

Project Inception Workshop on “Promoting Low Carbon Transport in India”,  
Hotel Lalit, New Delhi, 12 November 2010

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Esteemed workshop participants,

I am pleased to be here and to speak to you on behalf of the German Federal Government, in particular its Environment Ministry.

My address will have two parts: The first one addressing the question of where the money for this project comes from, the second one taking a look at Germany’s own steps in the transport sector in view of the climate challenge.

I) First, the money question. For this purpose, let me give you a short overview over the German International Climate Initiative.

- Started when ? The ICI has been promoting climate protection projects in developing countries, emerging economies and countries in transition since 2008;
- Financed how ? It is financed through the auctioning of 8.8% of German emission trading certificates; that means that the revenue from auctioning tradable emission certificates is incorporated into the budget of the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), from where it is disbursed to finance climate protection measures.
- Spent how much ? From 2008 to 2010: 181 projects in 61 partner countries with a total volume of 357 mill. €, of which 194 mill. € were disbursed.

The ICI objectives are to:

- First, in mitigation of climate change, provide an example for the implementation of the Bali Action Plan focusing on the implementation of measurable, reportable and verifiable (MRV), demonstrating that the transition to a Low Carbon Economy is doable and economically viable,
- Second, to promote REDD+, and
- Third, to contribute to climate change adaptation.

Types of projects ?

- development and implementation of (national) emission reduction strategies
- renewable energies, energy efficiency
- emissions reduction in the transport sector
- support and further enhancement of the carbon market

- monitoring and accounting systems for mitigation actions
- substitution / mitigation of non CO<sub>2</sub>-GHG

Activities include:

- Investment support through grants and concessional loans for pilot projects
- Technical cooperation, transfer of know-how, access to technology
- Policy support (regulation, implementation)
- Capacity development and awareness-raising

Role of German Environment Ministry in the projects ?

- Close monitoring
- Up-scaling of innovative approaches where feasible
- Supporting the visibility of projects.

II) Let me now come to part II, the transport challenge.

Transport is

- a fast growing sector in most developing countries and
- the largest end-user of energy in many developed countries.
- And no matter if we look to Europe, Asia or elsewhere: Transport is highly dependent on fossil fuels and hence a significant contributor to climate change.

While after 1990 emissions from passenger transport in Germany rose quickly, Germany finally managed to break this trend in 2000. Since then, greenhouse gas emissions from transport are slightly declining.

This is a first success – however, the challenge remains huge: A robust climate deal will definitely require a decrease of transport related emissions in industrialized countries and, at the same time, a slow-down of current emission trends in the developing world.

Given that transport is responsible for about 1/4 of the energy-related CO<sub>2</sub> emissions and that this share is still going to increase, the sector is one of the main contributors to climate change.

Particularly worrying are the freight transport and the international transport modes since they reveal a very strong growth in emissions. In addition, it needs to be considered that 95% of the transport sector is dependent on oil.

Hence, the German Environment ministry subscribes to the approach of decarbonising transport, as only a cross-sector approach including a significant emission reduction from transport would be reasonable.

How? In principle, a broad mix of instruments and incentives is needed so that the transport sector contributes its share to climate protection. Technical measures alone would not deliver the efforts to achieve the reduction goals. You may call it a three-part mantra:  
avoid – shift – improve.

As some of you may recall, Germany committed itself back in December 2007 to reduce its CO<sub>2</sub> emissions by 30% by 2020 compared to 1990. This was part of the German Integrated Energy and Climate Program, which includes market incentives on renewable energy and measures to support sustainable transport.

In transport, major policies at the national level include:

- The National Sustainability Strategy: The German government strives for sustainable development in terms of the economy, ecology, and social issues. Its policy is based on a long-term, global perspective that spans the generations.
- The Freight Transport and Logistics Master Plan: in July 2008 the German government approved a systematic and intermodal transport policy approach. One of the predominant objectives of this integrated approach is to cope with the drastic rise of freight traffic due to increasing globalisation and therefore make the transport system as a whole more efficient and to further reduce CO<sub>2</sub> emissions.
- An eco-tax which was introduced in 1999 (electricity consumption tax with exemptions for RE). It allows external effects to be internalised, on the one hand, while on the other hand tax revenue can also be generated. It currently asks 20 EUR per Mwh and generated 6 billion EUR in 2009.
- The vehicle tax for new passenger cars in a revised form: It has been based on CO<sub>2</sub> emissions since mid 2009.
- A toll scheme for lorries above 12 t GVW, from 1 January 2009, with further differentiation according to emission category and particulate matters reducing systems has been in effect
- The National Cycling Plan 2002-2012, which covers, amongst other things, the development and extension of cycling infrastructure, which is vital in enabling cycling to become an attractive alternative to car journeys for short trips and, in addition, improves health.

The German Ministry for Environment's projects in transport strongly reflect the idea of efficiency. Let me highlight just one initiative: The National Development Plan for Electric Mobility.

Here, we are trying to put existing – and sometimes unavoidable – transport needs on a more sustainable base. For us, this implies the smart integration of renewable energies as well as full recyclability for instance.

It is also crucial that we integrate the use of electric vehicles into sustainable transport concepts. In Germany, with its rather comprehensive rail network, long-distance journeys can easily be taken by train. E-vehicles could then be used for short trips and as city cars.

As well as considering technical developments, meaning the hardware, improved mobility services are needed, especially by public and private collective transport systems. Discussion on this has only just begun.

III) Let me finally allude to a – from our point of view – important process going on at the global level: the current two-year cycle of the UN Commission for Sustainable Development.

Transport is one of the key topics in 2010 and 2011 and this is the first opportunity since 2001 to discuss the transport challenge within this important framework.

The German Environment Ministry therefore includes transport projects that target sustainable mobility also in the framework of the International Climate Initiative.

India will have the third transport project out of this programme – after China and Ukraine.

We are looking forward to an ambitious and fruitful project.

Thank you for your attention.