

Constantin Blaschke, Dietrich John and Julia

The EU as a global leader on climate action between ambition and reality

The European Green Deal is the EU's recent ambitious flagship policy aimed at fundamentally transforming the EU towards a more sustainable future. It underlines the EU's claim and ability to exercise climate leadership on the global level. In addition to the internal impact on EU legislation, the external dimension of the Green Deal implies engagement in climate diplomacy, climate targets for the EU's external financing instrument NDICI, as well as a greater focus on climate issues in the EU's partnerships. While the European Green Deal is an ambitious policy initiative that holds the potential to boost global climate change efforts and endow the EU with a genuine leadership role on the world stage, it must also be acknowledged that there are limits to what the EU can realistically achieve. In this context, this article emphasises the need for the EU to, inter alia, join forces with like-minded partners, effectively implement climate spending targets, align climate goals with foreign and development policy objectives, but also ensure local ownership such as in Africa.

Keywords:

Climate action - EU global leader - climate leadership - European Green Deal - economic transformation - climate diplomacy - policy coherence - climate spending targets - NDICI - Africa

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|| Constantin Blaschke, Dietrich John,
and Julia Wagner

The European Green Deal – the core of EU climate action

In December 2019, the European Commission unveiled the European Union's new flagship policy: The European Green Deal. This policy package, unique in regional integration projects, marks the onset of a new age in climate policy. Climate change mitigation and adaptation measures thereby transcend policy fields to capture the economic sphere, ranging from transport and infrastructure to the energy sector as well as the international arena, whether reflected in trade or development policy. The Green Deal builds on the monumental challenge to achieve climate neutrality, both at home and abroad, and represents an opportunity for the EU to realize a €1 trillion investment scheme under the paradigm of green and sustainable growth. Climate neutrality, in other words, net zero greenhouse gas emissions, has become the key policy priority to be attained halfway through the 21st century. Environmental protection, climate action and economic considerations are, henceforth, inextricably intertwined. This approach signifies one of the most important elements in the EU's contemporary discourse, that is of both internal and external significance for the EU.

Internal significance – expectations and the quest to deliver

Without doubt, the European Union is a seasoned actor on climate policy. It holds a

highly developed internal environmental regime, directed at long-term structural change, that is ever more aspiring since EU integration in the field gradually gained momentum in the 2000s.¹ The EU's mix of policy instruments incorporates market, regulatory and procedural components, focusing on climate mitigation.² For example, the EU regulates greenhouse gas emissions by setting an emission cap for all sectors and introducing the Emissions Trading System.³ Brussels has also introduced regulatory policies such as emission standards for cars or energy efficiency rankings for household appliances and buildings. EU climate governance has thus charted a long-term trajectory of rising ambition and sustained action on climate change, principally towards decarbonisation.⁴

The European Green Deal reflects the spirit of climate policy efforts and concerns of our time. It includes a plethora of policy initiatives aimed at fundamentally transforming the EU's economy towards environmental sustainability. Not least in the context of the post-Covid-19 recovery, this offers promise and utility as a stimulator of renewed economic growth. Part and parcel thereof, the European Climate Law and the Just Transition Fund tighten EU targets and standards on the one hand, and provide financial support to the most vulnerable and least developed parts of the EU on the other.

Graphic 1: EU Green Deal policy proposals



Source: European Commission

The Green Deal, arguably the most important policy of a generation⁵, reveals a fundamental political difficulty in devising the way forward: the right balance between political appetite for ambition and the feasibility of reforms must be found. Recent extreme weather across Europe and the U.N. climate panel’s landmark report⁶ underline the urgency for greater climate action. Nonetheless, legitimate concerns of social sustainability and inclusion require ample time and attention to detail. Apropos of the EU credo “no one is left behind”, debates on the EU’s ‘Fit for 55’ legislative package are a prominent example that highlight the fragility and challenges of ambitious climate policy.⁷ To mitigate the impact on people’s lives, particularly, those at the sharp end of policies, it is therefore imperative both to address the exacerbation of inequality and promote social inclusion in the EU.

External dimension – global climate leadership

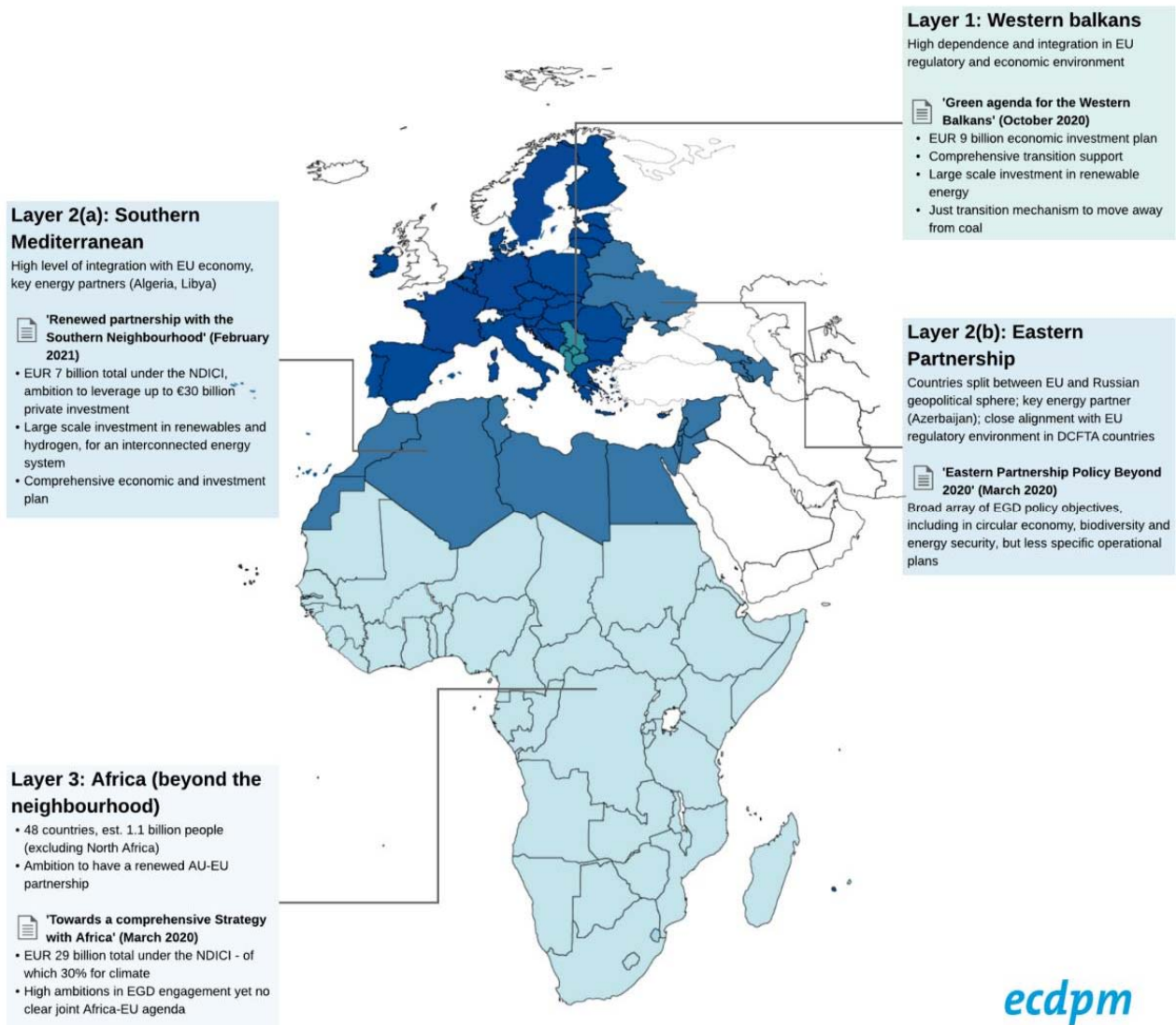
While climate action is of fundamental importance in the EU internally, it has traditionally been derived from and justified with international commitments and the global context. EU internal climate policy, in turn, gains significance through its external dimension. With the rise of climate change to the global agenda, the EU and its member states aspire to lead, with efforts yielding varying degrees of success. The EU emerged as a protagonist in the negotiation of the landmark multilateral climate treaties, as early as in the adoption of the 1992 UN Framework Convention on Climate Change and 1997 Kyoto Protocol, and as recent as the 2015 Paris Agreement.⁸ The EU exerts global climate leadership by means of its exemplary policy framework and the strategic use of diplomacy. Internal policies and targets as well as resulting climate outcomes reinforce its

international credibility. Thereby, it has the potential to inspire the adoption of similar policies, and also provides a substantial material incentive to align legislation in view of EU market access.⁹ The EU as a diplomatic actor is thus theorised to occupy a unique role in global climate politics, that of a leader and mediator, in short 'leadiator'.¹⁰ As such, the EU pursues a strategic approach in consideration of the international context.¹¹ It puts an emphasis on building bridges to unite and form international coalitions.¹² In this regard, the EU persistently advocates for the boldest science-based international commitments among major economies.

Impact on EU external action and bilateral relations

The European Green Deal, unquestionably, has geopolitical implications.¹³ Most fundamentally, the repercussions feature EU energy security, the global energy market, especially oil and gas exporters, and global trade in general. In particular, the expectation of stricter climate and environmental standards, including the carbon border adjustment mechanism, bear a coercive element on third states.¹⁴ Hence, the European Green Deal requires fine-tuned external engagement conjoining foreign, trade and development policies. The EU reconfirms its multilateral, alli-

Graphic 2: Integrating the external dimension in EU regional strategies



Source: Teevan, Chloe / Medinilla, Alfonso / Sergejeff, Katja (2021): The Green Deal in EU foreign and development policy, ECDPM Briefing Note No. 131

ance-building approach, notably towards Africa and the European neighbourhood.¹⁵ The EU depends on international partnerships that are instrumental in promoting sustainable trade relations and green transitions globally if it is to achieve its goals. By implication, climate change is a globally shared responsibility after all.

As far as international cooperation is concerned, the green policy framework is integrated into the regional strategies of the EU in terms of investment and development programming.¹⁶ In context, the EU instrumentalises its budget and development policy to support the external dimension of the Green Deal, i.e. promoting climate action and the green transition globally. Thus, the new Neighbourhood, Development and International Cooperation Instrument (NDICI or “Global Europe”), the EU’s €79.5 billion external instrument for the period 2021-2027, illustrates the pledge to consolidate climate action in the EU’s external policies and hence, earmark 30% of the resources for supporting climate objectives, as evident during the current programming phase.

Limitations of EU climate engagement – Internal factors

Whereas the EU is vocal about its ambitions, Brussels is well aware that its room for manoeuvre and ability to achieve change has limits. This is due to internal and external factors.

Consumption patterns

Internally, a major factor is the behaviour of European consumers. The EU would be badly advised if it wanted to regulate the smallest details of people’s lives; yet a change in consumer behaviour is indispensable to combat climate change. The textile industry for instance requires high amounts of water and emits micro plastics and toxic substances into the oceans.¹⁷ The production of a t-shirt consumes as much drinking water as one person would need for 2,5 years, while clothing and footwear production generate more greenhouse gases than international flights

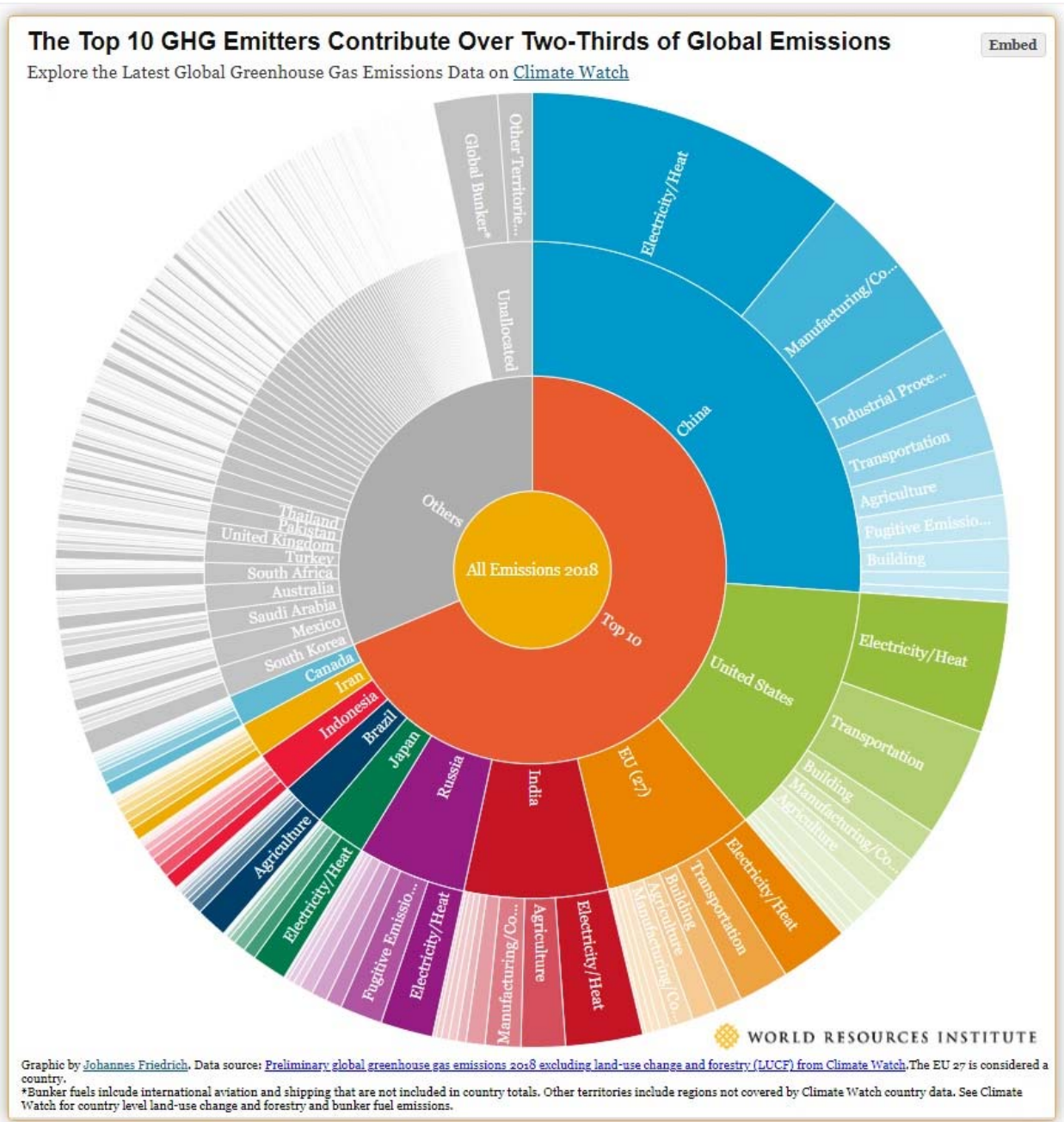
and maritime shipping together.¹⁸ Under these circumstances, fast fashion is unsustainable. Another example concerns coffee to go. Studies show that even reusable cups are not necessarily better for the environment than disposable cups, so consumers should get used to bringing their own cup from home.¹⁹ While these are just two examples among many, consumers need to be sensitised accordingly, politically difficult as it may be.

The EU’s climate finance architecture

Besides consumer patterns, existing climate-related spending targets affecting the Green Deal’s external dimension might be limited in their effectiveness. The aim of spending 30% of NDICI funds on fighting climate change falls short of expectations by NGOs of a 50% spending target.²⁰ Moreover, it is not clearly defined which projects count into this target – those focussing exclusively on the objective of fighting climate change or also those contributing only to a limited extent to this aim?²¹ In any case, the target remains aspirational – it is no legally binding provision in the NDICI regulation.²² Others criticise that the EU’s financial institutions invest more in climate projects in middle-income countries (MICs) than in those most in need and most affected by the reverse effects of climate change, i.e. low-income (LICs) and least developed countries (LDCs). The latter face great challenges to receive funding due to their often unstable economic environments and underdeveloped financial markets. The EU’s funding mechanisms, however, can shoulder the risks of investing in innovative proposals in LDCs, filling the funding gaps.²³

Another point of criticism towards the NDICI climate target is the focus on mitigation instead of adaptation despite the already tangible negative consequences of climate change in many poorer countries.²⁴ Moreover, the EU’s funding architecture with respect to climate projects is complex: Financing can come from within the NDICI’s pillars, its investment tools European Fund for Sustainable Development plus (EFSD+) and External Action Guarantee (EAG), other European Financial Institutions

Graphic 3: Top Net Greenhouse Gas Emitters.



Source: World Resources Institute, <https://www.wri.org/insights/interactive-chart-shows-changes-worlds-top-10-emitters>

like the European Investment Bank and the European Bank for Reconstruction and Development, and from programmes under other headings of the EU budget, such as Horizon Europe, the EU’s programme to support research and innovation.²⁵ Ensuring coordinated, coherent external climate action will therefore not be easy. In the worst case, outcomes risk falling short of existing potential, thus not only undermining the EU’s efforts, but also its claims to global climate leadership.

Policy coherence in EU external action

More broadly, the need for policy coherence does not only concern the EU’s climate financing mechanisms, but extends to the entire realm of EU external action. The EU’s external objectives can, at times, be contrary to one another. For instance, there are fears that the planned carbon border adjustment mechanism could hurt Africa’s development which is, in fact, one of the EU’s foreign policy priorities.

Studies suggest that by 2030, not even 10% of energy in Africa will come from renewable sources. Thus, the continent is likely to continue depending on fossil fuels for the production of goods for a long time, making their import into Europe expensive.²⁶ Although the EU will likely have to grant exemptions to LDCs in order to comply with World Trade Organisation rules, countries other than LDCs might be hit hard.²⁷

Limitations of EU climate engagement – external factors

Climate diplomacy

Externally, climate diplomacy is undoubtedly one of the most critical aspects of the EU's aim to reduce global warming. The EU has been actively engaged in diplomatic efforts with third countries long before announcing the Green Deal, and has strengthened its bilateral efforts after the failure of the Copenhagen summit in 2009.²⁸ With rising awareness of the threat climate change poses to the world, climate diplomacy has become increasingly significant.

It is evident that the EU's internal efforts alone are not sufficient to reduce the warming of the earth to the desired level of 1.5°C above pre-industrial times. Globally, the biggest emitter of greenhouse gases per capita are big oil and gas producers such as Brunei and the United Arab Emirates.²⁹ In net terms, the main emitter is by far China, followed by the US, the EU, India, Russia, Japan and Brazil.³⁰ The 2015 Paris Agreement, where all of these players committed to reduced emissions, is considered by many as a major success of EU climate diplomacy, with the EU fulfilling its 'lead actor' role.³¹

While relentless efforts by all major emitters are crucial to limit climate change, the EU's ability to influence other actors is naturally limited, and not all countries follow the EU's ambitious path. For example, the EU could not impede former US President Donald Trump to take the country out of the Paris Agreement. Brazil's President Jair Bolsonaro cut back sig-

nificantly on environmental protection and encouraged deforestation of the Amazon despite calls from European leaders to stop.³² Regarding China, Beijing's introduction of an Emissions Trading System similar to the EU model is considered as an EU success, and said to be based on both the EU's political engagement and practical, technical cooperation.³³ Nonetheless, China could not be convinced to step up its commitments at the recent meeting of the G20's energy and environment ministers in July 2021. Instead, with India, China blocked an ambitious agreement which should have served as preparation to the COP26 in Glasgow in November 2021.³⁴

Thus, the EU's climate diplomacy has so far only achieved limited success and encountered intermittent setbacks. Much will depend on the political will of foreign governments, with current commitments known to be insufficient to limit the warming of the earth to 1.5°C. Realistically, however, the EU has only limited capabilities to incentivize third countries to pursue more ambitious climate goals.

Respecting local ownership

This plays into the broader context of "ownership". A key principle in development cooperation, the Paris Agenda on Aid Effectiveness from 2005 defines it as "*Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.*"³⁵ Donors have to respect local leadership. With respect to climate policies, there is a tight line to walk for the EU – on the one hand pushing for bold climate action, on the other hand respecting national decisions and priorities. For instance, as mentioned above, the EU focusses in its external action on mitigation. However, as Africa emits currently only around 4% of global greenhouse gases, many African States consider mitigation to be a responsibility of developed countries and prefer to focus more on adaptation.³⁶

The EU as global leader on climate action – the way forward

The EU considers itself, many would argue rightly so, as a global leader in the fight against climate change as well as in promoting and implementing climate action. The European Green Deal entails ambitious objectives in a wide range of policy domains to reduce greenhouse gas emissions across the EU and fundamentally transform and restructure the EU's economy and society, making it more sustainable and future-oriented. Besides its internal relevance within the EU, the Green Deal exerts significant influence in the realm of EU external action, from foreign to trade to development policy. This is reflected not only in EU engagement in multilateral and international fora, but also, for example, in its budget for external action, and priority-setting towards EU partners.

This unique approach to environmental issues distinguishes the EU on the global stage from other international actors. It also inspires the EU's claim to global climate leadership and serves as a basis for the EU to pressure other global players to step up their efforts. At the same time, however, it is important to acknowledge existing limits to what the EU can achieve. This can help to set realistic expectations – politically and environmentally – and facilitate the successful implementation of the EU's green agenda in practice.

This undoubtedly starts “at home”. Continuously raising environmental awareness and successfully transforming the European economy from the perspective of both supply and demand will be essential to provide Brussels with the factual legitimacy for its external climate engagement. The post-pandemic recovery can be considered as an “ideal opportunity” to strategically invest in a sustainable future. However, in view of the reality that the EU cannot, should not, and will not stem global climate efforts by itself, the importance of ever-closer cooperation with like-minded partners around the world cannot be overstated. The re-emergence of the US under the Biden administration as a major global player in the

field of climate change represents an excellent opportunity to join forces while creating constructive competition that serves a common and shared purpose. More broadly, the EU has already woven the “green” agenda into its numerous international partnerships, but must continue to do so. In the relationship with Africa for example, the EU must foster, inter alia, cooperation on energy transition and climate change adaptation in the agricultural sector, transform trade relations, key issues being fossil fuel exports and waste management, and help develop a circular economy.

Persuading other actors to pursue and, where needed, intensify their efforts in the fight against climate change will be crucial. Where this is financially underpinned with NDICI spending, the key is to effectively integrate existing climate targets in the programming of funds and implementation of projects. This includes ensuring that the countries most in need receive the bulk of support to modernise their economies in a climate-friendly way.

Furthermore, the success of “green” EU external action will depend on how well policy coherence can be safeguarded, i.e. whether EU climate objectives can be aligned with strategic foreign and development policy objectives. In this context, EU decision-makers must also be open to continuously debate and adjust existing policies in line with the evolving insights of the scientific community. Moreover, the EU must avoid negative repercussions, for example trade-related, arising from the external pursuit of its “green” agenda. Equally important, in this respect, will be to consider the priorities and needs of its partners, such as in Africa, and to cooperate closely with actors on the ground, including civil society, as part of the efforts to ensure local ownership.

Outlook

The role and performance of the EU as global leader on climate action will doubtlessly continue to attract a high degree of attention. For the time being, the EU's Green Deal can be considered a major step forward in global climate change efforts and represents a

significant and ambitious attempt to inspire other key actors to step up. It is the coming years, however, that will show to what extent the EU can live up to its ambitions and contribute to addressing what is arguably the most urgent challenge of our time.

|| Constantin Blaschke

Constantin Blaschke is Expert on EU Projects in the Development Policy Dialogue of the Brussels Office of the Hanns Seidel Foundation. He has an interdisciplinary background and holds several post-graduate degrees. After studying Socioeconomics at the University of Hamburg, he pursued an MA in Communication Studies at the Vrije Universiteit Brussel. He received his second MA degree in Political Sciences from the Université libre de Bruxelles and completed an Advanced Master in European Integration at the Institute for European Studies (VUB).

|| Dietrich John

Dietrich John is Policy Officer in the Development Policy Dialogue of the Brussels Office of the Hanns Seidel Foundation. Previously, he worked at the foreign affairs department of the Permanent Representation of Austria to the EU, including during Austria's Presidency of the Council of the EU 2018. Dietrich John studied Politics and International Relations at the London School of Economics (LSE), but also holds master's degrees in European Studies as well as Business Administration from the Catholic University of Leuven (KUL).

|| Julia Wagner

Julia Wagner is Policy Officer in the Development Policy Dialogue of the Brussels Office of the Hanns Seidel Foundation. After a Franco-German double degree in Cultural Studies, she turned to international politics. She completed a Master of Arts in International Relations at the Catholic University of Eichstätt and at SciencesPo Paris and then studied EU International Relations and Diplomacy Studies at the College of Europe in Bruges.

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