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"Renewable Energy and Energy Efficiency - Innovative policies
and financing instruments for the EU's southern and eastern
neighbours"

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I. Welcome

Ministers,

Mr El-Ashry,

Participants from our European neighbours and from the EU

- On behalf of the German EU Presidency, I **welcome you most warmly to Berlin.**
- We have come together here today to discuss **innovative policies and financing instruments** for renewable energies and energy efficiency. I am delighted that we have here with us representatives from the fields of politics, business and civil society.
- I hope you will be able to use this conference to obtain important information on the relevant political, economic and regulatory **framework** and on the **funding options** available in the field of renewable energies.

II. Climate change and the new energy era

- The latest **predictions on global warming**, melting polar ice caps and glaciers, rising sea levels, extreme weather, food scarcity and mass migration are extremely alarming for all of us. If not before, then certainly since the IPCC's publication of its latest report on climate change, we know that we have to move away from CO₂-intensive power generation and towards more climate-friendly alternatives.
Time is of the essence!

- That is why **energy is one of the issues at the top of the agenda for Germany's presidencies of the EU and G8.**
- Carbon dioxide emissions must be markedly reduced by 2020 if we are to avoid an **increase in the Earth's temperature in excess of two degrees Celsius** by 2100. If we fail to achieve this, the world will experience an unprecedented rise in temperature, the consequences of which are incalculable. In March, the **European Council** also adopted the aim of limiting the temperature increase to no more than two degrees.
- The challenges facing us are massive. By 2030, global **energy needs will have risen by 50%**! By 2050, the countries of the Mediterranean will be using three times as much electricity as today and some emerging economies five times as much.
- Sir Nicholas Stern has rightly concluded that the climate crisis is the greatest **market failure the world has ever seen!** Because the rising **demand for energy can be managed in a climate-friendly way** if we have the will to do so. This can be done with market instruments and investments in innovative technology.
- **One per cent of Gross Domestic Product** would be enough to enable us to turn our back on CO₂-intensive forms of energy generation and move towards **more efficient and environmentally-friendly forms**. These forms currently account for only **one seventh of worldwide energy consumption**. That proportion must be increased! **We need a new energy era!**

III. The right to energy and development

- The climate disaster is not something that is looming in the distant future. **The poor of this world are already being hit by the effects of climate change and will continue to be the hardest hit in future.** The droughts in Africa, the hurricanes in Central America, the floods in South-East Asia are all on the increase. Yet funding for adaptation to these phenomena is limited.
- At the same time, those who are defencelessly exposed to the consequences of the misguided energy policies of the past are themselves suffering from an energy shortage. Two billion people are **without access to modern and clean forms of energy!** Every year, one and a half million people die from inhaling poisonous fumes from the open fires in their homes.
- The link between energy and the Millennium Development Goals (MDGs) is self-evident. The lack of access to energy places an enormous burden on **women in the developing countries** (MDG3), for example, and **basic health care** can only function properly if vital medicines can be properly refrigerated (MDGs 4-6). This shows that, without access to energy, there can be no development.
- That is why I emphasise the **right to energy and development, even in the face of the challenge presented by climate change!**
- **Our task, then, is to satisfy the demand for energy for development whilst also acknowledging the need to protect the climate.**

- That is why we must ensure that the engine driving development is powered by clean fuel. A "business as usual" approach, using fossil fuels, will only drive us deeper into the climate crisis.
- **And may I state quite clearly: nuclear energy is no alternative.**
- The right way to tackle the issue is by helping the countries of the South and the East to increase their use of renewable energies and enhance energy efficiency. One example of such efforts is the **Africa-Europe Energy Forum** we staged together with the EU Commission in March. **We want to forge an energy partnership with Africa for sustainable energy management.**

IV. Responsibility for sustainable energy investments

- The countries and regions we represent here today face very different problems and challenges:
- Firstly: it is the **industrialised countries** that are mostly to blame for climate change. They urgently need to cut their emissions of greenhouse gases still further! I am extremely pleased that, under our Presidency, the EU has agreed to **cut CO₂ by twenty per cent** by 2020 and is willing to go even further than that if, in particular, the USA and major emerging countries such as India and China are willing to get on board.
- Secondly: **developing countries**, particularly the Pacific island states and the least developed countries of Africa, are rightly demanding that the industrialised countries help them to **adapt to climate change**

and, at the same time, are fighting for **access to energy**. We must respond to both these concerns.

- Thirdly: **I see the EU's neighbours as falling in the middle of this spectrum**. These are countries in the process of industrial transformation. They are right to expect a **transfer of investment and technology**. Yet this must take place within a context of climate-friendly industrialisation! **Without you and other emerging economies, we cannot beat climate change!**
- We have a shared responsibility to invest in sustainable energy management! As the climate researcher H.J. Schellnhuber has put it, the generation of today bears a responsibility for centuries into the future.

V. Germany's efforts

- Germany is a **pioneer** in the development of renewable energy technologies. **Climate protection** has proven to be **an economic success**, stimulating growth and employment.
- Germany has already made an international name for itself with its commitment in the energy sector, for example by staging the Renewables 2004 conference, which is now regarded as having **launched the new global energy era**.
- Germany is one of the largest **bilateral donors of funding for energy projects**. It is supporting energy projects in **45 countries**, some of them through the flexible mechanisms available under Kyoto, with funding of €1.6 billion. Of this, over €900 million is being invested in

renewable energies and over €700 million in enhancing energy efficiency.

- Within the **EU**, we are helping to promote energy generation and distribution, renewable energy sources and energy efficiency through the new **European Neighbourhood Policy**.
- In addition to this, with our **Special Facility** for Renewable Energies and Energy Efficiency, we are providing over €300 million annually in low-interest loans.
- In **Egypt**, for example, we are supporting the establishment of **Zarafana** wind farm. Once this wind farm has been completed with German support, it will **feed** a total of **600 gigawatt-hours** into the **national grid**, thus avoiding over **360,000 tonnes of carbon dioxide emissions**.
- Our efforts show that **investment in sustainable energy is always, at the same time, an investment in human development**.

VI. **Avoidance and adaptation: prevention comes first**

- We will have to foot a considerable bill for climate adaptation in the developing countries – and also, very soon, here at home. If we had focused sooner on avoiding CO₂ emissions, humanity would have been spared a great deal. We have to recognise that **avoidance is less painful and less costly than adaptation**. It is much better for us to help our partners now to establish **climate-friendly, sustainable structures** than to later invest many times more in dealing with the

damage caused by our failure to modernise old power stations or disconnect them from the grid.

- **Prevention must come first!** That is our approach at this **conference**. We have to pave the way for a fundamental **change of mindset**. **Mitigation**, in other words reducing the damage that industry causes to the environment, must be the **key concept** in the energy debate.
- The costs of adaptation and prevention are enormous. If we want to keep pace with the demands of development and climate change, we should **not be scared to try new ideas and new approaches**. One example is the use of innovative financing instruments (e.g. a development levy on air travel).

VII. Conclusion

- On that note, I look forward to what I hope will be a **successful conference**. Let us **intensify and institutionalise** the energy partnership between the EU and our neighbours!
- Portugal and Slovenia, with whom Germany has formed a "**trio presidency**", will be **keeping energy on the agenda**.
- **We should not be rearranging the deckchairs on the Titanic** (to quote H.J. Schellnhuber) – **we should be steering a new course!**
- Thank you for your attention!