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Article

Welcome Address by Jürgen Chrobog

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Welcome Address by

JÜRGEN CHROBOĞ

Former State Secretary,
Chairman of the BMW Foundation Herbert Quandt

Ladies and Gentlemen,

On behalf of the BMW Foundation Herbert Quandt, I welcome you most cordially to the 8th Munich Economic Summit in the Bavarian capital! Once again this year, we have succeeded in bringing together experts, managers, politicians and media representatives from the EU27 and other countries for this economic conference in Munich. Today's meeting is attended by more than 160 participants from twenty countries. Together with Professor Hans-Werner Sinn, our co-organizer from the CESifo Group Munich, I thank you all for coming!

This year, our agenda focuses on a topic that increasingly runs the risk of being sidelined – energy and climate policy. The public debate is dominated by the global economic crisis that is tackled internationally with stimulus programs, rescue packages and a whirlwind of summit diplomacy. Governments around the world invest billions in systemically relevant banks and companies – but no similarly high investments are made in the future of the global climate, such as compensation payments by industrial countries to cooperative developing countries or massive funding for environmental technologies. Yet this year, on December 7 in Copenhagen, the 190 participating states will set the course for a new global climate treaty that is to replace the Kyoto Protocol.

The European Union leads the way with ambitious climate goals: by 2020, it wants to reduce both its greenhouse gas emissions and its energy consumption by 20 percent and get 20 percent of its energy from renewable energies. In view of the coming World Climate Conference in Copenhagen, the EU even urges an emissions reduction of 30 percent – provided other industrial nations go along. This is an

ambitious program to limit the dangerous rise in global temperature to 2 degrees Celsius – even if scientists actually call for emissions reduction of 80 percent to stop the climate change.

In spite of – or actually because of – the current dramatic financial and economic crisis, it would be disastrous to put climate protection on the backburner, as is demanded by some politicians, for example in Prague and Rome. This would mean that we will destroy the opportunities of future generations in order to maintain and increase our prosperity in the industrial nations today. Let me quote the founding director of the Potsdam Institute for Climate Impact Research, Hans-Joachim Schellnhuber: “politically, the post-war era ended with the fall of the wall in 1989, socio-economically it ended with the current crash. The challenge is now to completely re-program the global economy”.

There is no contradiction between economic growth on the one hand and an ambitious climate policy on the other. On the contrary, the German and European dual strategy of increasing both energy efficiency and expanding renewable energies through making the necessary investments in energy research and environmental technologies will generate sustainable economic and job growth. This way, we can get the European economy into shape for the global competition for scarce resources.

Growth and environmental sustainability do not have to be mutually exclusive. Already today, more than 220,000 people in Germany are active in the field of renewable energies. Already today, Germany enjoys a leading position when it comes to the technology and export of wind power and photovoltaic. If one adds to this the employment potential for engineers, but also skilled laborers that are required to optimize the efficiency of power plants, machines or vehicles, it further becomes clear that in order to remain competitive, Germany and Europe have to make use of the economic opportunities provided by climate protection and play a leading role in the key markets of the future – energy and resource productivity as well as renewable energies. In this way, mil-

lions of jobs could be created all over the world. I know that there will be objections to this assumption. What is needed is the close cooperation of governments, businesses and the scientific community. The World Business Summit on Climate Change in Copenhagen last weekend is the beginning of a dialogue long overdue.

The United States, too, under the new Obama administration has recognized the economic opportunities of an active climate policy and initiated a change in climate policy. This is made especially clear by the appointment of Nobel Prize winner Steven Chu as the US Secretary of Energy. With the so-called 'Green New Deal', the American president has proposed an ecologically-oriented stimulus program where the government makes high, job-creating investments in renewable technologies. One element of this program is the introduction of an emissions trading system aimed at drastically reducing carbon dioxide emissions across the country. Even though the most recent proposals to limit US car emissions by 2016 would just meet the current German average of 160 g/km and thus lag far behind the targets of the European Commission, the United States has returned with this program to the global stage as an actor in climate policy.

As for the future of the global climate, much will depend on whether Europe and the United States will be able to form a transatlantic climate alliance and together assume a leading role. Only then will it be possible to push through climate targets that go beyond merely stabilizing the *status quo*. However, given the progress of the climate negotiations so far, we should not put too high hopes on the world climate conference in Copenhagen: Even moderate emissions reduction targets such as the 5 percent proposed by the Kyoto Protocol do not find much favor with emerging economic powers such as Russia, China or India, who either want to continue their unfettered economic development or have vested interests in an increasing global consumption of their fossil energy resources.

But today's and tomorrow's Munich Economic Summit will not just deal with the question of what is the right climate and energy policy on the road to Copenhagen; it will also discuss technological developments to fight global warming, such as the capturing and storing of carbon dioxide, which so far do not (yet) offer viable solutions on a large scale. In addition, we will discuss the issue of whether a global

emissions trading system can ensure a shift of global energy consumption away from coal and oil to renewable energies.

I am particularly delighted to welcome Mr. Mohamed Bin Dhaen Al Hamli, the Minister of Energy from Abu Dhabi. The United Arab Emirates, an OPEC country, is aware that it faces the same environmental challenges we do. The planning of Masdar, the first zero carbon and zero waste city, sets standards for sustainable development. Thus the title originally entertained for one panel of this summit, 'Kyoto vs. OPEC', would have been only partially correct. This relationship, too, ought to be characterized by cooperation rather than confrontation.

I wish us all a good conference with inspiring talks and productive discussions. Together with Professor Sinn, President of the CESifo Group, I now have the pleasure of officially opening the 8th Munich Economic Summit.