

Sectoral Approaches - Final Conference
Brussels, 5 May 2010
Speech Maria da Graça Carvalho

Good morning ladies and gentlemen,

Let me thank you for inviting me to this conference.

There are a number of key points that I should like to stress:

1. To begin with, I should like to start underlining the importance of having a clear definition of Sectoral Approaches.
2. Then, I shall speak about the existing state of play on the international and domestic front.
3. And finally I shall comment briefly on the project outcome and leave with some challenges for the future.

So what are Sectoral Approaches?

Let me give you a definition. There are 3 basic models:

1) Firstly, sector wide transnational approaches. These are transnational approaches led by industry that aim to engage a particular sector. Another name is “global sectoral industry approach”.

2) bottom-up country commitments, possibly combined or not with no-lose targets.

3) top-down sectoral crediting as an incentive mechanism, that is to say, sectoral Clean Development Mechanism on sectoral crediting.

And what is their importance?

Sectoral Approaches can contribute to reconciling climate action with competitiveness and economic growth.

Sectoral approaches are a promising tool for delivering climate action; they hold the potential to assist in the transition towards a low carbon economy and pave the way to a global carbon

market. Sectoral approaches might **also** be part of a post-2012 international framework for climate action.

Now, turning to the state of play internationally and domestically,

Expectations are high **concerning** sectoral approaches. “Cooperative sectoral approaches and sector-specific actions” are part of the Bali Action Plan; they are **currently** being discussed in the ad-hoc Working Group on LCA (Long-term Cooperative Action) under the UN Convention on Climate Change

The Copenhagen Accord, although not mentioning sectoral approaches explicitly, provides for a sectoral approach-friendly framework. The Accord recognises different levels of ambition (among the Parties of the Convention) and relies on what can be considered as an open method of coordination, for its implementation. It also contains the tools (e.g. green fund, technology mechanism, high level panel) to move from pledges to coordinated/cooperative mitigation action.

Domestically, there are three things:

Firstly, Sectoral approaches can be tailored to national and regional circumstances and take into account sector specific constraints; they apply to any sector of the economy, transport, forest, mining, housing, etc. (capped or uncapped, that is, covered or not by an emissions trading system)

Secondly, a mix of voluntary and regulatory measures, sectoral approaches have been implemented in Europe, to sectors not covered by the EU Emissions Trading Scheme, with positive results. This is the case, for instance, in the construction sector, the PVC (polyvinyl chloride) sector; and the automotive sector. This last sector started as an EU initiative with manufacturers from outside the EU joining at a later stage.

Thirdly, globalised energy intensive industries (such as aluminium, iron and steel, cement) are all engaged in cooperative action. These sector specific initiatives are paving

the way to international (bilateral or multilateral) sectoral approaches.

In so far, as the project outcome is concerned, Project findings are encouraging. Integrating sectoral approaches in the EU Emissions Trading Scheme will increase overall economic efficiency in all participating countries. It is worth considering the benefits of extending sectoral approach coverage to further sectors and countries.

Before concluding, let me give you an idea of some questions that still require answers:

- How can our goals be furthered? How could the action undertaken be recognised at EU and UN level?
- How can the setting up of sectoral approaches be facilitated? What could be the role of governments and international institutions be? How can participation be organised?

By way of conclusion and whatever the answer to these questions are, I would urge European Industry to take a strong and determined lead concerning sectoral approaches.

While we are negotiating an international agreement, we should, in parallel with the negotiators, get prepared in practical terms, step by step, learning by doing. Therefore this approach is very important for the economic sectors. Agree with Arthur with the need for practical experience.

From the political side, my participation in this event is a clear sign of EPP and ITRE support for this approach and discussing the issues.