Sights on 2030

27 March, the European Commission adopted a green paper on climate and energy policies for 2030. With a consultation on the proposals running until 2 July, engagement with climate action goals and objectives beyond 2020 is mounting. The Commissioner responsible for Climate Action, Connie Hedegaard, is known as a proponent for escalating the efforts to meet the climate emergency and reduce emissions not only in Europe, but on a global level. She answered PEN’s questions on the Commission’s climate policy – outlining the current moves being made to ensure that Europe reduces its impact on the climate.

Do you feel that in the past the Commission and member states provided the right signals for those who would engage with efforts to invest in a low carbon economy? We did this with the 2020 objectives of the Climate and Energy package. This put in the long-term framework that provided pricing signals and led to the construction of the European Emission Trading Scheme (ETS). Of course not everything has been deployed as originally seen as this was developed just before the start of the crisis.

We are serving up a long-term framework, giving a signal on where we want to go and giving a price on carbon. Basically it is the right thing to do, without being very specific and telling member states that they must take certain measures. Indeed, the national energy mix is down to member states, and the Commission continues to take a technology-neutral position.

Looking to the future, how are you ensuring that these signals continue to be strengthened and help to provide confidence for those who can provide the support for the technologies needed to achieve a low carbon Europe? One of the most important things to do is to set up the targets for 2030. If you are an investor, you want to know now where are we headed for after 2020. There are a series of important questions: will there still be a framework; will there still be targets; and will there still be a Europeanised energy and climate policy? Investors need to know answers to these questions. With energy, investments are planned for decades in advance, and we need to start now in providing some insight on where we are going after 2020.
The other thing to do is to continue developing ETS. We need to bring in ‘back loading’, where some of the permits allocated to member states will not be auctioned for a number of years, alongside other structural issues. While we wish the system could have been developed differently before the crisis, we did get it right on the market-based tools within ETS.

It is very important to bring climate mainstreaming into the next EU budget; reflected in research and demonstration programmes. That would help create interest and confidence for investors moving into this area; encouraging a larger scale than at present. A lot of things are happening but we need speed and scale. We need the framework, and the ability to orient research, and get a price signal that actually works – those are the core ingredients right now to focus on.

What do you think should be the next steps for the ETS?

The first thing we need is to get agreement on the back loading. If you have a market that is oversupplied with one kind of thing, you normally stop continuing the oversupply. That is how the market works; it is just common sense. The back loading is not about removing emission allowances from the market, it is focused on how and when a fixed pool of allowances is auctioned. I hope we can pass this measure through the European Parliament and the Council.

Then the next thing of course is that there are many structural changes needed for the ETS. In November, the Commission presented different options for stakeholders, member states and Parliament. We are getting the input now. Alongside this process, we have this debate about the next set of targets for 2030; this will also help in giving confidence in the ETS.

You were recently in the US for climate change discussions and we are coming up to the 2015 international agreement on climate change. What position do you think Europe should be taking when it comes to negotiations with other global powers?

It is very much in Europe’s interest to have all other big emitters take their fair share of responsibility. You would have a hard time finding someone else who is as frustrated at the slow pace of international negotiations as I am. It is very good what many are doing, especially what some are doing at a local level and in the business community. Yet, just like we need an overall framework to get things to scale at speed in Europe, that is also exactly why at the global level we need the same. That is why we are moving forward on how we can make everybody do their maximum – that is what the international talks should be all about.

I think it is very important that Europe will have made up its mind about its own ambition and level of efforts before we get to that crunch negotiation at the end of 2015. That is also behind the timing of this 2030
framework. It is very significant that the Commission has started to focus on 2030. That is also in order for Europe to have a position prior to 2015.

**How are you working with and trying to influence other powers to engage more seriously with climate change?**

We are doing that in many different forums. We have recently been speaking to the administration in the United States. We are inviting a good deal of ambitious friends from amongst the least developed countries, to meetings in Brussels, to discuss climate change. We are trying to reach out to those who have ambition in this area – the least developed countries, are some of the countries feeling the consequences of climate change the most.

There are lots of opportunities where we try to reach out bilaterally and use broader forums to make the case for why climate action it is still important internationally.

With China, not only are we arguing why we should see China make commitments in an international context, but this year, it is expected that the average emission per capita in the country will exceed that of Europe's. We have 7.5 tonnes per capita today, while in China it is 7.3 tonnes. Very soon these two lines will cross each other as Chinese emissions continue to rise. It shows very much why it is very important what China emits in this context. At the same time we are working with China on how to build up their emissions trading scheme. They are starting up very big pilots but want to create a nationwide system by 2016.

We are also working with multilateral organisations such as the World Bank. They have a very big project on the carbon market to pave the road for market-based and pricing systems throughout the world. Moreover, we are also working with the G20 on fossil fuel subsidy reform. There are many different things you can do and many different buttons to push. What we are trying to do is whatever we can to push forward UN talks, but at the same time convene different groups of countries who want to move forward with specific action. That could be on fossil fuel reforms, it could be initiatives on greenhouse gases or it could be initiatives on renewable energy.

**How are you ensuring that climate change action remains high on the policy agenda as the EU continues to focus on economic and financial difficulties?**

The 2030 green paper is evidence that it is possible for the Commission to think beyond today and tomorrow and the next crisis-struck country. It is not easy obviously, as we are very busy handling the financial crisis and the employment and social crisis. However, understanding is growing that we have three crises today. The climate crisis has not solved itself while we have been busy handling economic issues. For many economists there is a growing understanding that a continent like Europe is dependent on imported fossil fuels that are susceptible to rising prices. It makes a lot of sense economically to become more energy and resource efficient. If we, for instance, focus on energy efficiency in our buildings, energy systems and many other areas, we will create jobs that cannot be outsourced. They cannot disappear to China – if you want someone to insulate your home, or install solar panels, you call a local expert.

There is growing recognition that it is not only possible but that it is the wisest thing to do; to solve all three crises at the same time. There is in the Commission a growing understanding that we need to look at all these crises together.

Last year, the Commission's economic services analysed where the best potential for creating new jobs this side of 2020 lies. Three sectors were identified: ICT, health and the green sector – primarily renewable energy, efficiency and waste handling. I thought that was confirming the point that there does not necessarily have to be a contradiction between climate and energy policies on the one hand, and growth and job creation on the other if we do it very intelligently.

Our analysis also shows empirically that through the crisis, one of the sectors that has managed to create more jobs has been the green sector. We are wise to address these things combined. It is always difficult for politicians and administrations to look across different portfolios, but that is exactly what we need to do.

Connie Hedegaard
European Commissioner for Climate Action

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