POLICY | brief

The European Union in Crisis: What Future for the EU in International Climate Policy?

by Sebastian Oberthür

The EU as an international climate leader

For more than two decades, the EU has pursued international leadership on climate change. Ever since climate change matured on the international agenda in the 1980s and early 1990s, the EU has demanded ambitious international action. Since then it has proven its ability to learn and adapt: In the early 2000s, it strengthened its internal coordination in order to overcome a tendency of internal navel-gazing and reach out more effectively in dialogue with its international partners. Following the disappointing Copenhagen climate summit in 2009, it successfully reoriented its international strategy towards coalition building, adapting to an evolving multipolar world of rising powers.[1] As a result, it was able to realise important achievements, most recently the ground-breaking Paris Agreement adopted in late 2015, not least carried by a high-ambition coalition brokered by the EU and others.

A focus on the EU's international climate policy and leadership must not ignore domestic climate and energy policy – both go hand in hand. Lack of domestic climate policies crucially undermined the EU's international credibility and unity in the 1990s. In turn, the EU becoming a frontrunner in implementing domestic climate policies and deploying key low-emission technologies such as renewables and energy efficiency was foundational for its international influence in the 2000s. As external and internal policies are inextricably linked, any thinking about the EU's role in international climate policy also needs to look at domestic policies.[2]

Despite an apparently ever-growing number of crises in Europe over the past decade, the fundamental rationale of the European Union (EU) and its member states actively and jointly exerting leadership in international climate and energy policy has not changed. The members of the Union remain bound together by common policies closely linked to the single market. They also have a common interest in fighting climate change and enhancing energy security and reaping the many economic opportunities of the 'new climate economy'. And, with individual member states being vulnerable and lacking clout, they share a strategic interest in jointly shaping evolving international climate and energy governance. The crises therefore do not call for scaling down EU climate leadership ambitions, but for adjusting the leadership strategy.

The challenge of the EU crises

The recent EU crises constitute serious and perhaps even perilous challenges both for the EU's domestic and international climate and energy policies. They tend to push climate and energy down the policy agendas across Europe and reduce the attractiveness of the climate transformation as it implies further change easily considered unattractive in times of crisis. Brexit and the rise of populist parties, which lean toward combining Euro-scepticism with climate scepticism, weaken support for climate ambition within the EU. Especially support for the deployment of renewables has been axed in several member states in the wake of the intertwined economic and financial

crises (including the Euro crisis and the sovereign debt crisis), contributing to the EU falling behind in renewables investment in international comparison.[3]

Overall, the crises have also strengthened calls for a reversion to the member states in European politics. In the European Studies literature, it has been argued that the dynamics of European integration have shifted towards member states for some time under the label "New Intergovernmentalism".[4] The past crises and the rise of Euro-sceptic parties in many member states in particular have further empowered the narrative of 'taking back control', implying a stronger focus on the powers of member states as compared with 'Brussels', but also on the powers of regions and other sub-national entities, including civil society.

The crises, furthermore, seem to give rise to and reinforce internal cleavages. The Eurocrisis has pitted southern member states against northern ones, while the migration crisis has reinforced structural internal East-West battle-lines and trenches that also characterize EU climate politics. This challenges EU unity at a more general level including in international climate policy – at a time when Brexit is poised to reduce the EU's weight and capabilities in climate diplomacy and climate geopolitics. All in all, this would seem to undermine EU unity and hence effective international EU leadership on climate change.

The case for the continued international role and leadership of the EU

What may easily be overlooked in such a crisis account is that the rationale for EU climate (and energy) leadership remains strong and that some aspects of the trends/crises may even reinforce this rationale. First of all, EU member states remain bound together through existing climate and energy policies, which are currently being upgraded towards 2030. While some may attempt to weaken the framework, it is closely related to the single market the value of which has recently been highlighted by Brexit and may hence be unlikely to be challenged fundamentally. Furthermore, public support for coordinated EU action on climate and energy remains high.[5] And with the 'new climate economy'[6] gaining pace worldwide, smart climate and

energy policies continue to have an enormous potential to advance European economies and to ensure they can have a prominent and competitive place globally.

The Ukraine crisis is noteworthy because it has reinforced the place of energy security on policy agendas in Europe, with important potential for synergies with the climate agenda. One way of enhancing energy security is to increase energy efficiency thereby lowering demand, and to invest in renewables. Accordingly, climate objectives form an integral part of the EU's Energy Union project launched in early 2015 – not least in response to demands by Poland and other CEE member states after the eruption of the Ukraine crisis.[7] This crisis has also served to bring home the external vulnerability of individual member states and hence the geopolitical rationale of European integration and a strong Union towards the outside world.

The geopolitical rationale of joint EU leadership on climate change is also strong and growing in the wake of the Paris Agreement concluded in December 2015. In the evolving multipolar climate world, individual member states can hardly act on par with powerhouses such as China and the US. Brexit has raised awareness that a unified and strong EU possesses muscles in world politics – while individual member states do not. Climate change has been clearly established as an important part of world politics. At the same time, the Paris Agreement suggests that the game of climate geopolitics will be about 'decarbonisation': the drive to phase out the use of fossil fuels will crucially shape future economic development and be an important aspect of the future world order.[8] It remains therefore in the enlightened interest of EU member states to shape this process through leading domestically as well as internationally – pursuing this interest will significantly affect Europe's prosperity and the place of Europe and European nations in the world.

Key elements of a renewed leadership strategy

Against this backdrop, the central challenge for the EU in international climate and energy policy consists in aligning two partially competing demands. On the one hand, a much-needed strong role of the EU in international climate politics and climate geopolitics requires a strong and harmonised EU policy

framework and unity towards the outside world. On the other hand, current dynamics of European politics seem to question deeper integration and unity and strengthen a narrative emphasising a strong role of individual member states. From a geopolitical perspective, I want to offer five elements of a strategy for how to square this circle and achieve continued and reinforced international climate leadership by the EU.

1) The EU needs **a firm regulatory framework for climate and energy policy to 2030** and beyond. The elements of this regulatory framework are either already on the table (EU Emissions Trading Scheme, Effort-Sharing Regulation, also transport strategy) or to be proposed in 2016 (especially energy efficiency, renewable energies, energy markets, climate and energy governance framework). Such a common framework is indispensable for positioning the EU in the global race to the new climate economy and for EU unity and credibility in international climate politics. At the same time, the level of ambition of the measures is unlikely to put the EU economy on a clear path toward full decarbonisation and a phase out of net GHG emissions by 2050, as required by science and the Paris Agreement in order to hold global temperature increase below 2/1.5° Celsius from pre-industrial levels.[9]

2) With political opposition from vested interests against both centralised EU regulation and decarbonisation remaining strong, **the importance of positive incentives** to green or 'climate-proof' investments has already grown and is poised to grow further. This calls for paying particular attention to a smart design of various funds (including the Innovation and Modernisation Funds under the EU Emissions Trading Scheme, the European Fund for Strategic Investments, the Cohesion Funds, etc.) and the broader policy and institutional framework for European investments (including the EBRD, EIB, ECB, Eurozone monetary policy, but also energy market design, state aid rules, etc.). Shaping such positive incentives may have greater feasibility in the context of current European cooperation narratives, as it allows a positive framing of the transformation and building in solidarity. As such, it possesses a significant prospect to help unleash support for the low-carbon transition.

3) Closely related, the rationale for **leadership by individual member states** is growing. As the scope for upward harmonisation of EU climate and energy policies seems limited, there is good reason for member states to profile themselves as frontrunners. Indeed, creating an upward dynamic to achieve decarbonisation will, in line with the Paris Agreement, depend on such member-state leadership. Legally, Article 193 TFEU allows member states to take more stringent protective environmental measures. EU regulation should thus, to the extent possible, be conceived of and designed as minimum standards that permit and facilitate member states (and others – see below), possibly acting in regional groupings, to exceed them, including through the use of positive incentives mentioned above. Such overachievement should not be simply, as is currently the case with the EU Emissions Trading Scheme, 'consumed' by other less ambitious member states. Also internationally, member states can go beyond common EU policy and thereby strengthen EU leadership, for example by notifying more ambitious national targets and measures under the Paris Agreement to complement the EU's target. They can also further advance and intensify their engagement in complementary frontrunner coalitions or partnerships that push ahead to advance and implement particular solutions.[10]

4) Similarly, the EU policy framework should facilitate and encourage **leadership by sub-national and private actors** such as cities, regions, business and civil society. Frequently transnationally connected and acknowledged under the Paris Agreement, such non-state initiatives form an increasingly important driver of 'polycentric climate governance'.[11] As in the case with frontrunner member states, domestic EU regulation should thus, to the extent possible, be conceived of and designed as allowing, facilitating and incentivizing (e.g. through the funds mentioned above) non-state actors to exceed them – without such overachievement simply being 'consumed' by the respective member states. Hence, policy frameworks should focus on establishing stable supportive conditions that create certainty for non-state actors to enable and incentivise them to maximise climate protection. Compatible with the growing narrative of empowerment of lower levels of governance and own

initiative ('taking back control'), such non-state action has significant potential to spur low-carbon development in Europe.

5) To remain influential in international climate governance, the EU needs to continue to engage in **international coalition-building**. In a world of rising powers around the US and China as the two heaviest weights, smaller players like the EU and its member states need to form coalitions to enhance their weight. The EU has done so successfully post-Copenhagen and the rationale for a continued coalition-building strategy grows further with Brexit. Acting through a bigger coalition may also provide an opportunity to link up to and coordinate with the UK after Brexit (in addition to the growing number of other countries engaging actively in the low-carbon transition). The EU and the UK could hence try to mitigate the effects of Brexit by pursuing coordination in the context of the 'high-ambition coalition' that formed in Paris. This high-ambition coalition may thus form a useful vehicle/mechanism for future EU-UK coordination of international climate policy.

These elements can form part of a strategy of international EU leadership on climate change that connects the international and intergovernmental with the domestic and transnational. The EU crises may have dented the appetite for change in Europe. It is important to understand, however, that change is inescapable: the impacts of climate change will increasingly force European societies to adapt – by advancing the climate transformation we can shape the societal change, while limiting the change that climate change impacts will force upon us. The aforementioned elements may hold the promise to shape and advance the change through encouraging action on national and subnational levels on the basis of as strong EU-level action as possible.

Footnotes:

1 K. Bäckstrand and O. Elgström (2013) 'The EU's Role in Climate Change Negotiations: From Leader to "Leadiator", *Journal of European Public Policy* 20(10): *1369-86.*

2 C.F. Parker and C. Karlsson (2010) 'Climate Change and the European Union's Leadership Moment: An Inconvenient Truth?', *Journal of Common Market Studies* 48(4): 923-943; S. Oberthür (2011) 'The European Union's Performance in the International Climate Change Regime', *Journal of European Integration* 33(6): *667-682.*

3 Renewable Energy Policy Network for the 21st Century (REN21). *Renewables 2016 Global Status Report.* Paris: REN21, 2016.

4 Ch.J. Bickerton, D. Hodson and U. Puetter (2015) 'The New Intergovernmentalism: European Integration in the Post-Maastricht Era', *Journal of Common Market Studies* 53(4): *703-722.*

5 Eurobarometer (2015) *Climate Change Special.* Eurobarometer 435. Brussels.

6 The New Climate Economy (2015) *Seizing the Global Opportunity: Partnerships for a Better Growth and a Better Climate. 2015,* Washington DC/London: New Climate Economy, July 2015.

7 European Commission (2015) *Energy Union Package. A Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy,* COM(2015) 80 final, Brussels, 25.2.2015.

8 S. Oberthür (2016) 'Where to Go from Paris? The European Union in Climate Geopolitics', *Global Affairs* 2(2): 119-30.

9 C. Dupont and S. Oberthür, eds. (2015) *Decarbonization in the European Union: Internal Policies and External Strategies.* London: Palgrave Macmillan.

10 See for example the Climate Initiatives Platform at http://climateinitiativesplatform.org/index.php/Welcome

11 A.J. Jordan, D. Huitema, M. Hildén, H. van Asselt, T.J. Rayner, J.J. Schoenefeld, J. Tosun, J. Forster and E.L. Boasson (2015) "Emergence of Polycentric Climate Governance and Its Future Prospects". *Nature Climate Change* 5: 977–82.

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