing greenhouse gas emissions is key to limiting global warming, we need to act simultaneously to increase our resilience to the climate change that is already under way. We can do so by finding ways to prepare for and adapt to it.

Of course, no one can say for sure whether an individual event such as the recent tragic floods is due to climate change. But what we do know is that extreme weather events in the form of floods, droughts, heat waves and storms are projected to become more frequent and more severe as climate change increases. We also know, for instance, that rising sea levels will threaten flooding and erosion along our coastlines. The city of Gdansk is particularly vulnerable in this respect.

We need to act on knowledge of this kind by taking adaptation measures that can strengthen our resilience against the climate change impacts that will affect us in future. Such measures might involve, for instance, strengthening coastal sea defences and banning construction on river floodplains.

Most measures will need to be decided locally or nationally, which is why it is important that each member state draws up a climate change adaptation strategy of its own. This needs to be based on the most comprehensive and up to date knowledge of the climate impacts that are likely to affect that country. I am pleased that Poland is drafting its own national adaptation strategy and hope that it will be ready soon. European-level coordination on adaptation could bring additional benefits, which is why the Commission is developing an EU-wide adaptation strategy that we aim to implement from 2013 onwards.

Ladies and gentlemen,

Tackling climate change and building the low-carbon economy may sometimes appear a burdensome challenge, but the bottom line is we cannot afford not to do it.

The benefits of strong and early action far outweigh the economic costs. As Lord Stern has put it, tackling climate change is the pro-growth strategy for the longer term.

In this century, no field will see higher growth rates than clean energy and energy efficiency.

So this challenge is also an opportunity for Europe. Let us seize it and ensure we stay at the front of the global race for green growth and jobs.

I wish Poland all the best with your efforts and look forward to working with you on creating a prosperous and sustainable Europe.