BSSSC Annual Conference 2012

„Towards a more sustainable Baltic Sea Region – How to meet the future energy challenges“

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Dear Mr Geblewicz,
Dear Minister Gahr Støre,
Dear Mr Haabeth,
Distinguished guests,
Ladies and Gentlemen,

It is a pleasure indeed to have the opportunity to speak to you here at the Annual Conference of the BSSSC. Thank you so much for asking me to do so.

I am also very pleased to send you best regards from the newly elected government of Land Schleswig-Holstein. It is the first time in the history of Schleswig-Holstein that the party of the Danish minority, to which I belong, is part of the government. This will open our eyes in a particular way beyond the borders and into the Baltic Sea Region.

The new Minister President of Schleswig-Holstein, Torsten Albig, announced in his first government statement that our government will revitalize Baltic Sea cooperation.

As the new Minister of Justice, Cultural and European Affairs, this is also one of the topics that I am committed to. Today we open the 20th BSSSC Annual Conference. Schleswig-Holstein – 20 years ago – played an important role in founding the organization and establishing conferences on a regular basis.

For me personally, the political commitment to the Baltic Sea cooperation of the former government of Björn Engholm and his Minister of European Affairs Gerd Walter – one of the founding fathers of the BSSSC - is inspiration and motivation for my work as Minister of European Affairs nowadays.

Anrede,

The theme of the conference is very well chosen. I also take the view that we should use times of crises to rethink positions and strategies, to identify dead ends and to devise new ways of solving problems from these insights.

The associated chances and opportunities are all the greater the more proactive we are in developing and implementing new sustainable ideas. The theme of the conference is a good choice for yet another reason. It addresses three of the main challenges that the Baltic Sea Region is faced with at the same time:

- overcoming the economic and financial crisis,
- improving the Baltic Sea's state of environment and
- assuring safe energy supplies in an environmentally responsible way.

In addition, these topics are perfect examples demonstrating the added value of Baltic Sea cooperation. All regions and countries throughout the Baltic Sea Region are affected in equal measure. And no region or country is able to solve the problems involved on its own.

The Baltic Sea Region's special potential of innovation is acknowledged again and again. One of the 15 priorities in the EU Strategy for the Baltic Sea Region is "to fully exploit the region's research and innovation potential". The potential in these fields and the political framework of the Baltic Sea Strategy represent fundamental structural competitive advantages of the Baltic Sea Region. This is what we have to focus on. And this is where we can do even better.

What can we achieve through cooperation? Project-based cooperation in the Baltic Sea Region can help that all of our region's innovation competencies complement each other and raise each other to a higher level.

By exchanging examples of best-practice and by carrying out demonstration projects as part of the EU Baltic Sea Strategy, less developed regions can learn from the more developed ones.

In this respect the Baltic Sea Strategy is contributing significantly to increasing competitiveness and to narrowing the development gaps in the Baltic Sea Region.

"Green innovation" is the focus of this conference. That leads us in the right direction. "Green growth" is a buzzword one encounters in the political debates at all political levels: some member states are developing national strategies; the European Union has made "smart, sustainable and inclusive growth" the centerpiece of its Europe 2020 Strategy; the OECD and the United Nations have passed resolutions on the topic.

Not only smart, sustainable and inclusive growth but also the EU climate protection targets – the so called 20-20-20 targets - are part of the Europe 2020 Strategy. That means:

- 20 percent savings in energy consumption
- a 20 – or possibly 30 – percent reduction in greenhouse gas emissions and
- a share of 20 percent of total energy consumption from renewable sources and

- all of that by the year 2020.

By 2050 the EU is committed to reducing greenhouse gas emissions even to 80 - 95 percent below 1990 levels!

These are very ambitious but well-set objectives in order to ensure economic prosperity and people's well-being in Europe and beyond.

The European Commission is calling for an "alignment of EU policies". So what about the EU Strategy for the Baltic Sea Region and the implementation of the issues of "green innovation", "green growth", the climate protection targets and the Energy Roadmap 2050?

- Innovation is one of the 15 priorities contained in the Action Plan. But up to now without a focus on "green" innovation.
- In the energy sector, Priority 10 calls for "improving the access to and the efficiency and security of the energy markets".

  Achieving the 20-20-20 targets or the Energy Roadmap 2050 are not explicit priorities of the EU Strategy for the Baltic Sea Region. The targets in the energy sector focus rather on grid expansion and security of supply. Now, I do not want to diminish those goals by any means. They are essential for our region. But is that really enough?
- The Commission's draft proposal on the update of the Action Plan contains the sub-target "increase the use of renewable energies". However, it fails to mention any projects that might help make some decisive headway towards expanding renewables.

- The current Action Plan also contains the Priority 5 "To mitigate and to adapt to climate change" – in the draft proposal for the updated Action Plan this priority is changed into a horizontal action. The flagship projects are limited to an exchange of best practices as regards efficient heating systems and to the implementation of the EU – Russia Energy Efficiency Initiative.

But it is precisely the field of energy efficiency and energy saving that offers tremendous potential in terms of bringing down greenhouse gas emissions and creating growth and jobs at the same time.

I am thinking, for example, of the development of innovative technologies for renewable energy production and for improving energy efficiency or the energy-efficient renovation of buildings.

The EU Strategy for the Baltic Sea Region is more than a good thing. But in some respect, let's make a good thing even better: Achieving the European climate targets should be an integral component of all macro-regional strategies as a matter of course.

In the Baltic Sea Region, a targeted support of "green innovation" is a "must" in order to achieve pioneering innovation and new jobs. "Green technologies" represent a key field of the future that we in the Baltic Sea Region should strive to occupy. We have excellent prerequisites to do so.

Anrede,

Just one more remark concerning the EU Strategy for the Baltic Sea Region combined with a short digression. As I said initially, I am not only Minister of European Affairs but also Minister of Culture. This combination is not only exciting; it is also mutually beneficial in principle.

The Government of Schleswig-Holstein has lobbied for the inclusion of culture and regional identity as priority in the EU Baltic Sea Strategy. The Commission's current draft proposal for the revised Action Plan contains a separate priority for this field.

I welcome this development wholeheartedly!

Apart from the importance that culture holds for regional identity and apart from the economic relevance that culture and the creative industries possess, I also believe there is a link between culture and innovation. And now I come back to the issue of the conference.

How does an innovation start? Which basic conditions spur innovation? First and foremost, one essential prerequisite of course is the necessary know-how, which means research and development at a high level. But cutting-edge innovation also requires a high degree of creativity.

We cannot teach creativity nor can we prescribe it, but we definitely are able to create an environment in which creativity can flourish. And that is where culture plays an important part.

Culture also is an important factor that motivates young, talented people to stay in the region. What good does it do after all if we educate young, talented people at our universities and other educational institutions only to see them take their know-how to other, supposedly more attractive regions of the world?

In other words, what good does it do if the added economic value is exported? So, promoting and showcasing the cultural diversity and appeal of the Baltic Sea Region actually makes good economic sense.

Anrede,

But let's return to energy policy. I was asked to make a few comments on the subject of the energy turnaround in Germany and Schleswig-Holstein.

After the Fukushima nuclear disaster in March 2011, the German government decided on a total withdrawal from nuclear power and a complete reorganization of the German energy supply system by the year 2022.

The underlying idea of the concept is to expand renewable energy sources as an alternative to nuclear power. By the year 2020, at least 35 percent of the electricity supplied nationwide is to come from renewable energy sources. Currently, it is about 20 percent.

To achieve this goal, the existing power grids need to be expanded and they have to be redesigned across the entire country to transport renewable energy.

Since the output from wind and solar energy is not constant, the grids have to be expanded and storage technology must be developed and installed in order to ensure a stable energy supply.

By the year 2050, primary energy consumption is to be lowered by 50 percent in Germany. We can achieve this only through saving energy in all spheres of life: in energy production itself, in industry, transport, private households and even in farming. And, at the same time, we will have to increase energy efficiency in all areas of life as well.

So, this energy turnaround is also a technology support program.

The most important policy instrument to expand the use of renewable energy in Germany is the Renewable Energy Act. Let me quote from the 2012 State of the Region Report: “Germany’s ‘Renewable Energy Act’ is perhaps the world’s best example of the positive effects that a coordinated energy policy can have on economic growth.”

Let me briefly explain the basic principle: the Act provides that operators of renewable power plants are paid a fixed price for the electricity they feed into the grid over a period of 15 to 20 years.

At the same time, grid operators are obliged to give priority to electricity from renewable sources when *purchasing* and transmitting electricity.

The compensation that has been fixed for newly installed power plants decreases every year by a certain percentage.

This steady decrease creates cost pressure that constitutes an intended incentive regulation with a view to making the production of power plants more efficient and economical so that they are able to survive in the market in the long-term without receiving any subsidies.

This piece of legislation, which was already passed in the year 2000 by the former „red-green“ coalition government, turned Germany into a *global leader in renewable energy exports* and has created some 280,000 jobs since then.

The turnover generated just in the last year totaled more than 40 billion Euros. You can find these figures in the 2012 State of the Region Report.

Those are the developments at the federal level. As I mentioned before, this year in May regional elections were held in Schleswig-Holstein. The new government consisting of Social Democrats, the Greens and the party of the Danish minority has set out to implement an energy turnaround also in Schleswig-Holstein.

Our ambitious goal is to generate three times the amount of electricity from renewable sources that we consume in Schleswig-Holstein by the year 2020. In so doing, wind energy is going to be the main source.

Situated as it is between two seas, Schleswig-Holstein is endowed with the best conditions in terms of nature and climate for producing wind energy both on- and off-shore.

So it is perhaps not surprising that Schleswig-Holstein is acting as pioneer in the wind energy sector since the early Nineties.

A large share of the electricity generated from wind energy that is needed to accomplish the energy turnaround in Germany will be supplied by the northernmost states including Schleswig-Holstein.

Some of the major challenges we are facing right now are the expansion of the supra-regional transmission grids, the construction of power supply lines to transport and feed offshore energy into the grid or the development of storage technology as a back-up to bridge variations in the power being fed into the system.

We are neither able to nor do we wish to deal with all of these challenges by ourselves. The expansion of the power grids clearly is a cross-border project.

There are concrete plans to build a cable link with a capacity of 1400 megawatt between Schleswig-Holstein and southern Norway by the year 2018, meaning that hydropower plants in Norway could then serve as short-term storage reservoirs for excess wind power from Schleswig-Holstein.

I believe that would be a fine example of successful transnational cooperation on the energy sector.

It goes without saying that such an energy turnaround involves more than just climate neutrality in electricity production. For example, we will also need to undertake modernization to make old buildings more energy-efficient.

In view of the tremendous overall challenges we are facing, I would like to emphasize once more how important an exchange of experiences and close cooperation in the Baltic Sea Region are also in this context.

Anrede,

In the next session we will hear a contribution by Mr Jeppe Tolstrup from the City of Copenhagen.

I assume he will talk about the plan of the city to become one of the world’s first fully carbon neutral cities by 2025. We further know that Denmark has the most ambitious goal of total independence from fossil fuels by 2050.

Let us look beyond the frontiers!

Let us learn from one another!

Together we can achieve a carbon neutral Baltic Sea Region in the foreseeable future.