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Presented at the SAIIA conference "Climate Change and Trade: The Challenges for Southern Africa"

26 October 2009 - Pretoria, South Africa

Good morning Ladies and Gentlemen,

As we convene today there is only 50 days to COP15 in Copenhagen. That is not a long time, and the issues at hand are complex, filled with science and emotions – but also hard economic and environmental facts.

The questions are: Where are we, and how do we get to an ambitious international agreement on climate change in Copenhagen in December?

Let us get some of the facts on the table:

- COP15 is a UN climate conference which is hosted by the Danish Government in Copenhagen 7-18 December 2009

- It follows earlier COPs, the latest being COP14 in Poznan, Poland in 2008, and the first being COP1 in Berlin, Germany in 1995.

- The COPs are meetings for countries who are signatories to the United Nations Framework Convention on Climate Change, which was agreed to in Rio in 1992.

- Linked to the United Nations Framework Convention on Climate Change is the Kyoto Protocol, which was agreed to in 1997 during COP3.

- The Kyoto Protocol amongst others introduced binding CO2 emission reduction targets for 37 industrialized countries, among them my country, Denmark.

- The Kyoto Protocol's first commitment period runs out in 2012; <u>something needs to be in place to take over</u> in 2012.

- Although the Kyoto Protocol is generally seen as an important <u>first step towards a truly global emission reduction regime</u>, one of the shortcomings of the Kyoto Protocol is that major industrialized countries and CO2 emitters like the USA are not parties and hence have no binding CO2 reduction obligations.

- <u>Another problem</u> is that major emerging economies and CO2 emitters like China and India – and South Africa – did not accept binding CO2 emission reductions under the Kyoto Protocol.

So what is the challenge in Copenhagen?

Science agrees that the World has to move swiftly and with ambition to deal with climate changes, and we therefore need a new regime to replace the Kyoto Protocol that is not only ambitious in its emission reduction targets, but also able to gain the support of all countries, including the major emitters – from industrialised countries, over emerging economies to the least developed countries on the globe.

More ambitious and more inclusive at the same time - that is truly a great challenge!

What is it, a deal in Copenhagen must do?

- It must ensure that rich industrialised countries take the lead and commit to ambitious binding reductions in CO2 emissions.

- It must enable and encourage emerging economies, including China, India and South Africa, to take a cleaner path to prosperity by limiting its growth in emissions.

- It must also find ways to assist the least developed countries - that will be hit severely with only few means to respond - to be able to adapt to and mitigate the consequences of climate change.

- And, it must find a way to strengthen the institutional architecture around a new regime, including finding a way to manage the flow of funds from the industrialized world to the least developed countries.

There is no doubt that finance is key in reaching an agreement. Denmark is already assisting poor countries in many different ways to cope with climate change and we are committed to do more. The Danish Government has recently launched the recommendations of its "Africa Commission" – and two of the five international initiatives arising from this commission are 1) access to sustainable energy and 2) commitment to African entrepreneurship, incl. access to finance for small and medium-sized enterprises in Africa. These areas are strongly interlinked.

Denmark has also been instrumental – and generous – in establishing multilateral funds to help developing countries deal with climate change issues.

In what form does an agreement have to materialise?

Ivo de Boer – the Executive Secretary of the United Nations Framework Convention on Climate Change – recently said that he did not consider it realistic to reach agreement on a fully fledged new climate change treaty, but hoped Copenhagen would yield a political agreement on the four essentials I have outlined above, and will repeat now:

- Willingness of the industrialised countries to reduce emission

- Willingness of major developing countries to limit the growth of their emissions

- Financing for the least developed countries,

- And architecture to manage the flow of funds

How do we get to Copenhagen?

Whether we reach a fully fledged new treaty or political agreement on the four essentials – or something in between – is too early to say.

The process ahead of us is twofold: <u>Track one is the continuation of the negotiations</u> carried out by officials and ministers for climate change – the last meeting was a few weeks ago in Bangkok, and as we speak officials and ministers are on their way to Barcelona.

<u>Track two</u> is new and comprises an <u>accelerated political process</u>, where heads of states engage and try to reach a common position on the political essentials. Thereby giving momentum and direction to negotiators in track one.

Whereas track one has been slow and has given reason for some scepticism, track two has since September this year been yielding remarkable results. We have seen Japan, China and India coming out very positive, and we have seen president Obama taking a personal interest in leading the US towards a low carbon future despite a reluctant Congress.

We have also seen UN Secretary-General Ban-Ki Moon taking an active role, using his position to get world leaders to sit around the same table discussing the way forward.

The Danish Prime Minister, Lars Løkke Rasmussen is also travelling the world as the host of COP15 speaking to all major players trying to understand where the red lines are, and where the compromise is. This is important, not only for the sake of having the major powers showing their cards but also for Løkke Rasmussen to be able to play his role as the top negotiator in Copenhagen at COP15 itself.

This active role for the Danish Prime Minister was mandated in New York in September during the UN Climate Meeting hosted by Ban-Ki Moon and comes on top of the active, leading role that the Danish minister for Climate and Energy, Ms Conny Hedegaard, has been playing with her team of officials for a very long time now both in the track one process, and outside.

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Ladies and Gentlemen

Let me end by saying a few words about what should happen after Copenhagen?

The short answer is: The world has to live up to the promises and the agreements reached, and start implementing it!

But how do we do that, and how do we link it to trade?

The Danish Wind Case is telling story about how clean tech and climate friendly solutions do not detract from economic development and growth, but reinforce growth and become economic assets after a period of initial investments.

Denmark faced a severe energy crisis in the first part of the 1970'ies which made us radically change our energy policies.

From being 99 percent dependent on foreign energy sources such as imported oil and coal in 1970, Denmark is a net exporter of natural gas, oil and electricity today.

We have the largest portfolio of wind farms integrated into the power grid. Now around 20% of Denmark's electricity supply comes from wind power.

And there is a commercial side to this story, as Danish companies are now among the leaders in the field of wind technology employing almost 30,000 people. The wind industry takes home more than 6,5% of Denmark's total export earnings.

We have also made significant gains in the field of energy efficiency: Energy consumption in Denmark has grown only four percent from 1980 to 2004, even though the economy grew more than 64 percent in fixed prices in the same period of time. This is proving that green growth is possible.

These accomplishments have not been obtained without major changes in the legislative framework, which, of course, have hurt some players and benefitted others. Some of the most important steps have been:

- Opening up the market for Independent Power Producers (IPPs). 60% of all wind energy in Denmark is produced by windmills owned by individuals or small cooperatives. In other words, ownership is by people like you and I.

- A feed-in tariff requiring utilities to buy all power produced from renewable energy technologies at sufficient and fixed rates, providing certainty and hence making projects bankable for developers.

- Open and guaranteed access to the grid where Transmission System Operators – normally the old state monopolies - are required to finance, construct, interconnect, and operate the transformer stations and transmission and distribution infrastructure for renewable energy technologies.

- A general carbon tax on all forms of energy, adding additional income for renewable energy generators.

In other words, the Danish Wind Case is an example of the private and public sector working together promoting change for the common good, and in the process not only producing green energy, but also making money for the state coffers and empowering ordinary people while tearing down monopolies.

I am not saying this to brag – but because I genuinely believe this is a very good story with lessons learned not only for my country, but for others – including South Africa – who could become the major "green power" on the African continent not only feeding its own electricity grid with renewable energy, but exporting electricity and more importantly, exporting renewable technologies and knowhow to other parts of Africa and the world – earning export income that can be put to good use domestically.

Thank you very much for your attention.

End of Speech