

Speech given by Commissioner Dimas

“Developing the European Climate Change Programme”

Dear Minister Morley,
Mr Wijkman,
Ladies and gentlemen,

Welcome to the launch of the Second European Climate Change Programme. We are meeting here today to give a new push to EU Climate Change Policy. It is time to take stock of what we have achieved and how efficient we really are in delivering on our Kyoto reduction target. It is also necessary to look at the future - the post 2012 regime – where deeper emission cuts will be necessary. To achieve these cuts, we will need new initiatives and measures, covering topics that have not yet been addressed in our current climate change policy, as well as new technologies. Drawing lessons on the efficiency of our current climate policy and, on this basis, set a new policy framework for EU climate change policy beyond 2012 are the overriding objectives of the Second Climate Change Programme.

I would like to thank you for coming here in such great numbers. Climate change is an issue that concerns us all. Only through joint actions will we be able to make a difference – the Commission need your expertise to be able to design efficient and workable policies. I therefore take this opportunity to thank you for your open and constructive approach and look forward to working with you in the months ahead of us.

(ECCP I):

The European Climate Change Programme, launched in 2000, set out 42 innovative measures to reduce greenhouse gas emissions. At the time, many of these were seen as very ambitious – but, 5 years later, it is clear that the EU has delivered. Nearly all of the announced measures are now in place.

This is estimated to reduce the EU's emissions of greenhouse gases by 350-430 million tonnes in the EU-15. In absolute numbers, this roughly corresponds to the EU-15's Kyoto reduction target of minus 8%.

For example, we are requiring Member States to set tougher energy efficiency standards for new buildings. This is an area where important emission reductions can also lead to significant economic benefits. Carmakers have committed themselves to reducing the CO₂ emissions of the cars they sell in the EU by a quarter of 1995 levels by 2009. We are pushing for higher levels of renewable energy production and more combined heat and power generation. And we now have a framework for energy efficiency standards for energy-using products.

The EU's flagship is, as you know, the EU Emissions Trading Scheme, which successfully kicked off on 1 January of this year. With the Emissions Trading Scheme, the EU has created a new currency based on tonnes of CO₂ and a new market - in emission allowances. Never before has the EU used a market-based instrument on such a scale to achieve an environmental goal. It is still early days, but the financial potential of the future market is significant: the estimated 150 million allowances traded so far in 2005 have a financial value of some 3 billion euros.

The first experiences with emission trading clearly encourage us to look further at the potential of market-based mechanisms. The EU believes that these should be a part of any future international climate change regime post-2012.

(Current trends and future reduction needs:)

So, having these measures in place, where do we stand today in terms of emissions and our Kyoto target? The latest data show that greenhouse gas emissions from the EU-25 are 5.5% below their level in 1990. That is the good news. But between 2002 and 2003 emissions increased by 1.5%

With current measures, the EU is estimated to achieve an overall reduction of 4.1% by 2008-2012, as such a good result – but not enough. More work is clearly necessary if we are to reach our Kyoto target.

Also, the Kyoto Protocol can only be a first step. Current science indicates that we need much greater reductions if we want to limit the extent to which our climate will change. In March, the European Council mentioned possible reduction pathways for developed countries in the order of 15-30% by 2020.

That is where the second European Climate Change Programme comes in.

(ECCP II:)

The Second ECCP will provide a new policy framework for EU climate change policy, with a scope and perspective beyond 2012.

The first, shorter term goal of the ECCP II is to review the progress we have made so far. We want to take a close look at the concrete implementation of EU policies in the Member States. This will give us more precise and specific information about *actual* progress in the Member States. We will set up a working group on this topic, which will provide the Commission with guidance and recommendations for further work.

Then, we need to look at the future. One area of specific concern is transport. Transport emissions are now 20% above their 1990 level, and rising. There is a clear need for a comprehensive and integrated strategy to consider the contribution of various players, such as oil companies, car manufacturers, the public authorities and private vehicle owners in a joint effort to curb the on-going trend. A second working group will therefore look into passenger road transport.

Regarding aviation, you know that the Commission has just published a Communication proposing a way for the aviation sector to participate in efforts to combat climate change. Although aviation's

share of overall greenhouse gas emissions is still modest at around 3%, its rapid growth is undermining progress made in other sectors. For that reason, we are proposing that aviation should be incorporated into the EU Emissions Trading Scheme. In a third ECCP working group, the Commission will work with stakeholders on the technical issues so that a legislative proposal can be put forward in 2006.

There is no solution to climate change without innovative technology. In February, the Commission announced new exploratory work on geological carbon capture and storage. This technology has attracted increasing interest over the last few years. The first concrete plans from the private sector in the EU are now on the drawing table. In the context of the recently launched EU-China Partnership on Climate Change, we are cooperating to build a zero emission power plant in China.

These initiatives show there is a need for a legal framework to enable the use of this new technology, as well to ensure adequate guarantees for its environmental integrity. This is going to be a topic of a dedicated ECCP working group.

Finally, we know that a certain degree of climate change is inevitable, it is already happening. Extreme weather events that are linked with the changing climate will come with high costs. A recent study from the British Insurance Industry is the first ever to examine the financial implications of climate change on the basis of insurance catastrophe models. Just to quote a few figures: by 2080, average annual losses due to storms in the Northern hemisphere would increase by two-thirds, to 22 billion € annually. Annual costs from flooding in Europe could increase to 100-120 billion €.

It is our responsibility to prevent and reduce the human suffering and economic consequences of such events to the extent possible. The time has come for the EU and the Member States to engage more actively in policies that will help us adapt to the inevitable effects of climate change and soften their impacts. Under ECCP II, we would like to identify good practice in the development of adaptation policies, foster learning, and define more precisely how the EU can assist

national and regional authorities. This will be the task of the fifth working group.

Let me also assure you that the programme will continue to respect the ECCP principles of stakeholder consultation, transparency, cost-effectiveness and integration of climate change measures into all relevant policy areas. This is why all working groups comprise a wide range of different stakeholders, stemming from many different interests.

(Conclusion:)

Ladies and Gentlemen, with the launch of the Second ECCP, the European Union will explore new ground in the fight against climate change. It confirms our commitment and leadership.

This is not just leadership for the sake of leadership, or because we think we can fight climate change on our own - we clearly can't. The EU's commitment and success has been an inspiration to our global partners. Without it, it is very likely that the Kyoto Protocol would not have entered into force.

The upcoming conference of the Parties to the UN Convention on Climate Change at the end of November in Montreal will bring together 189 governments. The EU's ambition is to initiate a process that will lead to international negotiations on a future global climate change regime.

Both in Montreal and in the future negotiations, the EU should adopt an open and constructive approach. But our overriding objective will be to achieve reductions to keep us on a path to limit the global temperature increase to 2°C above pre-industrial level, which is the degree that is manageable according to current science. It is too much to expect full agreement to be reached in Montreal on all the core elements of a future climate change regime. But Montreal can be a stepping-stone on the road towards a global consensus.

Ladies and Gentlemen, the climate challenge facing us is considerable - but there are cost-effective solutions and opportunities if we act now. The EU is determined to continue to lead from the front in pushing for global action.

Today, we will begin to set the foundations for our future policies. I hope that this will be a productive and successful endeavour.

I thank you for your attention.