

Can the EU Lead the World on Climate?

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In recent years, the EU has turned crises into opportunities to advance its green agenda. But when it comes to the energy transition, overcoming internal divisions between member states is not enough: the Green Deal cannot succeed without a strong external dimension. Nathalie Tocci explains how the EU should lead the global fight against climate change.

Edouard Gaudot: In your book *A Green and Global Europe*, you argue that the EU is a global leader thanks to its climate ambitions and policies. What kind of leadership does this represent?

Nathalie Tocci: The EU has gone through almost two decades of existential crisis, starting with the rejection of the constitutional treaty in 2005, then the Eurozone crisis, migration, Brexit, the pandemic, and now the war in Ukraine. Because of the magnitude of these crises, it has at times faced the prospect of collapse. But whereas in the first of these shocks, the EU had both lost itself and the ability to transform them into opportunities, that dynamic changed with the pandemic and now with the war. The EU has used these more recent crises to advance its integration journey in ways that are intimately connected to the green agenda.

The Next Generation EU funds were coloured in green and added real substance to the European Green Deal. A similar argument can be made for the war – and it wasn't obvious. There was a risk that energy security could have been interpreted exclusively in brown terms. But more than one year on, it's safe to conclude that this hasn't happened, and investment in renewables has accelerated.

The EU desperately needed a new narrative, a new vision, a new way of understanding itself and reconnecting with citizens, especially younger generations. Recreating a new growth model not only based on restrictions and rules but associated with a constructive, productive, forward-looking agenda was a way to do that.

So the EU's internal constitution is my starting point. What does it have to do with external leadership? The EU has long been considered a climate leader, but the climate was never really at the heart of the international or domestic political agendas. Now all of a sudden, climate and the energy transition are at the centre not only of EU but also domestic politics. International relations are getting far more politicised and even polarised. In some respects, I consider it good news, because it means that now the green transition becomes real: choices and tradeoffs to make, winners and losers emerge, and inevitably it becomes a much tougher game. This is the challenge for the EU: reinventing what external leadership means – the tools of climate diplomacy of the 1990s and the 2000s won't do – while it puts climate and the transition at the core of its internal story.

And who leads the EU? The Council, the Parliament, member states?

The simple answer would be the Commission and President Von der Leyen. The Commission did not do particularly well in the earlier succession of crises. Its leadership was weak, with the Council and in particular the European Council at the forefront. Since the pandemic, the Commission (and especially its

President Ursula Von der Leyen) has done a remarkable job in becoming the face, in “Kissingerian” terms, of EU leadership.

As for member states, one would have expected Germany to be a prominent leader, especially with the Greens as part of the government coalition. But so far this hasn’t happened, at least not the way we expected, because the coalition struggles to project a strong identity. In the recent turmoil about combustion engines and e-fuels, for instance, Germany objected to green measures and stroke shady bilateral deals with the Commission. In this respect, Germany has been punching below its weight.

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France is interesting. Second in line in the EU executive branch, in terms of prominence, you find Internal Market Commissioner Thierry Breton. The other commissioners, including Vice-President Frans Timmermans, are somewhat less convincing. I believe this reflects the fact that industrial policies are in vogue worldwide. France has become one of the pivots because it has always pushed for industrial policy and a greater role for the state. Its success on the nuclear agenda is a sign of that too.

How can the EU overcome the tensions between its member states? Whether it’s Poland, Romania, and the Czech Republic on coal, Germany and Italy on cars, or the rising cost of energy for citizens, there are many issues that make internal leadership difficult. Is a narrative going to be enough?

We should think of the transition as something that almost resembles a revolution. Revolutions produce winners and losers – the main question is how to compensate the losers. Because if you don’t, the resistance to change risks becoming insurmountable.

There are different ways to make the transition desirable for the many, but part of it always has to do with compromise, and the rest with money. Compromise is necessary if you want to bring everyone along, and this is what happened on combustion engines until someone tried to derail the process. Funding is a key aspect too, and this is why the EU has a Just Transition fund, the European Social Fund, and wants to use the revenues from the Emissions Trading System and the Carbon Border Adjustment Mechanism.

The sums we’re talking about may not be anywhere near what is needed. In the last year and a half, European countries (including Norway and the United Kingdom) spent 800 billion euros on utility bills to mitigate the energy crisis. This is the same amount Next Generation EU will spend over seven years, and only 40% of it is aimed at climate. When a crisis hits, governments have to find the money somehow, so we need to convince them to put their money where it is needed – before it’s too late.

China’s share in the solar panel industry is about 80 per cent and the US’s Inflation Reduction Act (IRA) has caused panic in the EU. Is Europe a credible green leader? Are its industrial ambitions feasible?

The EU can’t be a climate leader in the way it used to be in the past. It must reinvent its claim. The IRA has very significant limits, especially if you look at it through the lens of climate and the transition. As a piece of legislation, it is primarily aimed at China and only secondarily at climate.

Moreover, unlike in Europe, the green transition is extremely controversial politically in the United States. The only reason the IRA has taken this shape, form and magnitude was to get Democrats and Republicans to agree on something. But how sustainable is it to address the climate question only through funding? How many 400-billion-dollar packages can you pass in the long term? It is more reasonable to bet on a mix of funding regulation and carbon pricing. In this respect, the EU's approach is more sustainable.

The European Green Deal was never about China – it is about the transition. However, it needs now to develop its external aspect. The question is how to reinvent external climate leadership, given that the world – even if we just think about the relationship between the US and China – has changed fundamentally.

Globally, tensions are growing around critical resources and the raw materials essential for the energy transition. In this regard, there are ambivalences in the way the EU treats its neighbours. Isn't there a risk that external climate leadership resembles classic resource-based neo-colonialism?

Since Russia's full-scale invasion of Ukraine, all of the EU's attention has been focused on weaning itself off Russian fossil fuels. But we've ended up in the same position we were in when we were vaccine hoarding during the pandemic. Gas hoarding made gas prices and overall prices shoot up, not just for the EU but for the whole world. So the response to the war and the energy crisis wasn't all green, it was also brown and expensive.

So leadership shouldn't mean that everyone becomes like the EU. The point is to understand that the transition can take different paces and forms.

I've been on the board of [Italy's energy giant] ENI as an independent non-executive member over the last three years. It's been quite interesting to see the way in which Italy turned from Russia to Algeria for its gas. It was not additional production, so the Algerian gas was taken away from another client. In exchange for depriving Algeria's local market of its gas, Italy gave it new investments in energy efficiency, renewables, carbon capture and storage. In doing so, we may construct a rebound partnership with the countries in the neighbourhood by inserting in them an energy transition. In non-OECD countries, big investments in renewables have not taken place because the return of an investment in renewables is much lower compared to fossil fuels.

So there is a real potential in these countries to start inserting green investments as part of a broader partnership away from brown energy. Ideally, what should happen over time is that the green component of the energy mix grows to the point that the brown one is no longer needed. EU institutions should lead this process, not just count on private companies. It requires a policy framework that can induce the private sector to follow.

If I follow your reasoning, claiming to be a leader requires that you have an idea of where to go. Europe is a rich continent whose economy is stagnating, its population shrinking, and its colonial past brings the suspicion of neo-colonialism to every trade deal it negotiates. Why should Europe aspire to lead anyone, especially in the face of new narratives heralded by China or perhaps the BRICs?

The EU accounts for under 8 per cent of global emissions. If it were to become fully green while the rest of the world is brown, it would achieve exactly zero – well, 8 per cent, which is not great. This is the obvious first reason why the EU has an interest in leading. A European mission towards a green society only makes sense in the broader global context. Secondly, there has been a lot of talk about “decoupling”, mainly understood as the US and China reducing their economic interdependence. But decoupling green and brown economies carries a risk of higher costs for everyone along the global value chains.

So leadership shouldn't mean that everyone becomes like the EU – and this is not easy for Europeans. The point is to understand that the transition can take different paces and forms. In the process, we find out how we can contribute to others' journeys. The eventual destination is the same, but the routes will be different. This must be a co-development exercise. What Europe can't do is say to Chile, for example, “We really like your physical minerals. But it's not possible in the context of our FTA that you protect your domestic industry in order to develop storage and battery capacity.” If it keeps that kind of mentality, the EU will end up in yet another form of extractivism and colonialism. On the contrary, as it makes industrial policy part of the core of what it does, the EU has to support industries in partner countries to help them develop their own features, and move up the value chain in terms of technology and industry.



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