

José Manuel Durão Barroso
President of the European Commission

20 20 by 2020: Europe's Climate Change Opportunity

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The work of the European Union is sometimes seen as rather technical. As cut off from daily concerns. Interesting to specialists, but not relevant to people's daily lives.

The action we are discussing today proves this theory wrong. The struggle against climate change and the quest for secure, sustainable and competitive energy touches on every European, every day.

That is why we can all sense a real shift in attitudes. Europeans want a vision, and a plan of action.

The vision was set out last year with leadership from the European political community. It was consolidated by European leadership at the Bali Conference. Now we will show how a modern economy can be designed to meet the challenge. This is sustainable development in action.

The unswerving commitment of this Parliament to this cause has been essential. Your work over the past year has been critical in building the political momentum in favour of action. I believe that today's proposals match the goals that you have set out, as well as meeting the mandate given by the European Council last March.

Today's package adds up to a detailed roadmap to bring about the political vision agreed last year.

To bring about a 20% cut in our greenhouse gas emissions by 2020, and be ready to step up to 30% with an international agreement.

To reach 20% of energy use through renewables by 2020.

The package includes:

An updated Emissions Trading System to create a borderless ETS to drive cuts in greenhouse gas emissions from big industrial emitters.

Specific, binding national targets so that member States know exactly what they have to do outside the ETS, in sectors like transport, buildings, agriculture and waste.

A new approach to actively promote renewable targets, again including binding national targets.

New rules to stimulate carbon capture and storage, tomorrow's technology to cut emissions.

New state aid rules.

Part of our mandate was the 10% target for biofuels, so that transport plays a part in emissions cuts. I want to be clear that in putting forward proposals on biofuels, we have also fully respected the other side of the mandate, the need for environmental sustainability.

So the proposal creates the most comprehensive and sustainable system anywhere in the world for the certification of biofuels – and for domestic and imported biofuels alike. We will also continue to promote the rapid development of second generation biofuels.

The key principles

The package of measures proposed today is the most far-reaching legislative proposals to be made by the European Commission for many years. How did we set about shaping this complex package? We spent a lot of time exploring options in great detail. But we always held firm to five key principles.

First, respecting the targets. Without this, we will not look serious, to investors, to our negotiating partners, and most importantly, to our citizens.

Second, fairness, recognising Member States' different capacities to invest and their different starting points.

Third, competitiveness, designing a system able to minimise the costs to the European economy.

Fourth, the proposals had to be designed to promote a comprehensive international agreement to cut greenhouse emissions, including stepping up our own effort to 30% emissions cuts.

And last but not least, we must also start work now to halve global emissions by 2050. This means working today to bring tomorrow's technology rapidly on stream.

The economic arguments

Of course there will be those who say that change comes at too high a cost, that we have no choice except to put our heads in the sand and hope for the best. I think they have got this wrong. There is a cost, but it is manageable.

We have worked very hard on coming up with the right design to meet Europe's ambitions in the right way. So the additional effort needed to realise the proposals would be to less than 0.5% of GDP by 2020. This amounts to about €3 a week for everyone. A real commitment, but not a bad deal. Even on the most optimistic assumptions of the Stern Report, the cost of inaction is more than ten times that. And every day the price of oil and gas goes up, the real cost of the package falls. Instead of costs, we really should be talking about gains for the EU.

The package is hard-wired to reach our goals in an efficient way, using the market to drive change where it is most cost-effective, ensuring a level playing field while leaving as much as possible to Member States.

We have paid particular attention to fairness. We have therefore designed the proposals to ensure that the call on the poorer Member States is realistic - all will contribute, but in line with their capacity to invest.

At the level of business, we all know that there are sectors where the cost of cutting emissions could have a real impact on their competitiveness against companies in countries which do nothing. There is no point in Europe being tough if it just means production shifting to countries allowing a free-for-all on emissions. An international agreement is the best way to tackle this - but we also need to give legal certainty to companies that we will take the action needed. So energy intensive industries would have ETS allowances free of charge. And if our expectations about an international agreement are not met, we will look at other options such as requiring importers to obtain allowances alongside European competitors, as long as such a system is compatible with WTO requirements.

Fairness is also important at the level of the citizen. We are encouraging Member States to act in a sensitive way, such as using a share of the billions of euros to be gained in auctioning revenues to help the less-well-off to invest in energy efficient homes.

But we must not forget the huge economic opportunity represented by Europe's transition into a low-emissions economy. Europe's leadership also means showing how the technology is there, how we will need an effective and competitive industrial sector up to the challenge. There are real opportunities there: the renewables sector alone will bring one million jobs by 2020. I am sure that once again, European industry will show its ability to innovate and adapt. Europe can be the first economy for the low-carbon age: we must seize this chance.

Conclusion

This package represents an opportunity for Europe to show itself at its best. Tackling an issue of fundamental long-term importance. Using the EU's continental scale to best effect. Turning political consensus into practical action. As this Parliament starts to look at these proposals in more detail, I look forward to working together to give Europe the right platform to address the climate and energy challenges of the 21st century.