

## **A green recovery**

The ongoing COVID-19 pandemic has demonstrated, that the world is, in many ways, even more connected than we thought, and that international cooperation across national borders is necessary to effectively combat the pandemic. A parallel can be drawn to the fight against climate change which also goes beyond national borders, and requires international cooperation to achieve a sustainable development. The consequences of climate change are, however, longer-term and cannot be seen immediately.

In recent weeks, Denmark has taken significant steps towards climate change and a green transition while at the same time paving the way for the recovery of the economy.

For many years already, Denmark has shown how a green transition can be done while ensuring strong economic growth. From 1980, Denmark has managed to decouple economic growth from its overall energy consumption. While the Danish economy has doubled, energy consumption has remained more or less stable, and CO<sub>2</sub> emissions have been greatly reduced. This proves that it is possible to create economic growth without using more energy and actually decreasing CO<sub>2</sub> emissions. In the 2020 Environmental Performance Index published last month, Denmark came out as number one due to its action towards climate change. An indication that even a small country can make great change and be a source of inspiration.

In June, the Danish parliament adopted a new ambitious climate law. The law makes it binding for the current as well as future governments to work towards achieving Denmark's ambitious climate goals. The climate law sets a goal of a 70 percent CO<sub>2</sub> reduction in 2030 compared to the 1990-level, a long-term goal of climate neutrality by 2050 and aims to work actively to keep the average global temperature increase below 1.5 degrees. In the law, it is also said that Denmark should be a pioneer in the international climate efforts with the aim to inspire the rest of the world.

Progress towards these goals will be assessed by an independent "Climate Council", comprised of independent experts. They will assess whether the government is on the right track towards the objectives of the climate law, or whether the government should take active action and present new initiatives. Likewise, the government has to pass a "climate exam" in Parliament by the end of each year, where the Parliament has to evaluate if the government is living up to the climate law. Alongside efforts at home, the government is also committed to report on the international effects of the Danish climate efforts.

A large and concrete step on the way to implementing the climate law and achieving Denmark's ambitious climate goals was taken a few weeks ago, when the government and almost all parties in Parliament agreed to a new plan that aims for an ambitious green transition of the energy sector and industry. The plan aims to invest massively in the development of future green technologies, more energy efficiency in buildings, green heating, and an entirely climate neutral waste sector by 2030.

One of the key initiatives is the commitment to construct the world's first energy islands by 2030. Denmark will be the first country in the world to shift from individual off-shore wind farms to entire energy islands. Denmark has a long tradition for wind energy and has established some of the world's leading companies in this area. Initially, the two islands will be able to produce in total 5 gigawatts of wind energy. It will triple the off-shore wind capacity today, with the

possibility to expand to as much as 10 gigawatts. A new artificial island will be build in the North Sea, 100 km from the coast, and the other island will be developed in the Baltic Sea at the Danish island of Bornholm. The two energy islands will take the development of wind energy in Denmark to a new level and support the green transition in Europe. Denmark will be able to cover more than its own electricity consumption and to export green sustainable electricity to neighbouring countries. The development of the two energy islands is also expected to create thousands of new green jobs while transitioning to a greener future. Danish pension funds who have promised to invest massively in the green transition towards 2020 will invest in the energy islands.

It is also part of the plan to transform some of the green electricity from the wind turbines into sustainable green fuels for use in, for example, transport. Denmark will invest significantly in the development of Power-to-X, a new and innovative technology for green fuels. It is going to play an important role in the green transition enabling storage of energy, and to use the energy to transport people and goods on trucks, ships and planes in a more sustainable way in the future.

A number of Denmark's largest companies have joined forces to develop a new green fuel production facility as soon as 2023. When fully scaled-up by 2030, the project could deliver more than 250,000 tonnes of sustainable fuels for busses, trucks, maritime vessels, and airplanes every year while at the same time reducing annual CO2 emissions by 850,000 tonnes. The project will require a large amount of renewable electricity, which potentially could come from the two planned energy islands.

This is a good example of a private-public partnership where governments and private businesses come together to cooperate towards accelerating the green energy transition, climate neutrality and at the same time creating new jobs to stimulate the economy. To reach the climate law's target of a 70 per cent emission reduction in 2030 and neutrality in 2050 governments, municipalities and the industry in Denmark must come together to create and cooperate on a framework that incentivises private investments in large-scale innovative technologies.

What we can learn from the COVID-19 pandemic is that when we are facing a common threat, governments, companies, and citizens are able to come together and cooperate on a large scale to achieve common goals. The same is needed when fighting climate change, because like the pandemic, we can only succeed together.