

**EU Climate Policy:
Towards a Copenhagen Protocol in 2009**

Speech

– Check against delivery! – Es gilt das gesprochene Wort! –

Ladies and Gentlemen,

Our generation will be remembered as the first to be given solid scientific evidence of climate change. Last year's comprehensive assessment of global climate research by the United Nations Intergovernmental Panel on Climate Change, the IPCC, was a wake-up call we cannot afford to ignore.

Let me remind you of its three key findings:

-first, the Earth is three-quarters of a degree Celsius warmer than in 1850 and the temperature increase is accelerating,

-second, most of the global warming since the mid-20th century is very likely due to man-made emissions of greenhouse gases,

-third, climate change is already having significant impacts on the environment and particularly on water resources.

Looking ahead the IPCC projects that under a business as usual scenario global warming is likely to increase by a further 1.8 to 4 degrees Celsius over the course of this century. Even a temperature rise at the lower end of the range is likely to be too rapid for many plant and animal species to cope with. And climate change threatens regional and international security, for instance by increasing shortages of food and water in some areas. The IPCC's alarming findings have galvanised the international community into action. Starting early this year negotiations are under way on a new UN climate change treaty for the period after 2012, when the main provisions of the Kyoto Protocol will have expired. As many of you will know, the international

objective is to conclude the new treaty at the UN climate conference in Copenhagen at the end of next year.

Some might think that we should now put these efforts on hold and focus instead on solving the financial crisis. But this is a misleading argument. We can and must address both challenges.

The economic case for taking action against climate change is now well established. The landmark review by Lord Stern has shown that the cost of early action to prevent the worst impacts can be limited to around 1% of global annual GDP. By contrast, inaction – in other words letting unabated climate change take its course - could cost 5%, of global GDP each year.

The way to tackle the financial crisis and the climate crisis together is to make climate change and the modernisation of our energy infrastructure a strategic focus of the economic stimulus measures now being put in place. This is a major opportunity to break our addiction to fossil fuels and to reorient investments towards the low-carbon global economy.

As President Barroso said last week, to create growth and jobs that last, we need to respond to the crisis by speeding up, not slowing down, Europe's agenda for tackling climate change. I strongly support his intention to make climate change, energy efficiency and environmental protection part of the European recovery plan that the Commission will present on 26 November.

Ladies and gentlemen,

The European Union has a clear vision of what the future UN climate treaty must achieve. It must limit the increase in global temperature to no more than 2 degrees Celsius above pre-industrial levels. Science is warning us that this is the danger threshold beyond which sudden, irreversible and possibly catastrophic climatic changes will become much more likely.

To keep within a 2 degree temperature increase, the world's greenhouse gas emissions will need to be cut by at least half of their 1990 levels by the middle of this century.

Industrialised countries have a duty to take the lead in this effort, but to succeed we will also need action by the emerging economies.

As a first step to get global emissions on the right track, developed countries will have to reduce their collective emissions by 30% of 1990 levels by 2020. The EU's heads of state and government have made a commitment that the European Union will cut its emissions by this amount provided that our developed world partners commit to comparable reductions under the new global treaty. It is time they started moving in this direction.

We are also committed to cutting our emissions by at least 20% over the same period, regardless of the outcome of the international negotiations.

This is a clear demonstration of the EU's leadership and determination to take serious action against climate change. But it also in our own interest. EU leaders have recognised that transforming Europe into a highly energy-efficient, low-emission economy is a win-win scenario that will make Europe more competitive in the longer term.

The climate and energy package of legislation now being intensively discussed in the Council and European Parliament will put in place the concrete measures to deliver on these emissions cuts, as well as on our associated goal of increasing the share of renewable energy to 20% by 2020.

It is essential that both institutions stick to their objective of reaching agreement on the package next month. The economic downturn makes these measures more necessary than ever. The package represents a 'green' New Deal that will put Europe firmly on the road to becoming a low-carbon economy and give us a first mover advantage over other regions that have yet to seize the initiative. It will enhance our energy security, increase the competitiveness of European industry and create high quality 'green collar' jobs.

Moreover, Europe's leadership is also vital to prospects for getting a strong international agreement in Copenhagen next year. The credibility of our negotiating position depends on having the domestic legislation in place to achieve our ambitious targets. If discussions on the package continue into next year we will run a serious risk of not having the legislation adopted before the European Parliament elections in June. In that case it will be all but impossible to do so before Copenhagen.

As I see a number of Members of the European Parliament around the table I would like to use this opportunity to thank you for the tremendous support the Parliament has shown for the package. I count on you to help achieve a good agreement in December.

Ladies and gentlemen,

Let me briefly point to three aspects of the package that are of particular relevance to the international negotiations.

First, our Emissions Trading System, which we are proposing to broaden and strengthen. The ETS is our key tool for achieving emission reductions at least cost. It is also the most important driver of the global carbon market, which we are convinced must play a central role in a post-2012 climate agreement. The improvements to the carbon market we want to see include reinforcing the role of the Clean Development Mechanism and the creation of innovative new mechanisms.

Second, our energy policy: by boosting renewable energy, energy efficiency and carbon capture and storage, Europe is promoting the key technologies that the world will need to make the deep emission cuts that are necessary.

Third, the package is based on the principles of cost-effectiveness, fairness and solidarity. Our 27 Member States have very different economic capabilities.

To reflect these differences we have proposed differentiated national targets for cutting emissions from sectors outside the ETS and for renewable energy. These take account of each country's relative wealth as measured by GDP per capita. We are, in fact, giving practical effect within the EU to the

UNFCCC principle of "common but differentiated responsibilities and respective capabilities."

In the context of a new international climate agreement, I believe this approach could serve as a model for a fair distribution of the effort among economically diverse countries. It would allow poorer countries to continue to grow while limiting their emissions.

The package demonstrates Europe's leadership but we cannot solve this global challenge alone. We need to start seeing bold action by the rest of the developed world as well. I am confident that under President-elect Obama the United States will now fully engage and play a constructive role in developing the future treaty. This promises to change the dynamic of the negotiations in a very positive way.

The size of the US's economy makes its involvement crucial if we are to tackle climate change effectively. The position of the US will also be key to bringing developing countries on board a new global agreement. This is essential because by 2020 at the latest emissions from developing countries will overtake those of the industrialised world.

Developing countries, and particularly the big emerging economies, need to set up ambitious national strategies to limit their emissions. Recent scientific research shows that developing countries as a group will have to reduce their emissions by 15 to 30% below business as usual if we are to stay within the two degrees warming threshold. Major players such as China and India are gradually putting in place climate and energy policies. We need to encourage them further and support such moves, both bilaterally and multilaterally.

International finance must also respond to the climate challenge. That is one reason why, in the context of the climate and energy package, the debate about the use of auctioning revenues from the ETS is highly relevant for the international architecture of the future treaty.

Ladies and gentlemen,

Progress in the international negotiations so far has not been as rapid as we would have liked. At the UN climate conference in Poznan next month the negotiations need to reach cruising speed so that they will have the necessary momentum to produce the new treaty at the end of 2009.

In particular, Poznan must send a very clear signal of the urgency of the negotiations by adopting a detailed work programme for next year. We also need to make solid progress towards the adoption of a shared vision for the Copenhagen treaty, including emissions targets for 2020 and 2050. And we want to see a constructive review of the Kyoto Protocol that strengthens it as a key pillar of the new treaty's architecture.

I began my speech by saying that our generation will be remembered as the first that was given solid scientific evidence of climate change. I believe it is our responsibility to ensure that we are also remembered as the generation that acted decisively on this evidence.

The Copenhagen treaty is our chance to do this – and it is probably our last chance before climate change becomes unstoppable.

Despite the slow start to the negotiations and the tight timetable we have set ourselves, I am confident that with resolve, cooperation and imagination we can reach an agreement that delivers the ambitious global action that is needed.

Europe is showing its determination to turn the dual challenges of climate change and energy security into economic opportunities. I believe others will follow our example.

I would like to thank you for inviting me today and I look forward to our discussion.