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Prime Minister Anders Fogh Rasmussen's opening speech in Beijing on 23 October 2008 at  
the Chinese-Danish Climate Change Conference



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(2007-09)**

TALE

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# Change Conference

**23.10.2008 | Anders Fogh Rasmussen**

**Anders Fogh Rasmussen III (2007-09)**

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Ladies and gentlemen,

I am very pleased to be here. First of all, I would like to express my gratitude to the Chinese government and Vice-Minister Xie for participating in the conference – and to the National Development and Reform Commission for co-organizing the event. I think this initiative serves to underline the strength of the cooperation between our two countries.

In recent weeks the international financial crisis has dominated the global political agenda. Some have argued that the fundamentals of our global economy have been put into question. And that we therefore must put on hold our efforts to tackle the longer term challenge of climate change.

It is a wrong conclusion.

Firstly, the fundamentals of our free market economy are unchanged. Yes, our financial markets are in a crisis. And there is a need to improve international regulation of financial markets. But the dynamics of free initiative and free markets will continue to drive

forward economic development and growth.

Secondly, climate change remains a fact that has to be addressed. The continued economic development underlines this even further.

And thirdly, the policies needed to address climate change are in fact also the very policies that can help to rebalance our economies.

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With the right technology we can reduce CO<sub>2</sub>-emissions. And enhance our economic growth. At the same time.

Imagine a 25 per cent reduction of CO<sub>2</sub>-emissions in China from improved pumps in housing and industry. This is not fiction. Estimates by McKenzie suggest that through the application of high energy efficient pumps in buildings and industry it is possible to achieve a reduction of 135 million tons CO<sub>2</sub> emissions.

And the more efficient energy use will moreover reduce the electricity bill with yearly almost 150 billion RMB (20 billion dollars) in 2020 - corresponding to the production from 400 coal-fired 100 megawatt power plants. Saved per year by 2020.

That is plane good business.

And this is just one among many examples of the potential benefits of new green technology. And an example on why using energy more efficiently and developing renewable energy is not a part of the problem. On the contrary – it is part of the solution.

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Green technology is not only good for the environment – it is good business, too.

Firstly, energy savings are not an extra expense. Money saved on energy can be used for other productive purposes.

Secondly, renewable energy and higher energy efficiency will lessen our dependence on fossil fuels. It will make our production less vulnerable to volatile energy prices. And it will make us less dependable on unstable oil and gas producing regimes.

And thirdly, green technology is in its own right a rapidly increasing and highly profitable industry.

In my mind, there is no doubt that a significant potential for future growth, employment and wealth lies within the growing global market for green technology. Turning the economy from high carbon to low carbon does not slow down growth. It creates growth.

The experience from Denmark proves my point. In Denmark we use about the same amount of energy today as we did in 1980. And, still, we have had economic growth.

A host of measures and technologies has contributed to this development. Combined heat and power production has increased our energy efficiency along with energy efficiency measures at companies and consumers. This includes waste heat recovery and

insulation.

At the same time, Danish researchers and companies have developed renewable energy technologies making Denmark a key player on the global market. Wind energy, biomass, waste incineration, and biogas are among our strongholds.

Energy technology has become an important part of the Danish economy and today represents 8 per cent of our exports. These exports have tripled within the last 10 years.

China has much higher economic growth than Europe. The more important it is to 'decouple' economic growth from a corresponding rise in energy consumption. Otherwise China will suffer from energy shortage. And the Danish example shows that it is possible to decouple economic growth and energy consumption. And at the same time to sustain a dynamic and competitive economy.

Although the order of magnitude in China is different and the challenges your country is facing are far greater, I do believe solutions are comparable.

And I see great potential as well as solid proof of synergies between our two countries. Existing low carbon technology can bring us a long way towards increasing our energy efficiency and reducing emissions.

For example the mere introduction of well-known combined heat and power plants would enable more than a doubling of current energy efficiency of most

coal fired power plants - from 40 to 90 per cent.

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For a number of years Danish companies and the Danish government have been actively involved in addressing climate change and energy issues in China. Very recently the Trade Council of Denmark in China has launched the Green China initiative, involving Danish companies and targeting six provinces in China.

We have noted that energy efficiency and environmental issues are of priority in China: China's national energy intensity target; China's plan to increase renewable energy and China's national action plan on climate.

In my view, these are important first steps towards a low carbon economy.

Now it is important to implement these steps and for China to take further action to reduce emissions.

I believe that both the Chinese government and Chinese business have seen the prospects of low carbon technology. If in doubt ask Vestas – Denmark's and the world's biggest turbine company. Vestas alone has had 35 new competitors coming out of China during the last 18 months.

This shows that Chinese companies are strong competitors to Danish companies. But you are also needed and highly appreciated partners. We are not only witnessing Danish investments in China. Chinese companies are establishing research and development activities in Denmark.

China's engagement in the climate change agenda is crucial. We need all major economies to embrace energy saving and energy efficient technologies to take the necessary steps towards a low carbon future.

Today's conference is the best proof that Danes and Chinese are working together on these issues. And those who invest today will be the winners of tomorrow.

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If we are to attack the climate change challenge systematically, governments need to adopt policies and measures to create the right incentives. We need to create a global framework that encourages the development.

Let me therefore conclude by turning to what I consider crucial elements in a new climate change agreement and the road towards the COP 15 Climate Conference in Copenhagen in 2009:

Firstly: A long term vision for reducing the global greenhouse gas emissions by 50 pct. in 2050 from a 1990 baseline. This will establish the ambitions of the deal and will create a target for businesses to plan their investments.

Secondly: All industrialised countries will have to commit to an ambitious medium term goal. In my mind, without clear commitments to reductions from the industrialized countries in a 10-15 years perspective, it will be difficult to achieve cost effective measures.

But we also need the participation of major emerging economies, like China. I am impressed by the measures already taken by China in this regard. We must go further down that road.

A key element in a future global climate change agreement is to find the right balance. On the one hand, deep emission cuts by the industrialized countries. On the other hand, actions by China and other emerging economies to stabilize and later reduce emissions in the future. These efforts must reflect the level of development of the individual countries.

Thirdly: Technology is crucial. We need to disseminate low carbon technology. We must encourage and support innovation. And we must engage in a global collaborative effort on green technology.

Fourthly, the new climate accord will have to address the special needs of the most vulnerable developing countries. They have contributed the least to global warming, but suffer the consequences the hardest.

Fifthly, we need to generate the necessary finance to sustain both dissemination of green technology and efforts to adapt to climate change.

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As host of COP 15 it is our task is to balance these five elements in a global deal in Copenhagen. We urgently need to discuss which underlying policies and measures will enable it to happen.

Negotiations have been going on for some time. I



believe it is time to increase the political momentum if we are to reach a new global climate change agreement next year.

And at a time where we are facing a financial crisis unprecedented in modern times, Heads of State and Governments have a particular responsibility to ensure that climate change and energy security remain among the top priorities at the international political agenda.

We have to do it for our climate. And we have to do it for our economic development and growth.

Green technology and development is good for our environment and climate. It is good for our business. And it is good for our future generations.

It is a common challenge we have to meet. Thank you.