

Ladies and gentlemen,

Let me begin by thanking Ms Pilar del Castillo for having invited me to speak before you today.

The main purpose of my talk is to outline, firstly, some of the reasons why a global climate agreement is necessary and secondly, I should like to give you an overview of what, I believe, should be the key elements included in such a global agreement.

*To begin with the need for a global climate agreement*, as you will know, the first commitment period of the Kyoto Protocol expired on the 31st of December of 2012. In Doha, there was an agreement as to a second commitment period that is to last for 8 years. The US, however, has never been a part of Kyoto and Russia, Canada and Japan have not joined Kyoto II. The developing countries, for their part, have signed up to

both Kyoto I and Kyoto II but are under no obligation to cut their emissions.

Unfortunately, this means that the countries that have committed to cutting emissions under Kyoto II represent only 15% of total global emissions and, within that 15%, 11% represents Europe. In other words, the Kyoto II countries that have undertaken to reduce their emissions remain a miniscule proportion of all the emitting countries taken together.

For environmental reasons and for reasons of competitiveness - not to mention a level playing field for European industry - it is necessary that we come to a *global* agreement. This means that all countries concerned should participate in the process, in the words of United Nations "on the basis of equity and in accordance with their common but differentiated responsibilities and respective capacities'.

In order to achieve this global consensus, I feel that we need to adopt a completely different approach to the agreement. This supposes modifying the structure, the principles and terms of the agreement. In this respect, the Durban Platform - agreed on by COP 18 in 2011 - represents a real opportunity. This is because, firstly all the UN states have signed up to the platform and, secondly, although the Durban Platform is still very vaguely formulated, this actually represents an opportunity for Europe to mould the agreement in line with its own vision.

In other words, Europe is in a position to benefit from a first mover competitive advantage. Moreover, in November of this year, the COP will return to Europe and EU should take advantage of the Warsaw COP to present the main principles of a future agreement that will, at once, combat climate change and safeguard industrial competitiveness.

As I see it, the new agreement has to be better adapted to a complex changing global environment. It is true that Kyoto I and II had the beauty of being simple. This meant that Kyoto divided the world into two blocks. At the risk of oversimplification, either you were rich or you were poor and rich had all the duties and the poor had all the rights. Secondly, each industrial country had an emission reduction target that was valid for the whole economy.

Unfortunately, however, the world is more complex than this simple mechanism. How are we to come up with a plan that takes this increased complexity into account?

At this point let me turn to the second part of my speech as this involves *outlining six principles that I feel should be embedded in the new agreement.*

- First the agreement should not divide the world up into two basic categories. A system is required in which each country contributes to the common effort according to their respective responsibilities and capacities. This means that emission reductions should be calculated on the basis of a set of indicators that include GDP per capita, access to technology, quality of life indexes and so on.
- Secondly, we should combine the targets attributed to different countries' economies with common objectives to be adopted by specific industrial sectors on a global basis. This should above all concern those industries that are energy intensive and subject to carbon leakage.
- Thirdly, the framework should be much more flexible and should accommodate a much wider range of initiatives and in particular bottom-up initiatives. This would mean including in the

framework all the various initiatives taken by cities,  
for instance.

- Fourthly, market mechanisms should continue to be used to regulate climate change questions. In this respect, the ETS should be improved and linked up with the multiple and essentially identical ETS mechanisms that are already to be found across the world. Similarly, CDM should be streamlined in such a way as to reinvigorate its original spirit. This means that it should return to being a market mechanism for regulating climate questions as well as being a development tool. The result of such a change will be that CDM will only be used for least developed countries and fragile countries such as small island developing states. Furthermore, CDM should be drastically simplified. For example, I feel that it should not be project based but should instead be country or sectorally based.

- Fifthly, energy efficiency should be directly integrated into the agreement in parallel with efforts made to reduce CO2 levels.
- Sixth, cooperation with regard to research and the development of key clean technologies should be established as a central objective to be achieved.

I hope that these ideas that I have put forward will serve to stimulate the discussion that you will be engaged in during this workshop.

Thank you very much.