

German Chancellor | Speech given by German Chancellor Angela Merkel at the International Transport Forum

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Leipzig, Germany

Dear Minister, Ms Vehviläinen,
Secretary General Short,
Dear Minister, my colleague Mr Tiefensee,
Dear Ladies and Gentlemen!

I am delighted to be here today at the first International Transport forum – happy too, of course, that it's being held in Leipzig. I know that our Transport Minister, Mr Tiefensee, also has a special place in his heart for Leipzig. In his capacity as Lord Mayor of Leipzig he set up many of the structures which were of great benefit to the city after unification and turned Leipzig into a modern city.

And I've also had my share of experiences in this city. I studied physics here at the University of Leipzig between 1973 and 1978. I have the fondest memories of Leipzig, even though the professors didn't always give us students the easiest of assignments. They were strict, but I think the training was quite good. Minister Tiefensee, it certainly did us no great harm, especially when it came to holding our own on a national level.

Leipzig was a good choice for this forum. Leipzig has a long tradition as a commercial hub and exhibition centre. DHL a major logistics company, put down roots here, thereby contributing to the development as an air freight hub. In Germany, as in many other parts of the world, the developments with traffic, in the transport and logistics sector, are easy to identify. Perhaps almost no other sector demonstrates so clearly what the term "globalization" really means: globalisation, coupled with instant exchange of information with all corners of the globe; globalization, which brings with it the real task of transporting tangible goods from one corner of the world to another. Which is why all logistics companies over the past few years, or even over the past two decades, have changed so drastically - you too will have to change the way you think. The company representatives before us here today demonstrate what they have accomplished in the past few years.

I find this forum so important - we need an open debate on what characterises modern, international transport systems because parliaments and local representatives will have to take decisions which will affect globally significant transport hubs. Therefore, we need to re-examine the nature of today's traffic, how traffic systems can be designed more efficiently, the challenges we face and how we can improve the way we connect to each other.

One thing is clear: we all have to decide if we want to be part of globalisation, if we want to be open-minded, if we want fair competition, or if we want to seal ourselves off. I think by choosing the latter, isolation, our economy would slow down and continue to lag behind.

Trade relations are moving ahead, for that reason, we are working towards a global system of fair trade based on the Doha round of talks; we need international transport systems, we need to think about an international system with minimum standards for the working sector and other sectors; that is why international organisations are becoming more and more important – because none of this can continue to happen at national level only. It goes without saying that an open world and liberal approach will drastically increase traffic volumes on our roads, introducing new problems and new networking tasks and integration of the various transport carriers.

Germany is, and will hopefully remain a master of global exports. We know it's possible to live from transporting products. 40 percent of German exports are based on imported preliminary services. Cars are often constructed on other continents – such as South America and Brazil – then rebuilt in Germany and shipped to other parts of Europe. Goods are transported over vast distances, and for this we need more and more logistics and transport services.

I would like to say “congratulations” to the idea of developing the European Transport Ministry Conference into a World Transport Forum. In doing so, I think the Ministers have decided to tackle the challenge on a major, open platform and not only at a European level.

In the future, routine meetings between government representatives will become global platforms for addressing questions of mobility, transport and logistics. I can, and indeed would like to take this opportunity to wish you all the best as you travel this road. Germany will do everything it can to help you achieve success because this platform will give global representatives from the political arena, economics and science the opportunity to engage in a comprehensive exchange of ideas. I think the need for discussion is immense, as are the many factors which need to be taken into account during these discussions. I think it's fair to say that you'll have a lot to do over the coming years.

Predictions have been made that the volume of commercial traffic will increase by more than two thirds over the next 15 years alone. This means we are, once again, facing entirely new challenges. And this is what we know: This development means we can and will – if the opportunity is managed properly – have the opportunity for economic growth and more jobs, which means more people all over the world will have the chance to be part of this economic growth. There is no need to beat around the bush. This morning already you heard presentations which pointed in this direction: This will place a huge amount of pressure on mankind as well as on the environment.

One of the greatest challenges is to balance these factors and take the most efficient route. If we manage to find a solution to this problem, it will strike a positive blow in terms of acceptance for a liberal world, trade and change. But if we fail, it will result in more questions and ultimately lead to conflict.

Ladies and gentlemen, I am fully convinced that modern industrialised and knowledge-based societies cannot continue to develop in the absence of sensible transport systems a fundamental positive commitment to transport is needed. It is also an indication of the degree to which things have changed - when a world transport forum puts climate

change at the top of its agenda. As Federal Transport Minister, I dreamed that this would be the first special subject on the agenda of an International Transport Forum. I am very happy that you will be discussing this very topic. It's an indication that we have to look at the overall challenge.

Climate change is without a doubt one of the mankind's greatest and most fundamental challenges. Today, it presents us with a moral challenge - to address the living conditions of future generations. It is interesting to note that this transport forum is taking place at the same time as the UN conference on diversity - a further aspect of the challenge of protecting our natural resources. We have to find a way - in a world with an increasing population, in a world where we're starting to draw near to the end of our natural resources - to develop a sustainable lifestyle.

This is somewhat easier for developed countries to say than it is for countries which are still striving to provide a decent standard of living for their people. We have to find a common approach; this problem is more than just a technical problem. First we need to be clear about the moral basis. This means, as I see it, that every person in this world has to be given the same developmental opportunities - and with all associated the consequences.

Interestingly enough in terms of climate change - this is why I think it's an exciting global topic - there is no point in looking backwards and pointing the finger. Yes, it's true; it was the industrialised countries which produced CO₂ emissions over the last 100 to 150 years. The following is also true: even if all industrialised countries stopped producing CO₂ emissions - which will never happen - the problem would continue to exist and would still have to be taken seriously by developing countries. This means that the only approach can be a common approach, without indulging in finger-pointing to the past.

Climate change is a moral as well as economic challenge. It tests our ability to open a new chapter in economic development which will, in turn, pose entirely new challenges at a time where the increased price of oil and natural gas can be felt in terms of availability, or at least affordability, of traditional energy sources.

Climate change poses a major political challenge as we face the task of working together on an international basis. This is the traditional multilateral process. So, I think it was very important to emphasise last year, as Germany hosted the G8 summit, the importance of approaching this issue under the umbrella of the United Nations. There is absolutely no other political alternative. There is no point in five countries making an agreement with another five countries. The time is here to introduce a legitimate international and binding process.

What is the scale of the problem? The amount of greenhouse gas emissions produced by humans increased by 70% between 1970 and 2004 and not only has there been no fall off, the rate of production has actually accelerated. We are starting to notice the consequences.

This is the difficult thing about the overall climate change process, the impact is selective and the consequences are felt differently from region to region. We can develop a

number of explanations for this, its impact is not noticed every summer or every winter. But everything we notice points towards the fact – and Mr Pachauri has already demonstrated this today – that climate changes caused by man are drastic and that we have to do something about it.

The argument has also been put forward that climate change would have happened anyway. This is true. There have been temperature fluctuations of many degrees Celsius, but these fluctuations occurred in periods before the earth was as densely populated as it is now. The climate will not change in tens of thousands of years' time, it's changing now over a relatively short period of time, at a time when none of the adaptation mechanisms, which make us look as if we're prepared, will have an impact. Few areas are no longer populated, river estuaries coasts, and many others.

This means that climate change has to be tackled. It is not about whether we have to do more today than we had to do yesterday. It's more about the effort we will need to expend if we do nothing compared with the effort expended in the face of sensible action. I can't say this enough because the political discussion is currently a difficult one.

When oil prices increase, when energy resources become more expensive, our question will then be: why do we need to impose more subsidies now in the form of a "renewable energy resource law" for the development of wind energy, solar energy and other forms of energy? Is that right? Is that sensible?

When it comes to vehicle tax – something that we in Germany are currently dealing with – we have to ask ourselves if we can place more of a burden on people who drive older cars. This question results in different answers in the political arena. It's difficult. I'll say it straight.

But in the long term we can't fail to impose proper incentives – even if we don't manage it as fast as we'd like. If we complete the conversion to biofuels – something we will do in Germany – then we will be suddenly faced with the problem of not having the technology to deal with the mixture of traditional fuels and biofuels. Drivers of older cars will then be forced to purchase expensive petrol. This will have to be discussed but this should not give us a reason to turn our backs on biofuels.

I am very thankful to Professor Stern from the London School of Economics. He wrote a report outlining for the first time the economic scenarios in the event that we do nothing, and in the event that we do something to reduce the effects of climate change. This can, may, and must form the basis of our actions. This is why we will, and we have to take the IPCC reports seriously – something that, for me, goes without saying. We should do everything we can to ensure that the average temperature does not increase by more than two degrees Celsius. This is an ambitious task in the face of an exploding population and associated increase in traffic volumes.

In Germany, we emit an average of almost 11 tonnes per capita. The global average is roughly 4 tonnes for every person in the world. Even without including the increase in population in our calculations, by the middle of this century we should not be exceeding anything over 2 tonnes, if we want to keep the temperature increase under 2 degrees. Germany produces 11 tonnes per capita, Europe produces an average of 9 tonnes, the

United States of America generates 20 tonnes per person. We have an enormous job ahead of us.

We know that countries like China are already producing more than 3 tonnes per capita. So, in the event of rapid economic growth we will have to consider, relatively quickly, a strategy for reduction. Therefore, we need to look at the measure we intend to introduce.

I don't think I'm saying anything new when I say that climate change requires a willingness to approach economic growth in new ways. We believe that we, in the Federal Republic of Germany, can take an interesting path, and that this will open up many new opportunities for us. This is a secondary aspect, because industrialised countries have been largely responsible for causing climate change, they have an economic and moral obligation to ensure that others in the world will have the opportunity to make a start using the same efficient technology. This they can do by developing the best technology possible.

If we focus on the future of developed countries, then we also know that our opportunities for efficient production in the aforementioned branches will not increase in a steady fashion. This means that we can experience a win-win situation if we decide to invest in new ways - in research and technology, in new structures to secure our opportunities for exports and thereby securing jobs in the long term. Anyone looking at the development of the German wind energy industry and at the solar energy sector will recognise this.

We have already developed a European strategy for tackling climate change. You are aware of this. We have also made a commitment, in the international post-Kyoto negotiations, to work towards a clear reduction of emissions in the European Union - a reduction of 20% compared with 1990. If others follow our lead internationally, then we are even prepared to go as far as a 30% reduction. We want to triple the proportion of renewable energy sources to 20% of overall energy consumption. We want to increase energy efficiency by 20% and I think this is the most important point, as it also has significance for transport.

We'll all be busy until next year. A new Kyoto agreement is to be finalised in Denmark in 2009. We will have to develop benchmarks by then. I personally think that a per-capita emission level is the only way to go in the long term. We need to push forward with the change over to new technology and we, as industrialised countries, have a role to play here.

Now we have to ask how each individual economic sector can make their contribution. Yesterday, for example, at the biological diversity conference I pointed out that the CO₂ absorption capacity of the tropical rain forests is still far greater today than the total CO₂ emissions produced by traffic. So this means that preserving biological diversity is a major condition for protecting the climate. I'm not saying this because I want to prove that the emissions produced by traffic are not all that bad. I am simply pointing out the wide range areas in which we need to act in order to achieve a balanced system. We do, of course, need to implement measures within the transport sector.

71 per cent of the vehicles in the European Union are dependent on mineral oil. That figure is as high as 97% for street traffic. Traffic, therefore, is consuming scarce energy resources. Traffic is for the most part, responsible for CO₂ emissions. In the OECD states traffic is responsible for an average of 30% of CO₂ emissions.

There are approximately 650 million vehicles in the world today – and that number is growing. The number of vehicles in emerging markets is predicted to double by 2020 and triple by 2050. Therefore, we need to push ahead with new technologies. There will be no moral commitment if we ask other countries to change or tell them they can't have something if we are not prepared to do the same.

We also noticed a dramatic increase in the transport of goods – not only on our roads, but also in relation to shipping and aviation. The main players from each of those sectors are here with us in the room. Politicians have a lot to do in this respect. This week, I opened the International Aerospace Exhibition in Berlin. It shows that the single European market more or less functions here on earth, but that particularism is still the norm in the skies. This, of course, results in considerable CO₂ emissions. Seeing everybody here today, a concentration of power as it were, as Chancellor, I think that: it must be possible, if everybody takes the challenge to make those advances. I'm not, of course, forgetting how difficult the details can be. - No applause. Oh well.

When it comes to traffic we have to separate energy consumption from transport services. This is a significant milestone, which we in Germany managed to achieve many years ago in the industrial sector. In this respect we have not yet managed, for example, to separate economic growth from land consumption. This means that we consume 100 hectares of new space every day in Germany. And worldwide we have not yet managed to break the dependency of transport services on energy consumption. This will be one of our main tasks.

We need to increase energy efficiency. I am very pleased with the achievements of the automobile industry over the past few years. Ten years ago, when I was Minister for the environment, I was told to invest in security. Increased security made vehicles heavier. Heavier vehicles are not able to reduce CO₂ emissions. That, at least, is very difficult.

In the meantime, however, the discussion has taken a completely different direction. New drive technologies have been developed. Japanese motor developments, viewed in the past with a measure of derision in Germany, are suddenly "in". The race for the best battery has become, as it were, a matter of honour. I'm very pleased about this. This shows that progress is possible in the presence of certain incentives and needs. I think we are set to achieve incredible revolutions in transport with fuel cells, solar power and much, much more, which is why we have to ensure that we don't break off the discussion at certain topics – in Germany this is the speed limit – thinking we've solved the problem of increasing traffic. This means: not concentrating on sideshow issues, but keeping our eyes on the big picture where every participant, whether political or economic representative, has to do his or her homework. One example here is the "Single European Sky" initiative for the aviation sector. The same goes for the pace of innovation in the aircraft manufacturing sector, and for testing more efficient technologies.

Ladies and gentlemen, we have to commit ourselves to concerted action. In the European Union, we are talking about reducing the average fleet consumption to 120 CO₂ per kilometre. We, as Germans, are involved in a contentious debate with the European Commission because we are a country which produces a lot of cars of all classes.

The automotive industry accepted this ruling voluntarily – 120 grams of CO₂ per kilometre. Maybe it would have been easier if we had stuck to this level voluntarily. Because then there would be no need to introduce regulatory measures and the threat of penalties. If the limit is regulated legally, we then have to ensure it doesn't create unfair competition.

This brings us to a very exciting point which will always keep us thinking – from airplanes, to cars and lorries as well as in many other sectors. What is “sustainable development”? We learned that this means creating harmony, a balance between ecological requirements, economic necessities and social conditions.

Based on the discussions around the automobile directive in the European Union you can already see what happens when we try to regulate sustainability. One side says: you can't include social components in a directive which is primarily concerned with fuel consumption. The other side says: you can't reduce European export opportunities by putting more pressure on big cars - this is where we have to find our balance.

I am very thankful that the German automotive industry, including the manufacturers of larger cars, has said: yes, we are prepared to make more of a contribution. It would be wrong to force the manufacturers of large vehicles on their knees because, as we've seen up to now, small-car innovations are based on large-vehicle innovations. This ensures that small, innovative, mass produced cars remain affordable. And it means we have to achieve a sensible balance.

The question also arises in relation to climate protection as a whole: Do we want to regulate every sector: for cars, for aircraft, for trains, etc.? Or should we put our faith in market-economy incentives and hope that individuals will toe the line?

I don't think politicians should be producing regulations for everything – for kettles, motor vehicles, aircraft, and right up to chemical plants. I prefer to put my faith in market-economy instruments.

Based on my current knowledge, the CO₂ emissions trading instrument is the instrument with the best conditions for global application. A precondition for this is an overall reduction in emissions. These don't have to be broken down across every continent. A trading system could be installed to facilitate global trading. Ideally, from my point of view, money used to purchase emissions entitlements from countries which are not as developed could be used to help these countries to develop into more technology-efficient states.

I know that this is a bit of a daydream on my part, because we still have a long way to go to get there. The European Union, too, is dealing with the fact that local and regional CO₂ emissions trading systems are reaching their limit. If you try to tackle a global

problem using local or regional instruments, then sooner or later, at the latest with aircraft, you'll go as far as you can. The same applies to shipping.

I want to develop a vision that points us in the direction we want to take. This vision does not grant us individual freedom, because the IPCC clearly regulates what we can and can't do, as well as the consequences of doing what we're not supposed to. Within this vision we should use the most flexible and efficient system possible to move towards our necessary goals along the most beneficial economic path – and not along the most difficult economic path.

To avoid doing great damage to our global system, I think it makes sense at this point to keep an eye on where we have to go, and to avoid getting bogged down or investing time and energy in the wrong issues. Ladies and gentlemen, this is the reason why it is so important for you to talk to each other.

Finally, I'd like to mention one aspect of transport which has global significance – biofuels. Here too, at one point in time, we had the impression that biofuels represented the solution for the entire transport sector. And in the same way as perpetual motion failed to materialise, there is no silver bullet for this problem. This is what we learned about biofuels. The saying "there is no free lunch in this world" applies to the question of biofuels. There will always be negative repercussions.

We need to develop a strategy, which we can only develop internationally, where it is clear that we have to look at the question of competition. When I was in Brazil – and this is something I intend repeating throughout Europe – I realised that there was no direct correlation between sugar cane production and the clearance of rain forests. However, the question of competition with regard to soya beans, maize and wheat should be perfectly clear.

If regions surrounding developing countries like India, Mexico and others suddenly experience a dramatic increase in sales from one year to the next, and if those countries are unable to react in the absence of cultivation strategies, the result will be a distortion of prices, which ultimately leads to serious instability in political systems. This is why it is so important, and hence my plea to the OECD and other organisations, for politicians to develop long-term scenarios in relation to available agricultural land and anticipated food patterns, etc. If half the population of India - which is more than 500 million people, more than twice the population of the European Union - suddenly starts eating a second meal per day, this will almost double the demand for food. If, at the same time, we manage to triple the demand for biofuels, we will develop a conflict of goals which is why this needs to be given some complex thought.

We have to develop standards for biofuels which guarantee sustainable resources. We have to develop the technology for the second generation of biofuels, which allow us far more room to manoeuvre than the technology we have today.

Therefore, biofuels will remain part of the climate protection strategy and sustainable development for the transport system. This will not stop us from changing our habits in relation to traffic, or planning public transport or making plans to improve infrastructure nor improving energy efficiency, developing modern traffic management systems or

promoting sensible logistical developments. The introduction of toll charges for heavy duty goods vehicles has shown us how we can improve our efficiency.

In other words, we are facing a global challenge, one which is extremely exciting because of its diversity. I personally believe that, over the next few decades, the question of peaceful, conflict-free development will to a great extent, depend on the interaction of economics and ecology and social conditions.

Ministers for Transport have access to roughly one third of all emissions. Whether or not you find interesting and exciting solutions, will decide if the IPCC will one day, not only be able to tell us how badly the climate data is developing, but also that people have started to change the way they live and behave.

I think this is possible. I think this is one of the most exciting tasks of the 21st century – also in terms of whether or not we manage globalisation for every individual with dignity. The serious nature of the discussion aside, I hope you enjoy taking part in the debate.

In 100 or 200 years' time, when people pass through Leipzig or Berlin or Dresden and speak of what we managed to achieve or failed to achieve at the beginning of the 21st century, I think it would be good if people remarked on the fact that we managed to rebuild, in historically correct fashion, something that had been broken. I also hope that we, in this century, will help people see this century overall as a good century for mankind.

On this note: Keep up the joy and enthusiasm for your work! I will try to support you in your endeavours, as will many of the heads of state and governments who are present here today. I think we in Europe have acknowledged our responsibilities.

Thank you!