

WALTER HALLSTEIN-INSTITUT FOR EUROPEAN CONSTITUTIONAL LAW



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**CLIMATE CHANGE IN TIMES OF THE ECONOMIC CRISIS –
THE PATH TO A SUCCESSFUL CLIMATE CONFERENCE IN
COPENHAGEN**

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- CHECK AGAINST DELIVERY -

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Minister *Gabriel*,

Ladies and Gentlemen,

First of all let me thank you for this invitation to talk about a subject close to my heart and which is a challenge we all have to face. As summer is just starting, the Copenhagen conference in December may seem far off. But the clock is ticking and we have very little negotiating time left.

Let me begin by putting Copenhagen in context. We often hear that climate change is the "defining challenge of our age". This cannot be more accurate.

Climate change is not only a problem for our children and grandchildren to worry about in decades to come. It is already happening, and its effects already need to be addressed now. The changes have already begun, they are accelerating and we know that they will worsen if we do not act now to reduce emissions.

Glaciers are shrinking in Europe and around the world, in the Andes, the Himalayas, and Greenland. Sea levels are rising, and even under the most optimistic scenarios, they will continue to do so for decades to come. We know there will be a one-metre rise: we also know that rise could be far greater, if there is a rapid break-up of the Greenland or West Antarctic ice sheet.

The world is already seeing shifts in patterns of agriculture, and water shortages are a growing cause of security crises in various regions. Darfur is an example of that. The range of tropical diseases is spreading: a recent report by the Wildlife Conservation Society in the US identified the so-called "dirty dozen" – twelve diseases that could cause havoc as a result of changing patterns of temperature and precipitation. And as we know to our cost in Greece, heat waves in Europe are becoming more frequent, bringing higher rates of mortality and forest fires. Australia lived through this earlier on this year, suffering the most deadly bushfires on record.

And the impacts on our economies and social fabric will be no less severe. The threats it poses to human life and our economies are simply unprecedented.

The temperature has already risen by almost 0.8 of a degree. To avoid the worst impacts of climate change we have to keep global warming to less than 2 degrees above the pre-industrial temperature. That means we have only a margin of 1.2°C!

There is no doubt, we have all information we need to conclude that this is time for decisive and urgent action: as we know, the window of opportunity is very limited and the more we wait, the higher the risks and the costs will be.

Scientists tell us that if we fail to stabilise and then cut global emissions of greenhouse gases, we will see irreversible and possibly catastrophic levels of climate change within the lifetimes of many people here today. All the projections in the Fourth Assessment Report from the UN's Intergovernmental Panel on Climate Change, the IPCC, point in this direction. And the most recent scientific evidence suggests that the worst-case scenario may be the most likely one.

I began by saying we were concerned with the realities of 2009. And there is of course another frightening challenge that we face every day. Economic indicators around the world are showing persistent downward trends. We might have escaped a financial meltdown, but we are still living through a global recession and decline in international trade.

Some are voicing concerns about the cost of "environmental measures" and proposing to postpone action until better economic times. I think that the logic is faulty: we cannot put climate change on hold and wait for the good times to return. Let's act now on climate not to add yet another crisis to the economic or financial crisis!

First, we know that non-action will be much more costly. Second, tackling climate change is part of the solution: this is an opportunity for change. Acting on climate change will build a bridge to economic recovery. The economic and environmental challenges can be tackled together and lay the foundations for a low carbon economy to the benefits of all.

What we need is a sustainable growth, founded on sustainable energy and climate friendly production and consumption. That means moving away from the old-fashioned, carbon-dependent technologies that cause the climate crisis, and embracing alternatives that are less harmful for the environment.

The economic arguments for taking action are as compelling as the scientific case.

It's now three years since Lord *Stern* produced his review of the economics of climate change. And that striking figure still sticks in the mind: if we pay 1% now, we will save up to 20% of GDP in the longer term. Subsequent reports, from McKinsey, the International Energy Agency, and the Intergovernmental Panel on Climate Change, have confirmed the estimates of what we need to pay now: although Lord *Stern* has since said he may have underestimated the consequences and costs of any failure to act.

The changes we need will bring big economic opportunities, but the biggest gains will go to those who move most quickly. That's why the EU needs to push home its first mover advantage, and consolidate its leading position in the energy efficient and low carbon technology markets.

The win/win/win opportunities – for energy savings, for the competitiveness of our green industry and for climate change – that will arise from reducing our GHG emissions by at least 20% by 2020 were shared by all in the EU. And this explains why the climate and energy package proposed by the Commission at the beginning of last year was successfully adopted in December 2008.

And I am truly convinced that we need to do even more to support our growing green industry on world markets: this is one of Europe's strength that we need to further reinforce and sustain.

We know that Germany shares that ambition. In the space of a decade, you have become world leaders in renewable energy technology. Last year we learned that almost one quarter of the world's wind power is now in Germany, and astonishingly, roughly every third wind turbine and solar photovoltaic cell in the world is made in Germany. You are also blazing a trail with carbon capture and storage technology.

And you are proof that green technology means jobs. The BMU [Federal Ministry for the Environment, Nature Conservation and Nuclear Safety] has predicted that employment in the renewables sector will grow to 400,000 jobs by 2020. And those are conservative figures. Other scenarios are even more optimistic: a Roland Berger study last year concluded that Germany should have 400,000 to 500,000 people employed in renewables by 2020 and 710,000 by 2030.

Investment in infrastructure, energy efficiency, and clean car technology will support vulnerable industries in intelligent ways, preparing them for the markets of the future, and not simply propping them up for markets that are fading into the past.

These are exciting opportunities and we need to focus our energy on ways and means to consolidate the leading position of our green industry world wide. And for this we notably need strong and ambitious climate policies at the global level as well as at the domestic level.

Ladies and gentlemen, however much we boost our economies, we cannot tackle climate change alone. We can only do it in the context of an international agreement. When Lord *Stern* came up with the figure of 1% of GDP, he wasn't talking about Europe. He was talking about a global effort. And Copenhagen is where that global effort needs to be agreed. That is the challenge of 2009.

Preparations are now well under way and negotiating texts have emerged. This is of course good news but it is also clear to me that, considering the time left before Copenhagen, the pace of negotiation now needs to accelerate.

On the positive side, there is growing convergence on the need to keep global temperature increase below 2°C and, for the long term, to reduce global emissions by at least 50% by 2050. But we also critically need action in the midterm: robust commitments from developed countries based on IPCC recommendations, together with further contribution from developing countries with a view to significantly reduce their emissions compared to business as usual.

I acknowledge that there are encouraging developments on both sides: the US is back at the table and President *Obama's* personal commitment for both domestic action and an international agreement has amounted to a sea change compared to the previous administration. On the other side, many emerging economies are also putting in place climate and energy policies and this should be duly recognised and supported. This is a good start to build upon.

As President *Calderón* said recently in Mexico at the occasion of the last meeting of the Major Economies Forum, time has come to overcome the catch 22 situation that prevailed in between developed and developing countries for years: time is for action by all, based of course on the principle of common but differentiated responsibilities. Developed countries shall continue to lead and commit to robust, science-based and comparable mitigation emission reductions by 2020, while developing countries, and notably emerging ones, shall start reducing the emission intensity of their economic growth, supported by finance and technologies as agreed in Bali.

I believe that time has come for some political momentum to be injected into these negotiations, a positive signal from our leaders that convergence is growing and that we are all still on board for an ambitious and comprehensive agreement to be reached at this end of this year.

The G8 and Major Economies Forum meetings that will start in a few days in L'Aquila in Italy should help bring that convergence and momentum. There will then be other events such as the High Level Event called by *Ban Ki-moon* on 22nd September or possibly a G20 meeting, which should also allow for the necessary political dialogue as we get closer to Copenhagen.

Success will come when we accept our respective responsibilities and the reality of each others' needs. We must agree to major cuts, which must be matched by a willingness to cooperate with emerging economies and to seriously address adaptation.

We also know that there will not be a deal in Copenhagen without finance and the EU has consistently made it clear that it is willing to contribute its fair share as part of an international agreement. This also means that we need to see proper and effective governance structures and get reassurance about "value for money": we are ready to finance performance-based actions that will be duly monitored, reported and verified.

I am confident that developed countries will produce more ambitious pledges as the deadline nears. That will come when a clearer picture of the commitments to be made by developing countries begins to emerge.

Minister *Gabriel*, to conclude, the world is expecting us to deliver. Citizens are expecting their leaders to act and agree since the environmental and the economic cases are strong and clear.

Europe is determined to play its part and to lead the way. But we now need others to follow suit, guided by the level of efforts that science tells us is necessary to limit climate change to 2°C.

I am confident that common sense and wisdom will prevail at the end of the day.

Thank you.
