

Chicago Council on Global Affairs

Embracing the Future: The Midwest and a New National Energy Policy

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Prospects for an international agreement to curb climate emissions

Presentation by Angelos Pangratis

European Union's vision for climate policy and the Copenhagen conference in December

First - why the fight against climate change must remain an urgent priority.

All the projections in the latest IPCC assessment - global warming will exceed the danger level of 2 degrees Celsius above the pre-industrial temperature unless worldwide emissions of greenhouse gases are cut deeply.

Window of opportunity for avoiding dangerous climate change is closing fast. Copenhagen agreement is almost certainly the world's last chance to put global emissions onto a trajectory that can keep us out of the danger zone.

Failure to prevent dangerous climate change will cost far more – between 5% and 20% of global annual GDP, Lord Stern. Delay will only increase the cost and decrease the chances of success.

Economic recession – and the stimulus measures needed to counter it – have turned out to be a golden opportunity to accelerate investment. European Economic

Recovery Plan – similar to others in U.S., China, South Korea - designed to boost the economy through investment in energy efficient technologies and renewable energy leading to lower-carbon growth and green jobs.

EU commitments

Our measures have sent a strong signal of the EU's leadership and determination to get a strong outcome in Copenhagen. By 2020:

- our emissions will be 20% lower than in 1990
- 20% of our energy from renewable resources
- reduced energy intensity by 20% and
- carbon capture and storage technology into the mainstream

No other part of the world has such ambitious targets and the measures in place to meet them.

Must also strengthen the resilience of all sectors of the economy against the climate change that is inevitable - adapting to climate change is an indispensable complement to mitigating global emissions. Climate change is already aggravating the damage being done to ecosystems and biodiversity on which our economic and social well-being ultimately depends. We desperately need healthy ecosystems because they play a major role in regulating the climate – just think of the billions of tonnes of carbon the Amazon rainforest sequesters – as well as in facilitating adaptation.

The prospects for achieving a new global climate agreement in Copenhagen and the EU's role in achieving success...

Warnings that science is giving us quite simply mean we cannot afford to fail. International re-engagement of the United States under President Obama and its determination to put in place domestic climate legislation mark a sea change that has greatly improved the prospects for success in Copenhagen.

The European Union has been developing its position on post-2012 action since as far back as 2005. Commission's 'Copenhagen communication' of 28 January.

Time does not allow me to go into all the details - four key elements:

Firstly, developed countries as a group must take the lead in reducing emissions by committing to a collective emissions cut of 25-40% below 1990 levels by 2020. To be shared out fairly with comparable levels of effort based on countries' capability and responsibility. We have proposed a balanced set of criteria against which the comparability of national targets can be measured.

Australia's decision earlier this week to scale up its emissions reduction target to 25% below 2000 levels if other developed and developing countries agree to take strong action in Copenhagen is a very encouraging development. Other developed country Parties should take another look at their own targets.

Secondly, we will lose the battle against climate change unless developing countries - and particularly the major emerging economies - also mitigate their rapid emissions growth. This was [implicitly] recognised in the Bali Action Plan

when developing countries agreed to take 'nationally appropriate mitigation actions.' Developing countries' collective emissions will need to be some 15 to 30% below business as usual levels in 2020 -this will still enable developing countries to continue growing their economies. Developing countries should draw up and implement national low carbon development strategies setting out mitigation actions for each key emitting sector. Identify the actions to limit emissions that can be implemented using domestic resources and those for which external financial and technical support would be needed.

○ The third key element is finance. This is the issue that will make or break the Copenhagen agreement. The developed world will have to substantially scale up its financial and technological support to help developing countries address both the mitigation of emissions and adaptation to climate change. The EU is committed to taking on its fair share of this funding, to come from a mix of public and private sources, including an expanded international carbon market. It is a difficult debate that is not made easier by the financial and economic crisis, but EU committed to settling its position well in advance of Copenhagen.

○ Fourth and finally is the need for a global carbon market - essential for achieving at least cost the deep global emission cuts that are required. Can also be a major source of the additional financing needed. In the EU, at least half of the revenues from the auctioning of emission allowances should be used to combat climate change, both at home and abroad. Vision for all developed countries to have domestic cap-and-trade systems in place by 2013 to be linked up to form an OECD-wide carbon market by 2015. The discussions now under way on setting up a US federal cap-and-trade system are very encouraging and hold out the potential

that a transatlantic carbon market could become the engine room of an evolving global system.

Offsets

We also want to see the Clean Development Mechanism substantially reformed so that it credits only those projects that deliver real additional reductions and that go beyond low cost options. Moreover, for highly competitive sectors in the big emerging economies the CDM should be phased out and replaced by a sectoral crediting mechanism that would generate credits once a whole sector does better than an agreed emissions benchmark. Sectoral crediting mechanism should pave the way for developing countries to introduce cap and trade systems of their own from around 2020.

Getting to an agreement

In Bonn at this very moment comprehensive draft negotiating texts are on the table. But little face-to face negotiating time in the UNFCCC format before Copenhagen. So, we must take full advantage of the parallel processes - such as the G8 and Major Economies Forum summits in July and the climate summit that will be held in connection with the UN General Assembly meeting in September.

The European Union is at once ambitious and realistic. But we are also an honest broker in this process. We will work with all Parties to facilitate the successful outcome in Copenhagen that is vital if we are to prevent dangerous climate change.