

FROM KYOTO TO DURBAN – THE EUROPEAN UNION’S CLIMATE POLICY

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“Climate” and “policy” – less than fifty years ago, these two words were never heard in combination. But at least since June 1992, when about a hundred heads of state and government leaders from all over the world came together at the “Earth Summit” in Rio de Janeiro, the climate has featured on the developed nations’ political agenda. And over the last 20 years, international efforts to fight climate change have intensified in view of the global challenges being faced in the areas of food, migration and security. Europe has claimed a leading role in the talks since the beginning.

At the “Earth Summit”, more than 150 countries signed up to a Framework Convention on Climate Change. This officially recognises the global character of climate change and the need for international cooperation in this area. It also highlights the role of human activity in relation to global warming and sets itself the goal of stabilising levels of greenhouse gases in the atmosphere in order to prevent dangerous man-made climate change.¹

This political step taken on an international level is to some extent based on the findings of the World Climate Council, an international forum of scientists who have been observing and assessing climate change since 1988.² In its last report in 2007 the Council stated that “most of the increase in

- 1 | Cf. UN Framework Convention on Climate Change, Item 2 (New York, 1992). Text available at: http://unfccc.int/essential_background/convention/background/items/2853.php (accessed February 2, 2011).
- 2 | The official name of the World Climate Council is the “Intergovernmental Panel on Climate Change”, IPCC.



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the average global temperature which has been observed since the mid-20th century (...) is very probably due to the observed man-made increase in levels of greenhouse gases".³ The Council also believes there are clear signs of global warming, as evidenced by the increase in global air and sea temperatures, the melting of ice in the Arctic, the more frequent periods of drought and extreme heat, the greater intensity of tropical hurricanes and the rise in sea levels worldwide. According to the report, between 1906 and 2005 average temperatures rose worldwide by 0.74 degrees Celsius. This trend has been accelerating drastically over the last 50 years. It is feared that if temperatures continue to rise there may be negative, even disastrous consequences not only for eco-systems and water resources, but also for human health, agriculture, forestry, industry and society as a whole.

Between 1906 and 2005 average temperatures rose worldwide by 0.74 degrees Celsius. This trend has been accelerating drastically over the last 50 years.

This is why many climate scientists are urging that the rise in average global temperatures should reach no more than two degrees Celsius higher than the pre-industrial era. This has also been set as a clear political goal. At the EU summit in early 2005, European heads of state and government leaders recognised the need for this limit of two degrees in order to meet the overall targets of the UN Framework Convention on Climate Change.⁴

TARGETS AND FUNDING FOR ENVIRONMENTAL POLICIES

The EU's main goal in the fight against climate change is to change lifestyles and consumer habits within its member states without affecting their prosperity. Innovation in this area should lead to sustainable growth and high employment levels. The EU Commission has even talked about a "new industrial revolution".⁵ This should have the

3 | Cf. Intergovernmental Panel on Climate Change IPCC, "Climate Change 2007 – Summary for Policymakers", *Fourth Status Report of the IPCC (AR4)* (Bern/Vienna/Berlin, September 2007), 10.

4 | Cf. EU Council, Meeting of the European Council, Brussels, March 22/23, 2005, "Schlussfolgerungen des Vorsitzes," 7619/1/05 REV 1, CONCL 1, 15-16.

5 | Cf. European Commission "Kommission legt integriertes Energie- und Klimapaket zur Emissionsminderung im 21. Jahrhundert vor", press release, January 10, 2007.

double effect of halting climate change but also improving air quality, increasing energy security and strengthening the EU's competitiveness through the development of green technologies. So an ambitious climate policy should benefit the EU's interests, both economically and industrially. Moreover, the long-term costs of this should be much less than the costs of dealing with uncontrolled global warming on a worldwide scale.

As large amounts of greenhouse emissions are caused by the production and consumption of energy, the European Union's energy policy plays a crucial role when it comes to hitting climate targets. Carbon dioxide emissions are to be reduced, mainly by increasing energy efficiency, limiting industrial and vehicle emissions, reducing the use of fossil fuels and diversifying energy sources, such as the further development of renewable energies.

THE KYOTO PROCESS

The 1997 Kyoto Protocol has up till now been the most important instrument of international climate policy. By signing the Protocol, the developed countries have pledged to reduce their collective greenhouse gas emissions by 5.2 per cent compared to the 1990 level between 2008 and 2012. In order to hit this target, the 15 EU member states at that time were faced with reducing their emissions by a total of 8 per cent. The system of "burden sharing" means that the emission-reduction obligations are distributed among EU members in relation to their economic power. So, for example, Germany has to reduce its greenhouse emissions by 21 per cent by 2012, while Portugal is allowed to increase its emissions by 27 per cent. The new EU member states which have joined since 2004 have set their own targets within the framework of the Kyoto Protocol.

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In order to meet the targets set by the Kyoto Protocol, in June 2000 the European Commission launched the European Climate Change Programme (ECCP). This programme has the aim of supplementing the domestic efforts of EU countries with European strategies. The main outcome of this programme is the EU Emissions Trading

System which was introduced in January 2005 for carbon dioxide emissions (CO₂). This is the first multinational emissions trading system in the world. It is designed to achieve emission reductions at the lowest possible cost. Throughout Europe, around 11,000 industrial enterprises and energy companies are currently involved in the scheme. Together, these companies are responsible for around 50 per cent of the EU's CO₂ emissions. From 2012 the airline industry will also be brought into the Emissions Trading System.

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THE EU'S "3 x 20" ENERGY TARGETS

In 2007 Europe's political leaders made another joint commitment in the area of climate policy. In the framework of the European Council in March 2007, during Germany's EU Presidency, they agreed to an EU Commission proposal dated January 2007 which set out new climate protection goals for the EU. This agreement, known as the "20-20-20" or "3 x 20", comprises commitments by the EU to reduce its total energy consumption by 20 per cent through increased energy efficiency, to reduce its total carbon emissions by 20 per cent and to increase the overall share of renewable energy in total EU energy to 20 per cent. These targets are to be achieved by 2020. The share of biofuels should also increase to 10 per cent. Like the Kyoto Protocol targets, the contribution of each EU country is to be based on its economic capability and emissions levels in order to meet the overall target.

6 | Cf. "EU schafft Kyoto-Ziel: Österreich am weitesten weg", *Kleine Zeitung*, October 12, 2010, <http://kleinezeitung.at/nachrichten/chronik/2514576> (accessed February 2, 2011).

These ambitious goals are the first compulsory targets to be set anywhere in the world for the time after the expiry of the Kyoto Agreement in 2012. In this way the EU is affirming its desire to actively pursue the goal of limiting global warming levels to two degrees and to continue to play a leading role in international climate protection. In order to ramp up global talks, the European Council approved the EU's goal to reduce greenhouse gases by 30 per cent compared to 1990 by the year 2020, "as long as other developed nations commit to similar emission reductions and the fast-growing emerging nations accept their responsibilities and make an appropriate contribution".⁷

THE CLIMATE SUMMITS IN BALI AND POZNAN

In December 2007 the 13th UN Climate Change Conference was held in Bali, along with the 3rd Meeting of the Parties to the Kyoto Protocol. The goal of the conference was to set goals for the negotiations and a timetable for the successor to the Kyoto Protocol, which expires in 2012. The conference culminated in the adoption of the "Bali Action Plan" and the "Bali Road Map". In this way the parties agreed to conduct parallel talks until the 2009 Copenhagen Climate Summit on the specific commitments and contributions of all countries to reduce emissions and on how to fund them until 2012 and beyond.

The "Bali Action Plan" was aimed at all parties to the climate convention, which included the USA.⁸ It stipulated that all the developed nations should be set similar targets, but no concrete figures were set for emission reductions. Instead, a reduction of 25 to 40 per cent by 2020 compared to 1990 was set for developed nations. For the first time, developing countries also made a commitment to take specific steps to combat climate change.⁹

7 | Cf. EU Council, meeting of the European Council, Brussels, March 8/9, 2007, "Schlussfolgerungen des Vorsitzes," 7224/1/07 REV 1, CONCL 1, 12.

8 | However, the USA did not ratify the Kyoto Agreement, despite signing up to it. In 2001 Washington completely withdrew from the Kyoto process.

9 | Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "13. Vertragsstaatenkonferenz der Klimarahmenkonvention und 3. Vertragsstaatenkonferenz des Kyoto-Protokolls," http://www.bmu.de/klimaschutz/internationale_klimapolitik/13_klimakonferenz/doc/40146 (accessed February 3, 2011).

Progress was made in Poznan, in particular the establishment of a fund to give financial assistance to developing countries in adapting to climate change.

The aim of the 14th UN Climate Change Conference, encompassing the 4th Meeting of the Parties to the Kyoto Protocol held in December 2008 in Poznan, Poland, was to advance negotiations on the successor to the Kyoto Protocol and make progress towards the 2009 Copenhagen Climate Summit. Progress was made, in particular the establishment of a fund to give financial assistance to developing countries in adapting to climate change. This included setting up its decision-making structures, finances and procedures for awarding funds. And with an eye to Copenhagen, it was agreed to establish an international safeguard for countries which are particularly affected by climate change.¹⁰ In this way it managed to meet the official prerequisites for the Copenhagen Agreement. In Poznan the EU again stressed its commitment to the two-degree target and the desire to reduce its emissions by 30 per cent compared to 1990 by 2020, the most ambitious industrial target of any of the participants.¹¹

THE EU ENERGY AND CLIMATE PACKAGE

In January 2008 the European Commission presented a package of measures designed to coordinate the individual mechanisms of European climate policy and the 20-20-20 targets. France's EU presidency which began in July 2008 set energy policy as one of its top priorities. In October the European Parliament approved the energy and climate package and a final version was agreed by the European Council at the EU Summit in December 2008, in parallel to the climate conference in Poznan.

The main focus of the energy and climate package is on the future form of the EU emissions trading system. In the run-up to the agreement there was a lot of debate in Europe about how emission permits could be awarded to industries which are very energy-intensive or which are particularly reliant on exports. Companies threatened to relocate their operations to non-EU countries if they had to buy all their emission permits at auction. The EU was determined to avoid this, as it would inevitably lead to

10 | Cf. Christoph Bals, *Klimazug im "Tal des Todes" zwischen Posen und Kopenhagen* (Berlin: Germanwatch, 2009), 4 et seq.

11 | *Ibid.*, 9.

increases in emissions (due to “carbon leakage”), so a compromise was found whereby certain industries were made exempt from the auction system.

All other sectors of industry were told that, as of 2027 at the latest, emission permits will only be auctioned and no longer given out free-of-charge. The aim is to reduce industry emissions by 20 per cent compared to 2005 by 2020. A new phase of emissions trading will commence in 2013, in which the number of permits will be gradually reduced. Rising prices should then offer companies an incentive to stop auctioning permits but instead to invest in greener and lower-emission technologies.

The emissions trading system encompasses around 50 per cent of all greenhouse gases emitted in the EU. Other sectors such as agriculture or small industrial operators have an overall emissions reduction target of 10 per cent by 2020. On top of this, different countries have set their own domestic targets. In addition, for the first time binding targets have been set for the use of renewable energies: by 2020 renewable energies must make a 20 per cent contribution to electricity and heat production, with a parallel 20 per cent drop in overall energy consumption.

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Breaches of the energy and climate package may lead to the European Court imposing legal sanctions, so it has more “teeth” than previous international agreements. It also constitutes a document which the EU can use as a basis for future international climate talks. Above all, the energy and climate package proves that climate policy has become a central theme in the EU, being afforded high priority even when times are hard. The EU now has to face up to the challenge of meeting its 20-20-20 targets. The emissions trading system, with its new phase starting in 2013, will play a critical role in this respect.

COPENHAGEN

The 15th United Nations Climate Change Conference and the 5th Meeting of the Parties to the Kyoto Protocol took place on December 7 and 8, 2009 in Copenhagen, one year on from Poznan and the approval of the European energy and climate package. In line with the "Bali Action Plan", negotiations on international climate protection plans for the period after 2012 should have been concluded in Copenhagen. However, after some difficult negotiating the conference ended with nothing more than a political agreement, the "Copenhagen Accord", which covered certain core elements of future climate policy.

In this Accord, the vast majority of countries confirmed that average global temperatures should not be allowed to increase by more than two degrees Celsius. But the conference failed to provide any binding international agreements or any kind of instrument to allow this two-degree target to be met. The Copenhagen Accord is not a legally-binding agreement but just a political declaration which is "acknowledged" by the party states.¹²

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During the talks, China, India and the USA in particular were not keen to commit to binding agreements. The EU had had high hopes of the climate summit and so found the outcome particularly disappointing. The President of the European Council, Herman Van Rompuy, said at the end of February 2010 that Europe had been left sitting in the corridor while the USA and China struck their own deal. "We were excluded from the crucial deal between the USA and the four major developing countries."¹³ By this he meant Brazil, India, China and South Africa.

So the Copenhagen Accord clearly lagged behind the goals set by Germany and the EU. Earlier there had also been

12 | Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "UN-Klimakonferenz in Kopenhagen – 7. bis 18. Dezember 2009," http://www.bmu.de/15_klimakonferenz/doc/44133 (accessed February 3, 2011).

13 | Cf. address by Hermann Van Rompuy, President of the European Council to the Collège d'Europe, Bruges, February 25, 2010, http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/113067.pdf (accessed February 3, 2011).

discussions within the EU about their joint position: the EU member states were not in agreement about issues such as the financial assistance to be given by the developed nations to poorer countries. Even before the summit, Germany, France and Italy refused to ratify an EU “offer of funding” which was championed by Britain, Austria and the Scandinavian countries. From 2020 the developed countries will be required to provide a total amount of 100 billion Euro per year. The decision was postponed on how much of this total the EU would fund and how the financial burden would be distributed among its member states.¹⁴

Even though the climate summit ended without any binding agreement, it should be stressed that the Accord contains major core elements of climate policy. The German government has called it a first step towards a new agreement for the post-2012 period and would like to implement it without delay. In addition, many developed and developing countries have inserted voluntary goals and actions for the reduction of emissions into the Copenhagen Accord’s appendices. The EU has reiterated its target of 20 per cent fewer emissions than 1990 by 2020 and is even prepared to raise this figure to 30 per cent if other developed nations will commit to similar targets.

It was also agreed in Copenhagen that talks on future climate policy under the Framework Climate Convention and the Kyoto Protocol should be continued until the next climate conference in Cancún. So even though it was not possible to conclude a new agreement, the Copenhagen Climate Conference was not fruitless. It brought forth new initiatives which now have to be started. The EU is still a trailblazer and role model when it comes to climate policy and is the driver of international climate protection. It can also prove that converting to a low-emissions, green economy is both technically possible and economically advantageous.¹⁵

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14 | Cf. “Der Klimagipfel in Kopenhagen. Die Streitpunkte der EU,” *Frankfurter Rundschau*, October 30, 2009, <http://fr-online.de/wissenschaft/klimawandel/die-streitpunkte-der-eu/-/1473244/2695124/-/> (accessed February 3, 2011).

15 | Cf. German federal government scientific advisor on global environmental changes, *Klimapolitik nach Kopenhagen. Auf drei Ebenen zum Erfolg* (April 2010), 7.

CLIMATE TALKS AT PETERSBERG

At the climate conference in Copenhagen, German Chancellor Angela Merkel announced that Germany would host

an Environment Ministers' conference in summer 2010. In view of the fact that Mexico would be hosting the next climate conference from November 29 to December 10, 2010, the 2010 Environment Ministers' conference was jointly chaired by German Environment Minister Norbert Röttgen and his Mexican colleague Rafael Elvira Quesada at the Petersberg in Bonn. The aim of the meeting was to agree a political position before the next round of talks of the UN Climate Secretariat which were due to be held from May 31 to June 11, 2010, also in Bonn.¹⁶

Along with the steps to be taken before the next climate summit in Cancún, other points for discussion were the goals of a post-Kyoto agreement, funding for international climate protection, development of emissions trading and how to slow rainforest destruction in developing countries. The Environment Ministers of 43 countries came together,

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with climate protection initiatives being presented which showed how developed and developing nations can work together on climate change. Germany's Environment Minister Norbert Röttgen promised immediate federal funding to the tune of at least 350 million Euro for the prevention of deforestation in developing countries. He also announced a further ten million Euro contribution to the Adaptation Fund to support emerging nations particularly affected by climate change. And in view of the upcoming climate conference in Cancún, all the Ministers once again expressed their support for the two-degree target.¹⁷

16 | Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Kurzinformation: Petersberger Klimadialog," April 23, 2010, http://www.bmu.de/petersberger_konferenz/doc/45912 (accessed February 4, 2011).

17 | Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, "Röttgen: Neuer Schwung für die internationalen Klimaverhandlungen," May 4, 2010, http://www.bmu.de/pressemitteilungen/aktuelle_pressemitteilungen/pm/45967 (accessed February 4, 2011).

EUROPE 2020

In 2010 the EU continued their efforts in the sphere of European energy and climate policy. As the Lisbon Strategy expired in 2010, the European Council adopted a successor

strategy, "Europe 2020": a new European strategy for employment and growth. Its aim is to encourage a greener economy which uses fewer resources and is more competitive. Up to now the EU has played a leading role in the area of green technologies, and would like to maintain and extend this role. In this way Europe can use resources even more effectively and the EU can become more competitive.¹⁸

Part of the Strategy is to take over the EU's "20-20-20" climate and energy package which came into force in 2009. The idea behind this is that an economy which uses fewer resources has financial advantages. So the European Commission has calculated savings of 60 billion Euro by 2020 on oil and gas imports. Achieving the goal of using 20 per cent renewable energy by 2020 could result in 600,000 new jobs. And if on top of this the EU's 20 per cent increased energy efficiency target is met, this could mean more than a million new jobs.¹⁹

The Europe 2020 goals will be driven forward by seven European Commission flagship initiatives. The "Resource-Efficient Europe" initiative in particular contains important points such as the Commission's plans to create a single European electricity grid and smart grids. It also plans to draw up an action plan on energy efficiency and specifically encourage electric mobility. Every member state has to present its domestic targets and planned actions in support of these plans. Germany has set itself the goal of reducing its greenhouse gases by 40 per cent compared to 1990 by 2020, but it has not yet set an energy efficiency target. It is expected that all national programmes will be

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18 | Cf. European Commission, "Mitteilung der Kommission: Europa 2020 – Eine Strategie für intelligentes, nachhaltiges und integratives Wachstum," March 3, 2010, 17, <http://ec.europa.eu/eu2020/pdf/COMPLET%20%20DE%20SG-2010-80021-06-00-DE-TRA-00.pdf> (accessed February 4, 2011).

19 | Ibid., 18.

announced by spring 2011, at which time Germany will also have to present its specific target figures.²⁰

In November 2010 the European Commission made a call for proposals to its member states for the world's biggest funding programme for demonstration projects to reduce CO₂ emissions and promote renewable energy technologies. This initiative, called "NER-300", will be financed by the sale of 300 million emissions permits with a value of 4.5 billion Euro. It will fund at least eight projects for carbon capture and storage and 34 projects for innovative renewable energy technologies.

CANCÚN

The United Nations Climate Change Conference took place in Cancún, Mexico from November 29 to December 10, 2010, and encompassed the 6th Meeting of the Parties to the Kyoto Protocol. Most politicians had low expectations of the conference after the lack of concrete results in Copenhagen. Connie Hedegaard, EU Commissioner for Climate Action since February 2010, said that she did not expect an agreement to be made on a Kyoto successor until 2011. The President of the European Commission, José Manuel Barroso, also did not anticipate any legally binding agreement to come out of Cancún.²¹

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In the run-up to the conference the EU Council formulated its goals for Cancún. The EU wanted specific actions on emission reduction, adaptation to climate change and deforestation. This groundwork strengthened the EU's negotiating position because it allowed it to push for concrete and realistic actions during the talks. Before the summit began the EU also announced its willingness to extend the term of the Kyoto Protocol. After some tough negotiations the international community reached an agreement which – unlike the Kyoto Protocol – also included the USA, China and other emerging and developing

20 | Cf. Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, *Strategie Europa 2020* (September 2010), http://www.bmu.de/europa_und_umwelt/europa_2020/doc/6424 (accessed February 4, 2011).

21 | Cf. Christian Hübner, *Vor dem Klimagipfel in Cancún* (Berlin: Konrad-Adenauer-Stiftung e.V., 2010), 8.

countries. The two-degree target was officially recognised by more than 190 participating countries, providing a basis for a successor to the Kyoto Protocol. NGOs considered the acceptance of the two-degree target to be a step in the right direction towards a new climate change treaty. Between 2013 and 2015 there will even be an appraisal of how the targets can be adapted to limit global warming to 1.5 degrees Celsius.

In Cancún Bolivia demanded that the international community should agree to a maximum global warming level of 1.1 degrees Celsius. The summit almost collapsed in the face of Bolivia's refusal to accept the joint agreement. Bolivia has announced that it will bring the Cancún agreement before the International Court in The Hague.

First and foremost, the Kyoto Protocol must be carried through. The developed countries want to reduce their emissions by 20 to 40 per cent by 2020; however more specific targets for emissions reduction will not be set until the Climate Conference in Durban, South Africa, in 2011. The USA, China and the developing countries are also required to declare their reduction targets in the framework of an agreement. It was also agreed to set up a climate fund with an initial 30 billion dollars p.a., rising to 100 billion dollars p.a. from 2020. The funds will be managed by the World Bank and used to link climate change with the fight against poverty.

As deforestation is responsible for more than 15 per cent of annual greenhouse gas emissions, an agreement was made on forest protection under the banner "Reducing Emissions from Deforestation and Forest Degradation" (REDD+). Under the terms of this agreement, the developed nations will provide finance to help developing countries protect their forests. This would also particularly include the interests of indigenous people and the maintenance of biodiversity. It is to be decided in Durban in 2011 how this scheme will be funded, whether through the public purse or as part of an emissions trading system.

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German Chancellor Angela Merkel and Environment Minister Norbert Röttgen judged the Cancún Accord to be a success and a sign that the UN process was working. However, Röttgen urged that the EU should set a binding target of a 30 per cent reduction in emissions by 2020. Merkel called the results of the conference a step along the path to a successor agreement to Kyoto. Even Greenpeace said the outcome was a hopeful sign. Nevertheless, environmental groups such as NABU were critical of the fact that the USA, Japan, Canada, Australia and China had hindered the setting of more concrete goals.²²

The challenge is now to make the right preparations for the Climate Conference in South Africa in 2011. This means that countries have to decide how much they can reduce their emissions and how much they are prepared to pay for this. The EU has already held an energy summit on February 4, 2011.

EU ENERGY SUMMIT

At the meeting of the European Council, which was also called the EU Energy Summit, the main focus was on how to boost sustainable growth which would create jobs and meet the targets of the Europe 2020 strategy. The main goal which the 27 member states set themselves was to achieve the internal energy market by 2014, which would include combining gas and electricity networks, setting joint technical standards for electric vehicles and developing smart grids and meters. Investment in energy efficiency should also increase the EU's competitiveness, enhance its energy security and help achieve sustainability with minimum outlay. It was once again emphasised that it is crucial to meet the target of 20 per cent more energy efficiency by 2020. In order to hit this target, the Council will review the European Commission's new Action Plan for Energy Efficiency and if necessary expand it by adding further

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22 | Cf. "Klimakonferenz: In den Jubel mischt sich Jammer," *Focus Online*, December 11, 2010, http://www.focus.de/wissen/wissenschaft/klima/weltklimakonferenz-2010/klimakonferenz-in-den-jubel-mischt-sich-jammer_aid_580806 (accessed February 5, 2011).

points.²³ Particular emphasis will be placed on investments in renewable energy sources and safe and sustainable low-carbon technologies.

In its conclusions, the European Council advocated drawing up a “Roadmap for a low carbon economy 2050” in order to follow the recommendations of the World Climate Council. According to its estimates, the developed countries will need to reduce their greenhouse gas emissions by 80 to 90 per cent compared to 1990 by 2050 – something which will require a “revolution in energy systems”.²⁴

The European Council advocated drawing up a “Roadmap for a low carbon economy 2050” in order to follow the recommendations of the World Climate Council.

OUTLOOK

The goal of reducing emissions by 80 to 90 per cent by 2050 presents the world with an enormous challenge for the future, as the Kyoto Protocol only covers the first five per cent of this target. The EU has traditionally been a trailblazer in the area of climate policy, but in order to live up to this reputation and make an effective contribution to the fight against global warming it still has several hurdles to overcome.

The EU must continue to set itself ambitious goals which give companies in Europe a real incentive to innovate and invest in green technologies. The financial and economic crisis has led to a reduction in greenhouse emissions amongst the industry sectors involved in the emissions trading scheme. But in turn the price for emissions permits has dropped so low that there is currently little incentive for companies to invest in green jobs and technologies. The EU needs to adapt its emissions reduction targets to reflect these changes and set itself the goal of reducing emissions

23 | In November 2010 Energy Commissioner Günther Oettinger presented a 10-year plan for the EU’s energy policy. In it he warned that the EU would not be able to hit its energy-saving targets without using nuclear energy. See: “EU: Energiegipfel über das neue Zeitalter – Teil 2”, *Greenmag*, January 12, 2011, <http://greenmag.de/magazin/meldung/datum/2011/01/12/alles-fuer-sonne-wind-wasser-und-atom-1.html> (accessed February 5, 2011).

24 | Cf. EU Council, Meeting of the European Council, Brussels, February 4, 2011, “Schlussfolgerungen,” EUCO 2/11, CO EUR 2 CONCL 1, 1-6.

If the EU succeeds in showing that it is possible to convert to a green economy without loss of prosperity it will also benefit from its position in economic terms.

by 30 per cent by 2020. This would cost very little more than the previous 20 per cent target²⁵, but would boost the EU's credibility in international climate talks and put the European economy in a good position for the future. At the moment the EU is the market leader in green technologies. If it succeeds in showing the international community that it is possible to convert to a green economy without loss of prosperity it will also benefit hugely from its position in economic terms.

Yet even if the EU achieves all its targets, it still has to rely on the support of the international community. Climate change can only be effectively combated if the biggest polluters – particularly the USA, China and India – are willing to reduce their emissions. The next chance for an international agreement will be at the UN Climate Conference in Durban in December 2011. Until then, every country must accept to make concessions in order to make it possible to agree on a successor to the Kyoto Protocol.

Previous climate summits have shown that small steps are of particular importance when it comes to international climate negotiations. Most participants travelled to the Copenhagen summit with high hopes, but the EU left the conference disappointed that the USA, China, India and some other countries were not willing to share the Europeans' ambitious goals. Most participants then travelled to Cancún with low expectations but with specific proposals for small steps forward. This led to a joint agreement which was supported by all the participating countries.

As trailblazer in climate policy, the EU has to continue to pursue ambitious goals but must also be aware that climate change is not afforded the same importance in other countries. In order to encourage countries like the

25 | Estimates suggest that an increase to 30 per cent would only cost an extra 11 billion Euro compared to the original 20 per cent figure. This represents less than 0.1 per cent of the EU's economic output. And the cost of delaying is high: the International Energy Agency (IEA) estimates that delays in investing in low-carbon energy sources worldwide incurs annual costs of 300 to 400 billion Euro. See: "30 Prozent weniger Emissionen bis 2020," *Frankfurter Allgemeine Zeitung*, July 15, 2010, <http://faz.net/-01d9g0> (accessed February 8, 2011).

USA to get on board, the EU will have to be willing to make compromises. On an international level, Europe needs to be seen as a role model, not as a teacher. If it manages this, then more important progress may be made in Durban in the fight against climate change. But it remains to be seen whether this will be sufficient to succeed in limiting global warming to two degrees Celsius in the long-term.

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