

# Commissioner Miguel Arias Cañete – speech for Post-COP24 High Level Debate

Excellencies, distinguished guests, ladies and gentlemen,

It is a pleasure to be here with you today – and I would like to thank the Polish Electricity Association, and the Polish Permanent Representation, for hosting this event following COP24 in Katowice, just over 1 month ago.

**2018 was a crucial year** for climate action and energy issues, both globally and in Europe. And this year will be just as important.

Today, I would like to look back at the European Union's **climate and energy agenda in 2018 and set out the prospects for 2019**.

But first, some reflections on the vital steps taken in Katowice, under the excellent guidance of the Polish COP Presidency, led by my friend Michał Kurtyka. Thank you once again for your fine leadership, Michał.

The invitation to this event summed it up well: **COP24 has brought the Paris Agreement to life**. This is what we aimed for in Katowice, what was needed. And a successful outcome was not guaranteed, but we achieved it.

In 2015, we agreed to finalise by 2018 the rules and guidelines needed to enable the implementation of the Paris Agreement.

So the EU went to COP24 with **one key objective**: to adopt an ambitious, clear and comprehensive rulebook that will enable countries round the world to implement the Paris Agreement on the ground.

In the past few years, we have increasingly seen climate change impacts hurting people and communities worldwide.

We arrived in Katowice with a very clear set of warnings from the world's scientists. **The IPCC special report on 1.5 degrees told us unequivocally**: unless we act urgently and collectively now, much worse is to come.

The stakes were very high, and the negotiations were difficult at times. Paris is, after all, an unprecedented multilateral accord.

In Katowice, we were not negotiating a new international treaty – rather the 'manual' for global implementation of the goals. Not an easy task either.

We overcame some very difficult issues to reach a good outcome, a solid balanced deal, which preserves the ambition of 2015.

We adopted **common rules and guidelines in all key areas**: mitigation, adaptation, finance, and we agreed a universal transparency and accountability system.

But the adoption of the rulebook was not without last-hour hiccups. It is no secret that a **disagreement with Brazil of the markets chapter of the rulebook** led the end of the meeting to be delayed by more than 24 hours, with the Polish presidency trying to broker an agreement on how to take the negotiation forward.

The agreement of that chapter was deferred to the next COP. This is the reason why I intend to host **a major international carbon markets conference here in Brussels** in the spring to come to an understating of the rules, challenges and prospects of international carbon trading. An understanding that respects the environmental integrity of the system.

The success of Katowice was thanks to the leadership and determination of many. Not least the **Polish COP Presidency**, and the 'High Ambition Coalition' made up of the EU and many like-minded allies. Europe showed once again that we will not back down in the climate battle.

As well as the Paris rulebook, COP24 was also about taking stock of the collective progress towards our long-term goals.

In Katowice, IPCC scientists presented the findings of the special report, setting out how the world could achieve 1.5 degrees. We were shown that the world has the means to act, but we need serious political will.

We also had the political phase of the Talanoa Dialogue, an extremely valuable and productive conversation on ambition. It allowed us to have a first informal 'stocktake', ahead of the formal stocktakes starting in 2023.

The EU contributed very actively in Talanoa and the IPCC discussions. **The COP decisions on both, fought hard by the EU, provide an important momentum for continuing the ambition conversation, throughout 2019 and beyond.**

I would now like to give you a brief outlook of **this year's international climate agenda**.

Our regular international climate negotiations under the UNFCCC will continue in 2019, with the next UN climate summit – 'COP25' – in Chile.

As I said before, we will still have some work to finalise at COP25, in particular the rules and modalities for international carbon markets and trading.

Outside the UNFCCC, UN Secretary General Guterres, who was deeply involved in deliberations at COP24, is preparing for the 2019 Climate Summit in September, in New York. This will be an **important political opportunity to mobilise climate action**, with many world leaders expected to attend.

Preparations are also underway for this year's **G20 summit in Japan in June**, and the **G7 summit in France** in August. Both summits, and ministerial meetings leading up to them in which I will participate, could be important drivers of political momentum on climate action.

The German government is also expected to host a new '**Petersberg Dialogue**' in May, to continue informal ministerial talks on stepping up global implementation of the Paris climate goals.

And we are working towards organising the third Ministerial **Meeting on Climate Action**, with our partners China and Canada, this time in May in China.

Let me now turn to our **domestic action**. As you know, the EU has just taken a big first step towards its own long-term climate strategy, with the Commission's strategic vision for a climate neutral Europe.

I will shortly explain what comes next on the strategy – but first I would like to reflect on all that the EU achieved last year, for our 2030 climate and energy goals.

Once the Paris Agreement was ratified in 2016, we quickly moved **our focus to delivering at home**: to putting in place an economy-wide framework of climate and energy policies, to ensure we deliver on our Paris commitment for 2030 to reduce our GHG emissions by at least 40%.

This was no easy task, but thanks to the hard work, determination and cooperative spirit of everyone involved in the EU policy-making process – we did it. In 2018, we finalised all key legislation for our 2030 objectives.

For climate legislation, we had already finalised in 2017 the very important modernisation of our **Emissions Trading System**.

And the **results speak from themselves today**: the carbon price jumped to over 23 euros, and according to recent survey of analysts polled by Reuters, EU allowances are expected to average 27.00 euros/tonne in 2019 and 32.83 euros/tonne in 2020.

We also agreed on 2030 targets for all EU Member States to cut emissions in sectors not covered by the ETS, under the '**Effort Sharing Regulation**'.

And we agreed to integrate emissions from land use and forestry into our 2030 framework, to ensure they are offset by at least an equivalent removal of CO<sub>2</sub>.

Another vital component of our climate and energy framework is **low-emission mobility**.

Since 2016, the Commission has put forward a range of proposals to modernise and decarbonise road transport, the only EU sector where emissions are still rising.

In December, political agreement was reached on new CO2 emission standards for cars and vans, for post-2020. I welcome the endorsement of the agreement by Member States at COREPER last Wednesday.

The agreed compromise text is ambitious and balanced, with a combination of binding targets and sufficient incentives – to allow a gradual but firm transition towards zero-emission mobility over the coming decade.

And negotiations are advancing well on the Commission proposal to set the first-ever CO2 emission standards for heavy-duty vehicles in Europe. I will be going to the second trilogue taking place later in evening.

Both regulations will bring benefits for the climate, citizens and businesses across Europe, and will ensure the EU automotive industry stays at the forefront of clean vehicle innovation globally. They will also help Member States meet their 2030 emission targets.

So I urge the Parliament and Council to seek an agreement on the HDV proposal before the end of this legislative term, as this will mean all our climate and energy legislation for 2030 will be in place – sending a clear signal to investors, and cementing the EU's global climate leadership.

And for our energy objectives, which go hand-in-hand with our emissions goals, 2018 brought serious results.

We secured political agreements on **all 8 legislative proposals** of our Clean Energy for All Europeans package, taking the EU a step closer to delivering the Energy Union.– ensuring that Europe has secure, affordable and sustainable energy.

With these new EU rules, we are providing a clear and stable legal framework for the coming years which will stimulate innovation and encourage the necessary investment.

We have thus in place **the most advanced regulatory framework in the world** and many of our partners, including the most developed countries, are looking in our direction for references. It put the EU in the lead in terms of rules to accelerate and facilitate the clean energy transition.

Already **four of the 8 new pieces of legislation have come into force**: – revisions to the existing directives on energy efficiency, renewables, and energy performance in buildings – to make them fit for the challenges we face; and a new governance regulation, which I will come to shortly.

These include **new headline EU targets for 2030** – at least 32% for renewables and 32.5% for energy efficiency – with a review clause for possible upward revision in 2023.

These ambitious targets go beyond what was originally proposed – reflecting the speed of technological change, the reduction of costs, and the need for Europe to show ambition and leadership in the fight against climate change.

Implementation of these ambitious targets should, in turn, result in an

emission reduction of around 45%, we have estimated – above our 40% commitment under Paris. With this level of ambition, we can help drive innovation, and the EU can continue to show leadership to the rest of the world in the fight against global warming.

The new **European Performance in Buildings Directive is also important** – aimed at accelerating the rate of renovation, bearing in mind that 35% of the housing stock is at least 50 years old. With the building sector accounting for 40% of energy consumption and 36% of CO2 emissions, we need to do more.

And we finished 2018 with another important deal in late in December, decision-makers also reached provisional political agreement on new rules for the **EU's electricity market design**.

These new rules are a cornerstone of the Clean Energy for all Europeans package. They will allow a better connected, more flexible electricity market, which will facilitate the integration of more renewables. This will thus ensure the cost-effective decarbonisation of the electricity system.

Indeed the share of electricity coming from renewables is expected to exceed 50% by 2030, compared to the 30.2% at present. This will contribute to the EU's goal of being the world leader in energy production from renewable energy sources.

**Consumers** will also be at the centre of the new energy system, with new rules allowing them to become active in the market, while at the same time better protecting them.

Besides, I am particularly pleased that we agreed on a balanced approach on **capacity mechanisms** which reconciles security of supply with our climate and clean energy transition objectives. The agreement will avoid capacity mechanisms being used as a backdoor subsidy for high-polluting fossil fuels – while respecting existing commitments.

One other element of the package, as I mentioned before, is the Regulation on the governance of the Energy Union and climate action.

A crucial change here is that Member states now have to establish integrated National Energy & Climate Plans for the period 2021-2030, in order to show how they can meet the 2030 targets. This will ensure transparent long-term planning and also improve coherence and predictability for investors.

The Plans will also be key for ensuring we meet our national and EU targets for 2030 – and they must also look to mid-century, and are complemented by Member State long term strategies, taking into account our long-term strategy which I will talk about in a minute.

The Commission asked all Member States to submit their draft National Plan by the end of 2018.

I'm pleased to be able to confirm today that **21 of the Member States have now submitted their draft national plans**.

I urge the remaining few Member States to finalise and submit their draft plans as soon as possible.

The Commission has already begun assessing the draft Plans, and this process will continue in the coming months, in regular consultation with the Member States.

This should allow us to provide Member States with **recommendations by the end of June**. We will look at ways in which neighbouring countries or groups of countries can avoid duplication and above all find synergies so that we can achieve these targets more efficiently. For me, this is a great example of European added-value – and one of the major benefits from the package as a whole.

Following our recommendations, Member States will then have until the end of 2019 to finalise the National Plans.

So, for our 2030 climate and energy framework, 2019 will be a year of finalisation and implementation. But this year we will also move forward on **our long-term strategy**.

As you know, the Commission put forward our strategic vision for a climate-neutral EU last November.

This allowed us to present our vision at COP24 in Katowice, where it was very well-received by our global partners, and stakeholders too.

Our vision examines all sectors of the economy, setting out pathways towards a truly low-carbon future.

The EU should aim to become a **net-zero-emission economy by 2050**, because this will ensure sustainable growth, jobs and a better quality of life for all citizens.

This is not a legislative proposal, it's a starting point for EU-wide reflection and debate. It starts a process that should enable the EU to adopt a long-term strategy in 2020.

This is important, because Parties to the Paris Agreement are invited to submit new or updated nationally determined contributions by the end of 2020 – so that is our intention.

So what's next? In the coming months, the Commission will conduct **extensive outreach with all EU policymakers**, and stakeholders in and outside Europe. Only in this way we can get strong endorsement of an ambitious strategy.

Starting next month, I and my team will be visiting many Member States, to meet with governments, national parliaments and citizens, to present our strategic vision.

EU governments will also start discussing the strategy in all Council configurations – Environment, Energy, Transport, Agriculture – because this is not only a climate strategy, but a strategy to modernise the whole

economy.

This should allow EU leaders to reflect on the long-term strategy at the Sibiu Summit on the 9th of May.

In parallel, discussions are underway in the European Parliament. MEPs are expected to adopt a position on the strategy in March, and this will likely be picked up by the new Parliament, which may adopt an updated position after it starts its mandate.

Throughout 2019, we will also engage outside Europe – especially with our partners in the G20, as we together account for such a large share of global emissions.

Europe is the first major economy to start the process towards a long-term climate strategy, and we hope to inspire others to do similarly, as soon as possible. We want to lead, but can only do so if others follow.

Ladies and gentlemen,

To conclude, I would like to update you on a vital EU tool for climate action for the coming years: the **next long-term EU budget, for 2021-2027**.

As you know, the Commission has proposed an overall spending target of 25% on climate-related objectives. This would amount to some 320 billion euros over the 7 years.

This would be yet another concrete display of the EU's commitment to do our share under the Paris Agreement.

Along with the headline figure, our proposal also means specific investments in areas that are key for implementing EU climate and energy policy – infrastructure, research, helping SMEs, (land use).

And we also propose expanding the scope and budget of the LIFE Programme, dedicated to environment and climate action.

EU decision-makers are now stepping up negotiations on this future budget. Progress must be swift in the coming months, to ensure a comprehensive agreement by the autumn – and I urge the Council and Parliament to ensure a climate target of at least 25.

I have to say that when we kicked off this Commission back in 2014, I never thought we could accomplish so much, both internationally and domestically. It's been a ride!

And it is both, internationally and domestically, as he has had these two capacities, that Mr. Kurtyka has been instrumental in making Europe a serious, committed climate and energy player.

For that, dear Michal, I thank you. And I thank you all for your attention.