

Statement by Nobuo Tanaka, IEA Executive Director to COP 16

Cancún, 9 December 2010

Ladies and gentleman, Excellencies and Ministers,

The IEA has come this year to Cancún with a strong message to all: the energy sector efforts to reduce CO<sub>2</sub> must be seriously enhanced if we are to meet the collective goal set by heads of states and leaders last year in Copenhagen.

Despite the positive steps taken last year, we must achieve a lower emission path: the world is currently not on track with the ambitious target to limit global temperature increases at 2 degrees Celsius (°C) above pre-industrial level which was a key objective in the Copenhagen Accord.

Our latest statistics show that global energy-related CO<sub>2</sub> emissions stood at 40% above 1990 levels in 2008. While 2009 witnessed a pause in the worldwide increase of CO<sub>2</sub> emissions, vibrant economic growth in emerging economies is still driving more energy demand and with it, higher CO<sub>2</sub> emissions.

Our World Energy Outlook (WEO) 2010 projections are unequivocal about the gap between the Copenhagen Accord's environmental goals and pledges submitted to date: emissions would rise by 21% above 2008 levels by 2035, a trend that would commit the world to a 3.5°C warming. The 450 Scenario estimates what it would take to bring the world back on track to limit the temperature increase to 2°C: an ambitious mix of energy efficiency, a rapidly rising price on CO<sub>2</sub> emissions, sustained support to renewable energies and carbon capture and storage.

Every year passing makes reaching the goal more expensive and therefore less likely. The investment bill to decarbonise the global energy mix has risen by USD 1 trillion since last year's IEA estimate, for an identical environmental goal. Energy policy-makers and the energy sector as a whole needs to take serious action now – we cannot wait for a global deal.

Among a range of potential actions, the removal of subsidies to fossil fuel use could make a sizeable contribution to CO<sub>2</sub> reductions. A progressive reduction in fossil fuel subsidies could help save 1.5 Gt of CO<sub>2</sub> by 2020, providing 40% of the abatement needed to achieve the 450 scenario -- the equivalent of India's current annual emissions -- compared with a business as usual scenario.

Ladies and gentlemen, international coordination, the objective of this negotiation, is necessary to drive more ambitious goals, but even more so are sustained domestic policy efforts to integrate climate objectives with the other energy policy priorities of economic welfare and energy security. One particular area where these two spheres come together is the eligibility of carbon capture and storage (CCS) in the Kyoto Protocol's Clean Development Mechanism. As a technology that is entirely motivated by CO<sub>2</sub> abatement, we believe it deserves support in this process, and should be made eligible under the CDM. I hope a decision can be made here on this issue.

Around the world, we see that most of your countries, developed and developing alike, are multiplying efforts to foster energy efficiency, the use of renewable and other low-CO<sub>2</sub> emitting sources, and to put a price-tag on CO<sub>2</sub> emissions. These are some of the clear signs that an energy transition is underway, even if this pressing but long-term climate concern has to fight its way into policy-makers' agendas in this period of economic slow-down. The IEA is supporting these 'bottom-up' efforts to integrate climate goals in energy policy-making, by identifying best practice, and providing that knowledge to countries that want to move forward.

I would like to close with a message that I hope all can bring back home and start reflecting in their policies: Whether we look at energy resources or at technologies needed to combat climate change, the age of cheap energy is over. We must work at all levels, in all countries and with all technologies to find the solutions we will need to transform our energy sector and bring lasting global emissions reductions. We expect a positive message coming out of the negotiation, and will be working steadily to help the energy sector manage the transition to a low-carbon economy.

Thank you very much.