

Statement to the 14th Conference of the Parties to the UNFCCC

Mr. Nobuo Tanaka
Executive Director, International Energy Agency

12 December 2008



Mr. President, Excellencies:

Thank you for the opportunity to address the Conference of the Parties on behalf of the International Energy Agency.

Over the last year, we witnessed some fundamental changes in energy prices, highlighting again the vulnerability of our economies to energy market fluctuations. And we now find ourselves in a financial and economic crisis. The IEA is clear on these developments: the global economic slowdown must be viewed as an opportunity, not a distraction, from efforts to mitigate climate change.

Countries planning fiscal stimulus packages should invest in energy efficiency and clean technologies to build sustainable energy infrastructure. This 'Clean Energy New Deal' would not only revive economic growth, it would also make sense from a climate change mitigation standpoint, as well as enhance energy security. All countries could benefit. All countries should act. On energy efficiency, the IEA has identified 25 recommendations that G8 leaders endorsed at their meeting in Hokkaido. Adopted globally, these could avoid the emission of 8.2 billion tons of CO₂ by 2030 – and do so at no net cost. This afternoon, the IEA, together with the International Transport Forum, UNEP and the FIA foundation, will announce plans to launch the Global Fuel Economy Initiative early next year, with the goal to make all cars 50% more fuel efficient than today by 2050. Here again, the vast majority of potential savings in the coming decades would be cost-effective. Countries cannot afford to ignore these options and they should be prioritised for action in the economic stimulus packages being decided now.

Looking beyond these options, we must face the realities of the constraints that climate change imposes on the energy sector. The IPCC is clear on various emission and concentration paths to stabilise the global climate system. We see it as the IEA's role to provide policy scenarios that could deliver such environmental outcomes, focusing on energy sector emissions. We base our work on policy discussions around the world. We watch carefully how our Member countries are progressing in the implementation of policies, and what justifies certain policy choices over other

ones. And we look at emerging economies and other developing countries also, their energy profiles and the policies they adopt to face their own energy issues. Our policy scenarios for concentrations of 550 and 450 ppm of CO₂-equivalent are based on a hybrid framework. They highlight the need for a clear price signal on the cost of CO₂, through cap-and-trade, but also through international sectoral agreements for internationally exposed and CO₂ intensive industries, and best policy practice for other energy end-uses. But a low-carbon energy path also requires significant investment in the deployment of existing – and development of tomorrow's – key technologies, including CO₂ capture and storage, nuclear and renewable sources of electricity.

Ladies and gentlemen, greening the energy system (in the 450 ppm policy scenario) requires additional investment of USD 3.6 trillion in power plants and USD 5.7 trillion in energy efficiency over the period 2010-2030. These additional investments correspond to 0.6% of GDP per year, but bring energy bill savings to consumers in the order of USD 6 trillion.

The task of Parties between now and Copenhagen is to propose a framework that would be compatible with this energy picture, a framework that provides the signal needed for investors to finance a low-carbon economy.

The IEA contribution goes beyond these scenarios, identifying the policies that need to be implemented and suggesting how to remove barriers to the sustainable energy scenario that we all aspire to. We are, for instance, developing detailed technology roadmaps for twenty of the most important existing and emerging clean energy technologies. On CCS, we maintain an international regulators network with around 700 members and we have provided recommendations to policymakers, on near-term opportunities for deployment. We look at how climate and energy policy instruments can be made effective; for instance, how to address the competitiveness issue for industries that begin to feel the bite of climate policy in one place but not in another. We support the need for standardised methods for monitoring progress using energy efficiency and CO₂ indicators, and are working with industry federations and the International Organisation for Standardisation (ISO) on this critical issue. And we engage with countries beyond our membership to share best practice on energy issues, including climate mitigation.

Emissions are still on the rise. We should not take solace in seeing emission growth slow as a result of the economic crisis – we know we must proactively control energy-related emissions. The projections are also clear: developed countries cannot do this alone – how the effort is to be shared is an issue for Parties; what I hope is that the arrangement will be conducive to proper, sustainable energy choices, and not the long-term 'lock in' of carbon-intensive practices.

Distinguished delegates, in the coming year, all countries have a unique opportunity to take two major steps in the right direction: first by directing their economic stimulus packages towards lower energy use and low-carbon energy infrastructure, and second by providing an international framework that will be conducive to a climate-friendly future. The Agency will continue working with you all towards that aim.

Thank you.