

'We Are In An Uncomfortable Position'

On 29 September 2008 I met with Wojciech Ponikiewski, Director of the Department for Foreign Economic Policy, in the Polish Ministry of Foreign Affairs in order to discuss the European climate and energy package and Polish views concerning the climate change–energy security–competitiveness triangle. The following is a transcript of the interview.

Roderick Kefferpütz

Thank you Wojciech for taking the time to discuss these important issues with me. Particularly with regards to the current financial crisis, how do you view the European energy and climate package?

It is definitely not a very opportune moment for the package. We are very pre-occupied with it and climate change is an extremely important item on our agenda that we are committed to. And in this vein we are committed to meeting all of our obligations under Kyoto and the 20-20-20 targets that the European Council agreed upon in Spring 2007.

But?

With regards to the energy and climate package we think there are major problems. We are particularly concerned with its practical implementation. First of all, Poland is a coal-based economy. We rely on coal for most of our energy and therefore the production of goods is based on coal – and there are simply no short term alternatives. Secondly, this package will have a tremendous impact on competition of the EU versus the outside world and within the EU itself. There will be winners and there will be losers. And with our energy mix, Poland will find herself in the latter of the two.

And the EU?

Ultimately probably also in the latter as there is an increased risk of so-called 'carbon leakage', the outsourcing of CO₂ to countries that do not enjoy the same standards of environmental legislation and implementation. But another point I want

to stress is the geostrategic dimension, which is also of major importance.

One of the direct consequences this package will have is that in some EU countries we will see a greater switch to natural gas. This means increasing natural gas imports for many countries whose economies are based on coal or other high emission sources of energy. But Europe is already highly dependent on gas imports particularly from politically unstable countries and that undermines our energy security.

So what do you suggest? What does Poland propose instead?

We have made several proposals to the EU. For one we propose a gradual approach of introducing CO₂ permits in the energy sector. Also, in the current package there is no policy to handle the fluctuations of CO₂ prices. This needs to be addressed. And then last but not least we need an in-depth discussion in the Council on what exact impact this package will have on the competitiveness within EU and outside the EU.

Is the Commission taking your concerns up so far?

It is difficult to say. We are in an uncomfortable position because the Commission has put forth the package and given us very little time to evaluate it in depth. We are under a lot of stress as well because the French Presidency wants to wrap this up in December so that it could be presented at the COP14 in Poznan as a good message. The most

important thing, however, is to have it ready for Copenhagen in 2009.

We also have an impression that this proposal is generally unjust towards us.

Unjust – how?

Well – not only is it incredibly costly and we need time in order to catch up with our partners in Western Europe but it is also incredibly unjust from a climate change point of view. After all we actually reduced our CO2 emissions in the 1990s while many other countries in the EU have not. So why should we now be punished for it.

Is this a unified position in the government or are there disagreements?

No disagreements. We have a very large consensus on the energy and climate package. There might be a slight difference in views but we have a major consensus, even among all political parties.

Then what about your region? Does Central-Eastern Europe share your concerns as a region?

Of course every country is different but recently Hungary, Slovakia, Rumania, Bulgaria, and Poland, on the occasion of the European ministers meeting for example, have come out with a declaration that follows the same position. The Baltic states are also with us on this despite some minor differences. Italy and Greece have many similar concerns. But in general this package largely affects new member states more than it does the old ones. Germany does not seem to be too concerned although it should be due to its coal sector.

You mentioned the issue of carbon leakage. What options are there to limit this phenomenon?

It is a difficult issue because putting taxes on goods from abroad would be the

easiest but this is not allowed under WTO rules so we cannot really protect ourselves. And this is a real issue. For example in Poland one of the big cement groups put an investment of roughly 1 billion EUR on hold because they want to see how the climate and energy package will impact on energy prices.

Basically, what the result will ultimately be is that a lot of companies will simply move to neighbouring countries not covered by the ETS. If there is full 100% auctioning in 2013 in the energy sector and not a gradual approach, as we indeed propose, then we can easily imagine that even our power plants move to Ukraine. This is at least what will happen in Eastern Poland as we have a long border with non- EU countries. And while there might be some loss of electricity due to transmission lines, it will still be cheaper. So it is feasible.

But what about renewable energy systems?

Of course we can do it but it requires a lot of money. We need funds in order to catch up with Western Europe and modernize our infrastructure. We are receiving EU Structural Funding for this but we cannot do everything at the same time.

You are right to mention renewable energy systems but another thing is that our potential is actually not that great. Little hydro, very little geographic conditions favorable to wind, and for those wind farms we did want to build many environmental activists criticized us because they were in the flight path of birds. So we really only have biomass, which, however, is not a real alternative to fossil fuels.

What about the schedule for the package, how will things move on from here?

Well. It will be looked at by the Council in October and then there is the assumption that we will agree to some broad lines by December. But I have my doubts.

Last but not least: Poznan. How do you view the COP14 and what would you like to happen?

To be frank, everybody has major expectations but there will not be any spectacular result. We hope to do our best to advance the negotiations and the work on adaptation, mitigation, on the negotiation schedule, etc. We also want to have an in-depth discussion on a shared vision, which would be an outcome in Copenhagen in 2009. In addition, without the US administration in the driving seat yet, it will be extremely difficult to have meaningful discussions.

We will try to do as much as we can and we hope to have the developing countries

put forth commitments for themselves, but you know how it is. Everyone wants to show their cards only at the latest minute. So I think the most important thing will be that there is a good atmosphere that is conducive, honest, and frank. We will have Minister Nowicki present, who is extremely consensus-minded, so I hope that we can build up the right atmosphere to advance the negotiations.

Interview conducted by Roderick Kefferpütz

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This material is offered free of charge provided the source is acknowledged. For more information contact Roderick Kefferpütz at kefferpuetz@boell.pl