Influencing policy on energy and consumption:

The role of the Sustainable Development Commissions in Germany and the UK

by Volker Hauff

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Dear Jonathon Porritt,
Dear Ray Cunningham,
Dear Robin Bidwell,
Dear Commissioners,
Ladies and Gentlemen,

I thank you for inviting me. I am particularly grateful to the British-German Foundation to bring us together today. This institution is playing an outstanding role in bringing experts and leaders together; especially with respect to SD-issues. It is therefore an honour for me to address this audience. Adding to this, as you all know, Germany currently holds the Presidency of the European Union and the G8 process. This puts our contacts with European Partners high on the agenda.

Let me start with a general remark. Europe is a difficult institution. It is not a motherland – neither for you nor for me. But we both need it to ensure prosperity and peace – in the future even more than in the past.

Sometimes it seems like a paradox. Although, the European perspective is more or less accepted, we still find ourselves in the need to increase and speed up our European work. European politics are on the fringe. I see the current way of policy-making on the sides of the Commission and the Member States as not adequate.

Challenges of modern society have increased, the stake is high. My thesis is:

- Modern policies have to increase the involvement of civil society and the business community.
- What we need are more long-term policy concepts.

- Political institutions have to learn how to play an additional efficient role as facilitator in a process oriented and dialogue oriented endeavour.

The topic of my lecture is a twofold: The role of SDC's and the issues of policy on energy and consumption. I will start with some remarks on the role of SDC's.

Such advisory councils – at least 12 similar national bodies exist in Europe - have a rather unconventional standing in the traditional political frame. Our influence might be limited with regard to the dramatic problems that we observe: the national and international energy and consumption scenarios, a biosphere jumping the rails, an increasing geo-strategic resource struggle and an enormous technological progress. Our voice as experts and stakeholders can offer a "relevant independence" that others can't. SDC's are a "pressure group for good arguments". Just look to your Commission in the UK.

That's why even in Germany some interested parties have taken note of the UK SDC's advices on the Energy Review, and of its consumer dialogue project. For they give good examples of how such a tightrope walk between pragmatism and sense of urgency can be realized. It is my task today to give you an impression of how we in Germany as Nachhaltigkeitsrat have tried to realize similar positive effects.

The German Council for Sustainable Development, at the interface of Science and Politics, tends more towards the political side of the coin through a form of what we could call "soft representation": The German chancellor appoints the members *ad personam*, using their experiences in different fields of our society and economy with SD.

I said "soft" representation, for solution finding and deliberation of statements work rather differently from classical corporatistic negotiations. None of us in the Council represents, or *shouldn't* represent, a kind of standard opinion of his or her institutional background. The six years of work that lie behind us have taught us how to reconcile these backgrounds with intellectual flexibility and openness towards the other's point of view. I call this a "search area" where we look out for the best available solutions.

We are given the task of helping to launch and to monitor the German SD strategy as a demand for just that: stimulating and carrying on an informed debate on emerging and ongoing topics for which no "silver bullet" is at hand and sometimes not even in sight. Sustainable Development, in this sense, for us is a process much more than a formula. In fortunate cases, the controversy leads to new ownership among stakeholders and gives us, as the Council, the room for qualified and effective advice to the government and other actors. Sometimes the advices themselves trigger discussions, but have no immediate effects in the political arena. And in a very few cases, our own search failed in obtaining such results and subsequently there was no advice that we could publish.

As for the Council, our second term is ending next month we have used the opportunity to take stock of our activities. The bottom line of our assessment is that the set up of the Council successfully ensured the establishment and implementation of the German SD strategy. But we have also evaluated where the Council failed. There is a very special case where we failed to agree on an advice. This case relates to eco-taxation. It did hurt, because of the intense working process that was lost, and because of the missed opportunity of agenda setting.

Another deficit is the following. Due to our limited capacity we are not in the position to set up a meaningful follow-up mechanism for our own advices on private consumption, on international trade, on energy efficiency – to name only a few. We observe that we are loosing the thematic leadership after issuing those advises.

I do not want to go into details on this. I'd rather give you some good news as well – of which we have plenty. Our very clear focus on *going public* has paid off. The advices of the Council have been wide-spread into the respective expert public spheres and beyond. In three thematic areas we have been able to reach certain opinion leadership and set agendas and to trigger further policies and implementation in the private sector, namely:

(1) Climate change and of the role of „clean coal" for energy supply

(2) Corporate Social Responsibility and

(3) Land consumption and its relation to all three dimensions of sustainability.

For these topics, the public debate has proven to be a clear advantage in the quest for public relevance. We brought a broader public into this search area, for example by underpinning our advices with previous public consultations and dialogue forums. We have proven the case that communicating SD is no second-rate task. It is of prime importance when it helps to create acceptance – and to force different stakeholders to confront their points of view on a higher level than just the usual exchange of blows.

An important element of this "procedural" approach to SD is the annual conference the Nachhaltigkeitsrat has been hosting in Berlin, with up to thousand participants each. They combine high-ranking political representation and diversified expert discussions. The Chancellor participated in all our Conferences, politicians from all parliamentary parties have showed up, and important representatives from business, academia, churches, and even the normally hesitant mass media. The discussions covered a broad range of SD issues from land consumption to media politics, from Local Agenda 21 to Corporate Social Responsibility. We always intended to, and sometimes succeeded in, shaping these discussions in a way that was neither "elitist" nor "arbitrary". Our strategy of "going public" reaches clearly beyond the inner circle of SD experts.

Ladies and Gentlemen,

at the heart of any sustainability strategy is the issue of energy. If you would ask me: What is the strategic key question today for sustainable development, my answer would be a variation of a famous saying of the Clinton administration: "It's energy, stupid".

Today we know that whatever solution for our energy transition we might come up with it can not be seen as a national solution exclusively, and it can not be seen as serving only today's generation. I might briefly explain what I mean by saying this. As a matter of fact: Huge media pressure to succeed is placed on politics; only few resist and the rest opt for quick solutions even when solutions require a longer view. Short-sighted policy circles tend to scandalize the issues, provoke the public, stir up the media, may even suit political careers – but they do not solve any problem. At the end of the day, you will find them belonging to the problem side of the thing instead of to the solution side.

As a pressure group for good arguments we insisted on a coordinated approach to the energy policy challenges necessitates using a coordinated strategy with quantified objectives and management tools. In the past the national strategy for SD declared highly aggregated targets – e. g. doubling energy productivity from 1998 until 2020, and reducing the greenhouse gazes by 30% till 2020; just to mention two examples.

A reliable energy strategy would need much more specified targets related, above all, to energy efficiency in the different sectors. And: it would require far more concrete management instruments than the general document of the German SD strategy is currently offering.

The management by objectives, indicators and temporally differentiated monitoring tools would have to severely balance the saving of any single CO_2 ton and the contribution made by individual governmental and societal programmes to this saving. Such a strategy may not resolve all of the contradictions built into the German energy policy. However, following a conscious decision making process, it should prescribe the direction that an energy policy needs to take. This specific direction and framework is necessary for all players, and especially for investors – whether they want to establish the business case for energy efficiency or they want to invest into renewables, power plants or research activities.

The German Council for Sustainable Development has actively participated in the discussion of SD targets. This was already required by its initial task to take part in the development of the SD strategy in 2002. The major goals of energy policy communicated by the Council after its 2001 kick-off meeting were: a 40% reduction in CO_2 emissions by 2020 (as compared to 1990); the end of coal subsidies by 2010; and the development of renewable energies. I'll come back on the coal issue later on. And you'll notice that the 40% CO_2 target was far more ambitious than anything realized later in Germany and Europe.

To make my point related to energy efficiency: In 2001, we formulated the challenge to increase energy efficiency – or, as I would prefer to name it myself: energy *productivity* – by 3% yearly. And when we said "yearly", we had something different in mind than the 30% target which has been debated recently within the European Commission, although both measures are not so far from each other when it comes to absolute amounts of reduction. Yearly targets imply annual controlling, and that's how the national budget works and how any serious governmental programme uses to be evaluated. Targets that are settled just there "in the air" and which have no regulatory foundations are worthless.

What we still need more than any number of well designed projects is a Quantensprung into a political management that builds societal pressure and expectation, creates a business case for energy efficiency, lines up scientific capacity and uses this to introduce a transparent monitoring of public and private efforts.

The measures taken might include regulatory approaches where, after several years, no sustainable development has begun to materialise through the market mechanism. Flexible standards are a good idea as the Japanese example shows; the Council, therefore, has been calling, since 2004, for the implementation of the so-called top runner approach for mass-produced products that consume energy. (I think you prefer the terminus "product road-map" here in Great Britain.)

The new coalition in Germany has, so far, pronounced itself very positively on such ideas as the top-runner approach I just mentioned. The implementation of the EU Energy Efficiency Action Plan, whose start is now in the hands of the German EU Presidency, will show whether these pronouncements are more than lip service.

The revision of the Eco-design directive should bring as a result a four years cycle of application of best efficiency ratings to all energy-intensive products. I could mention, in this regard, other fields of legislation: the controversial cars directive, or the directive on the Energy Performance of Buildings. All of them form part of the overarching challenge of letting converge the so-called Lisbon and Gothenburg strategies into a path of true ecological modernization. This path can't be taken by countries like Germany and the UK alone, and even less it will be found by the more recent accession countries, without a strong leadership from Brussels.

Back to Germany. Although the Council has not been involved, institutionally, in the "Energy summit" the Federal Government has set up last year in order to restructure the national energy policies, some of the Council members, namely Klaus Töpfer and myself, have been participating in the stakeholder discussions with chancellor Merkel. We have been pressing on Energy productivity as priority No. 1.

We urged the government to push further the energy related lighthouse projects of the National SD Strategy: the large-scale refurnishing of existing building in an energy-efficient fashion, and the Contracting Campaign which helps regional and local authorities to provide their own properties with more efficient energy services.

Moreover, we have called attention on the fact that oil and gas bottle-necks for Europe will become even tighter once fast developing countries like China start to cartelise in order to skim oil and gas resources. Therefore, we've argued that only those countries will remain competitive in the longer term, which succeed in letting their renewable energy markets grow above average.

The red-green government in Germany has triggered such growth auspiciously with the renewable energies law and its feed-in tariffs, but further action is needed in order to really exploit the technological potential which in the case of wind power is estimated by experts to range up to 20% of global electricity production in 2025, and in the case of biomass even up to 30%.

I said I would get back to the issue of coal. As the pressure of public opinion and strong political movements in Germany have led to a phasing out of nuclear power plants – on the basis of a contract between government and industry - until 2020 – a development the Nachhaltigkeitsrat hasn't attempted to question in spite of internal tensions regarding the subject – we have taken up the issue of coal use as early as in 2003.

Next to hydropower, lignite is our only significant economic domestic energy source. It has serious disadvantages such as the destruction of nature, affecting the groundwater and requiring partial resettlement measures. Its extraction puts a permanent burden on the environment and mankind. We therefore found it necessary to draw up environmental impact assessments for all mining sites.

We clearly supported, in our statement, the use of coal in Germany as firstly it promotes the advance of domestic power plant technology, which should be applied as widely as possible around the world and, secondly, because the global distribution of coal reserves would reinforce supply security. But we clearly stated that there was one condition: that the climate protection requirements could be met by the middle of the century. The construction of coal-fired power plants with the highest attainable level of technical efficiency of up to 50% as reference power plants alone would not be enough to develop a sustainable electricity supply structure. Such plans would have to integrate the option of capturing and storing CO_2.

We were, in 2003, quite heavily attacked for this "promotion of coal". Main critics came from the environmental NGO's, on one hand, and from nuclear industry, on the other. As the latter insist in promoting their technology as the one and only viable path for reaching a low-carbon economy, the plea for a new bridging technology didn't suit them very much. Well, that's not surprising. More difficult to handle was the partly fundamental opposition from "green" people, who were afraid of a new "grand technology", ignoring the fact that climate change needs a CO_2 reduction *now* – and that renewables will not yet be able to realise it. Of great help in this regard was the presence of very moderate and dialogue-oriented environmentalists within our own Council – a presence that opened doors were no merely government strategy could have even found some. This was a success story of what I called the soft representation in the Council.

Energy efficiency, as a source of productivity and CO_2 avoidance, is of course far less contentious. I would say that this lack of contentiousness is one of the key problems efficiency faces: everyone agrees, but only few take action.

The Council had an intense discussion with Amory Lovins on this last month. We still came to no simple conclusion about a definite list of main obstacles. The "time to consumer" for efficient products is far too long, and some of the regulatory approaches I mentioned earlier will be necessary to shorten it. Labelling and transparency are other important aspects as well. Politically, at least in Germany, the fragmentation of responsibilities between several ministries doesn't help either.

Introducing binding emission trading for large-scale energy converters *could* provide an important impulse towards attaining energy efficiency – but there are serious doubts whether the current National Allocation Plans are actually contributing towards that goal. Within the Council, we have not yet systematically pondered the pros and cons of current carbon trading. We only agreed in principle that the emission trading regime and the allocation of emission certificates should, in the future, be designed in such a way that a real market is created and maintained. That would require a maximum of transparency for the market entry, as few exceptions as possible that could falsify the motivating effect of avoiding CO_2, and a "phasing in" of emerging economies from India and China and of the US-American economy.

Scientific research into how to manage a worldwide trading scheme is needed. Research is needed to understand how such a worldwide scheme would translate into culturally different life support decisions of industries and the lifestyle of people in the respective countries and regions. We are also looking with interest at the Individual Carbon Trading study your environment ministry had commissioned last autumn, and will anticipate its political follow-up. Maybe the political climate in the UK is particularly favourable to rather "radical" explorations like that of individual carbon trading. I think others will profit from them.

The public attention to climate change might be higher among British citizens at the moment, than among Germans. This shows even in one of the most sensitive subjects covered by the Eurobarometer polls, namely the individual willingness to pay. Responding to the question if they would pay more for energy produced from renewable sources than for energy produced from other sources, last year almost half of the British respondents said that they indeed were prepared to do so. In Germany, only 32% did. Without giving such snapshots too much weight, they sure indicate a general climate of awareness. In Germany, problem solutions often use to be delegated by the people towards the state, instead of taking them into their own hands. This certainly has a *positive* history, too.

With regard to waste recycling, for instance, or to sewage treatment – classical environmental issues – the German policies with strong public responsibility have proven to be more efficient than those of many other countries for the last, let's say, 20 years. But when it comes to the complex panorama of sustainability and to its implications for everyday consume and behaviour, governmental action is not enough.

Our Council has illustrated that in the context of a project we called the "Sustainable Shopping Basket", four years ago**.** The project has led to an awareness raising campaign carried on by the German Consumer Protection Ministry. Unfortunately, the government failed to expand the research and experimental aspects of our project. It has so far missed the opportunity to show the actual *viability* of daily sustainable consumer choices. In this context, there is plenty to do within the very next years.

The aspects of lifestyle are not marginal to sustainability. As “soft” factors, they might prove to be even more powerful than the “hard” ones in a medium term. For they will prove – or will fail to prove – to the whole world whether the industrialized countries are really willing to correct their path of development. This “demonstrative” aspect in Sustainability applies to issues as the already mentioned emission trading as well. Most of the members of the Nachhaltigkeitsrat agreed with Sir Nicholas Stern on this particular point, when he visited us last November. The further development of European Emission trading will be crucial just not only because of its direct CO_2 avoidance results, but also because of its signal and pioneer function for the rest of the world.

As German Council for Sustainable Development, we have held, in 2005, a high ranking political dialogue with the fast growing so-called BRICS countries – Brazil, Russia, India, China and South Africa – on sustainability strategies and their relation with economic growth. One of the collateral outcomes of this project is a new project of our Research Ministry on sustainable technology and system solutions with the fast emerging economies, to be started this year. Without such elements taken into account, truly sustainable energy policies on our planet will not be feasible.

When the Brundtland Commission, which I had the honour to take part in, published its report here in London 20 years ago, many of the governance aspects we addressed remained vague, especially concerning the national levels. This was because we recognized a blueprint approach would not do it. It is virtually impossible – I quote - “to propose an approach that would be valid everywhere”. We sure addressed the need of comprehensive and cross-sectorial approaches and even the idea of SD “ombudsmen” or councils.

But we wouldn’t have dared to imagine the real dynamics the idea of SD strategies and councils would gather after the Rio summit. The German government was one of the laggards in this respect. While the local agenda initiative began to flourish in the mid-nineties, the red-green government only woke up on the eve of the Johannesburg summit regarding a National Strategy. While at the beginning they tended to perceive it as a rather formal task without much political implications, they quickly started to realise the possibilities of modern political management this tool can offer – especially in the Chancellery, where the coordination unit of the strategy is located.

With all the difference we have been making so far, SD strategies are still unfinished business. The single most needed element is maybe the provision of an overarching vision for political action that encourages commitment in business community, civil society and private sector. I do not see any country so far where the potential of SD strategies is truly exploited. We will explore some of the SD strategy related chances and hindrances at the Conference “European Sustainability Berlin 07”, which the German Council will be hosting in the context of the German Presidency this June. I expect this meeting to deepen the dialogue between member states and European representatives, both from the executive and the legislative policy level. I take our exchange of views today as an element of such an ongoing European dialogue, and I am grateful for it.

Thank you for your attention.