ESSAY DECEMBER 2019

HOW THE EUROPEAN GREEN DEAL WILL SUCCEED OR FAIL

JONATHAN GAVENTA

E3G

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E3G is an independent climate change think tank accelerating the transition to a climate safe world. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2018 E3G was ranked the fifth most globally influential environmental think tank for the third year running.
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INTRODUCTION

What is a 'European Green Deal'?

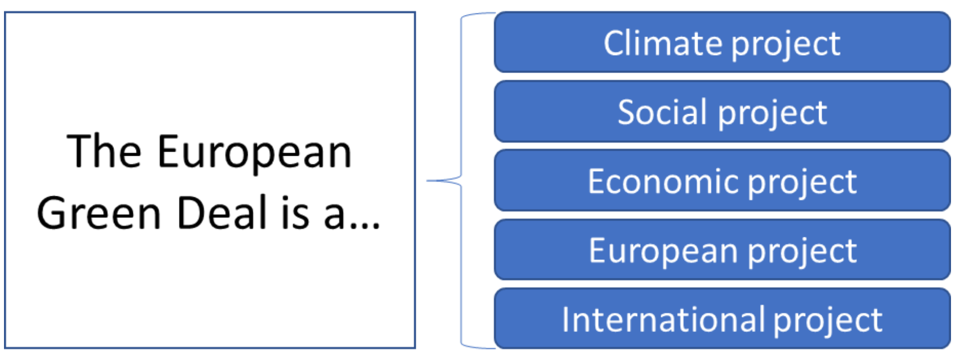
After years stuck in the margins of EU policymaking, climate change and environment has in recent months become one of the most crucial issues on the political agenda. Incoming European Commission president Ursula Von der Leyen proposed the 'European Green Deal' as the first of her political priorities.

But what is a European Green Deal? Is it simply a new green label stuck on top of business-as-usual policies, or a deeper organising principle for European politics? Is it the same thing as a Green New Deal, or something else entirely?

Early policy details are beginning to emerge. There will be a climate law to lock in the net zero 2050 objective, a Just Transition Fund, and a Sustainable Europe Investment Plan, amongst other measures.

As a political project, however, the European Green Deal is still being built. In the first instance, it is an attempt to hold together a fragile political coalition needed to gain European Parliament and European Council approval of the new European Commission and its agenda.

Beyond this, the European Green Deal is an amalgam of overlapping political projects – each with their own aims, constituencies, risks and success factors. The European Green Deal is at once conceived of as a climate project, aimed at making Europe a climate neutral continent; as a social project, to support a just transition; as an economic project, seeking to rejuvenate EU investment and competitiveness; as a European project, to give new purpose and unity to the EU; and as an international project which will take a more geopolitical approach to global climate security.



This paper unpacks these multiple political projects that make up the European Green Deal and looks at how the underlying politics of the European Green Deal could succeed or fail.

As a **climate project**, the European Green Deal needs to show genuine honesty and urgency in the face of unprecedented citizen concern about the climate emergency. This means shaking up normal EU functioning to avoid stagnation and political capture.

As a **social project**, the European Green Deal will need to face up to the inequalities shaping how different regions and social groups will be impacted by the climate transition. The Just Transition imperative goes far beyond coal to other sectors in transition across the economy and means investment in 'just resilience' to respond to the uneven impacts of climate disasters. Finance is useful but ultimately a Just Transition Fund will not be sufficient on its own.

As an **economic project**, the European Green Deal has the potential to stimulate investment in the face of a weakening global economy and persistent economic inequalities. This echoes previous New Deal and Green New Deal concepts. But its success depends on going further: addressing the structural economic risks posed by climate change and pivoting European industry to be able to succeed in a zero carbon economy.

As a **European project**, the European Green Deal needs to engage citizens, not just in token initiatives but by redesigning markets, institutions and financing mechanisms to give citizens a more direct stake. The project will also need to overcome recent East-West divides. This requires patient engagement rather than regulatory derogations.

Finally, as an **international project**, the European Green Deal needs to find a more geopolitical approach within a more geopolitical Commission. Climate politics are reshaping global power dynamics. Climate security for Europeans can only be achieved by acting both within and beyond Europe's borders.

THE EUROPEAN GREEN DEAL AS A CLIMATE PROJECT

Europe is experiencing a wave of public concern on climate change. EU citizens now see climate as the second most important issue facing the world after poverty. In every EU country at least two-thirds of citizens identify climate change as a very serious problem.[1] School strikes for the climate have grown from virtually nothing to a global movement. Cities across the EU have witnessed record-breaking public demonstrations on climate, often led by youth. In the European Parliament elections, the Greens rode this wave of public feeling to achieve a result far better than predicted.

The European Green Deal is an explicit response to this public concern. Von der Leyen wrote in her political guidelines:

> "I have been inspired by the passion, conviction and energy of the millions of our young people making their voice heard on our streets and in our hearts. It is our generational duty to deliver for them."[2]

While social movements come and go, this wave of concern is unlikely to be an ephemeral phenomenon. Heatwaves, wild fires, storms and flooding are becoming more frequent and more serious. Climate impacts will keep climate in the public consciousness and increasingly drive climate politics.

Be honest, be urgent

Despite the announcement of a European Green Deal, it would be easy for the Commission to become a target of the protests rather than seen as an ally. Expectations on climate action are running high, and trust is fragile.

Protest movements do not, by and large, have detailed policy manifestoes. Instead, two core demands have emerged from the climate protests: to be

[1] Eurobarometer (2019) **Eurobarometer 490: Climate Change**

[2] Ursula Von der Leyen (2019) **A Union that strives for more: My agenda for Europe. Political guidelines for the next European Commission 2019-2024.**

honest about the scale of the climate problem, and to treat climate change as an emergency.

These twin demands of honesty and urgency require a different way of working on climate in the EU.

The push to strengthen Europe's climate targets will be the first and perhaps the most difficult test of whether citizen expectations on climate can be met. The current targets were designed when 2 degrees of warming by the end of the century was still seen as a safe limit for climate change. But since then the Paris Agreement set a new guardrail: countries agreed to keep global warming to 'well below 2 degrees' and to pursue efforts to limit the temperature increase to 1.5 degrees. Being honest about the impacts means acknowledging that even at 2 degrees the world will face increased "climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth", according to the IPCC.[3] Even at 2 degrees, Europe's Alpine glaciers are largely condemned to disappearance, and the Mediterranean region will face high risk of water shortages. At 2 degrees, the risk of breaching irreversible tipping points, such as the meltdown of the West Antarctica ice sheet, significantly increases.

Being urgent means developing an adequate response. As part of the European Green Deal, the Commission is pushing for a goal of carbon neutrality by 2050. Once finally signed off, this puts Europe closer in line with the Paris Agreement goal of limiting global warming of 1.5 degrees. (Depending on your views on climate sensitivity, historical responsibility and likely viability of large-scale negative emissions technologies, however, the most appropriate net zero target date may be even earlier).

For 2030 the story is far more muddled. The EU's existing target, as submitted to the UNFCCC, is "at least 40%" emissions cuts by 2030 compared to 1990 levels. Existing EU regulation already puts Europe in line for 45%, and once national coal phase out commitments are factored in Europe should reach 50% emissions reductions by 2030.

Von der Leyen's political guidelines propose a complex formulation in which Europe will aim for 50% now (the de facto status quo), but then in 2021 propose a plan "to increase the European Union's target for 2030 towards 55% in a responsible way".

[3] IPCC (2018) **Global Warming of 1.5 °C: an IPCC special report – Headline Statements**

This careful phrasing is clearly a response to difficult member state politics and geopolitical uncertainty. However it means that Europe will turn up at next year's UN climate summit – the first chance under the Paris Agreement to ratchet up global climate ambition – without a meaningful new offer to put on the table.

This approach of "increasing climate ambition, but not yet" does not sit comfortably with the recognition of the climate emergency demanded by the youth protestors. As so often, what succeeds as a piece of EU negotiation badly fails as a piece of political communication.

Avoid stagnation, avoid capture

To be credible, of course, stronger targets need to be backed up by clear delivery plans. Rather than depending solely on complex marginal pricing systems and consumer nudging, comprehensive strategies are needed for market transformation, investment and social transition.

Stagnation in the face of policy complexity is an even greater risk than outright opposition. Let's face it: spending the next 5 years bogged down in arcane technical battles on expanding the scope of the Emissions Trading Scheme (ETS) or the design of a carbon border adjustment mechanism will satisfy no one except for policy wonks and industry lobbyists.

To respond to citizen concern on climate change, European institutions will also need to change the way they operate, particularly in respect to stakeholder relationships. Any hint of political capture by incumbents will destroy trust.

The European Commission maintains close relationships with the EU natural gas industry, for example, including as a means of gathering technical expertise as it develops market regulation. The oil and gas industry, for their part, has sunk over €250 million into Brussels lobbying since 2010.[4] As part of the European Green Deal, the Commission is developing new gas market regulation which could have both major influence on gas industry business models and a major bearing on the speed of Europe's transition away from fossil fuels. To avoid the perception of prioritising fossil gas over cleaner alternatives, more 'critical distance' between the Commission and industry lobbyists will be needed, alongside a far wider engagement outside the gas industry.

[4] Corporate Europe Observatory et al (2019) **Big Oil and gas buying influence in Brussels**.

THE EUROPEAN GREEN DEAL AS A SOCIAL PROJECT

The European Green Deal is a social project as well as a climate and environment project. European Commission Executive Vice-President Frans Timmermans argued:

> "We need to put fairness at the centre of our policies and base all of our future work on a set of just transition principles."[5]

This framing echoes earlier iterations of the Green New Deal in both the US and Europe, where notions of environmental justice, high quality green jobs and protecting vulnerable communities are central.

The political heritage of the European Green Deal is somewhat different than the Green New Deal. The Green New Deal is often associated with the political left. The European Green Deal was proposed by Ursula Von der Leyen, a German centre-right politician, and will be administered by Frans Timmermans, a Dutch social democrat. Meanwhile Commissioners from different political backgrounds and geographies will be involved in implementing the European Green Deal. There is a broad spectrum of views amongst the key players on the role of the state, and the role of the EU vis-a-vis member states.

But regardless of political heritage, serious engagement with social and economic justice is needed for the European Green Deal to be politically sustainable. The impacts of climate change will exacerbate existing inequalities. The economic transformation towards decarbonisation is overlaid on ongoing transformations from digitalisation, automation and shifting global trade. Regional economies and employment structures are transforming as a consequence.

The European Green Deal needs to face up to multiple divides: between rich and poor, young and old, urban and rural, consumer and producer, East and West and North and South.

[5] **Hearing of Executive Vice President-designate Frans Timmermans**, 8 October 2019.

The notions of social acceptance and just transition are often abused. The spectre of the “gilets jaunes” gets used as a trope to push back against climate measures while leaving economic inequality and the root causes of grievances unexamined. The “just transition” phrase often gets used as an argument for artificially propping up uneconomic high carbon industries, rather than helping workers transition to new high quality jobs, attracting new sources of more sustainable employment or reimagining the future of local communities and fossil fuel dependent regions.

The European Green deal will need to avoid these tropes and traps, and pursue more meaningful efforts to support regions and workers to transition.

Money is necessary but not sufficient

The signature social intervention of the European Green Deal is the introduction of a Just Transition Fund, an idea already backed by the European Parliament but previously resisted by the European Commission. This is positive, as it creates resources to be targeted towards the most urgent transition challenges.

But Europe’s just transition must go beyond the reach of the Just Transition Fund. The European Parliament’s proposal is for a Just Transition Fund budget of €4.8 billion over 7 years, reallocated from other regional development funding. This is 0.3% of the EU’s multi-year budget, which itself only reaches just over 1% of EU GDP. It is possible that the Just Transition Fund could be topped up by other sources of revenue such as ETS revenues from aviation.

Even with additional money, however, a single fund will never be able to fix the problem. To succeed on its social aims, the European Green Deal needs to look wider – by incorporating just transition objectives into core EU economic and social policy (from the Economic Semester process to the European Pillar of Social Rights), and by using the whole EU budget to support just transition outcomes. And it needs to go deeper, to understand and respond to the multiple factors shaping transitions in high carbon regions – building on the example of the Coal Regions in Transition Platform already underway.

Just transition is not just coal

Much of the focus of just transition so far has focused on coal workers and coal regions. This is justified. The move away from coal in Europe is clear, even if specific national deadlines are not. Coal mining represents a relatively small number of relatively well paying jobs, often amongst an ageing workforce, concentrated in a few regions with limited alternative economic opportunities. These regions and workers deserve support.

But other transition challenges will not be the same as coal. These transitions will be both more diffuse and more diverse. The move to electric vehicles means cars will have fewer moving parts; this will impact jobs in both manufacturing and maintenance. In agriculture, carbon neutrality means different land use patterns with fewer ruminant animals and more priority given to restoring natural ecosystems. This will reshape rural employment and services. In buildings, there will be less demand for gas boiler engineers, but vastly more skilled electricians, plumbers and insulation installers will be needed. A shift to a more circular economy means fewer jobs in primary production of materials, and more in reuse and recycling. The nature of the companies involved in these sectors and the skills required will be very different.

With coal, the just transition response came far too late. Coal jobs were already being shed for decades (due to economic not climate factors) before political attention materialised on the transition of coal regions and coal workers. For other sectors and other regions, there is an opportunity to begin just transition planning at a far earlier stage. The European Green Deal will need to get this process started.

Europe needs just resilience as well as just transition

While all regions and all parts of European society experience climate change, the impacts are felt unequally and serve to heighten existing inequalities between regions and between social groups. The social dimension of the European Green Deal needs to address the inequalities related to climate impacts as well as the distributional and employment effects of climate policy.

Heatwaves, for example, disproportionately kill the poor, the elderly, the very young, the infirm and the vulnerable. The wealthy are always more able to invest in resilience and adaptation (whether air conditioning or flood defences), to insure against losses, or to move away from affected areas. Meanwhile, southern European regions are more exposed to climate risk than northern Europe, and less-advantaged regions are less able to cope with climate impacts.

Stronger and more frequent climate disasters mean the gap is growing between the insured and uninsured, between the protected and the vulnerable. The existing EU adaptation strategy from 2013 focused primarily on raising awareness and adaptation planning, with little focus on inequality. The European

Green Deal gives an opportunity to start investing in just resilience, alongside the just transition.

THE EUROPEAN GREEN DEAL AS AN ECONOMIC PROJECT

The original 'New Deal' concept – as deployed by Franklin D Roosevelt during the Great Depression – involved countercyclical spending on public works. This aimed to provide both economic stimulus and to create jobs for the unemployed.

In the aftermath of the Financial Crisis and the Great Recession, the proponents of a Green New Deal sought to echo this approach, by focusing countercyclical investment in green infrastructure. This Green New Deal concept contributed to green infrastructure investment packages and the creation of the Green Investment Banks in countries around the world from China to the US. But this was only ever partially delivered. Although it was delivered more as a slogan than a transformational project, it marked the emergence of green investment as a material macroeconomic force.

A green response to Europe's next crisis?

With a deteriorating global economic outlook, weak growth in much of the EU and persistent inequality – combined with historically low borrowing rates – attention is now returning to the potential for stimulating investment to re-energise the European economy.

Averting Europe's next economic crisis is not only a question of the volume of investments: the quality and direction of investment also matter. New infrastructure must be future ready: zero carbon, climate resilient, and designed to fit with Europe's changing demographics and economy. Poor investment decisions – for example on new fossil gas pipelines that become stranded, or housing built in floodplains that becomes uninsurable – will simply store up the risk of future crises.

The case for explicitly prioritising green investment in any stimulus package is strong. Analysis of transition pathways show that a pulse of upfront capital investment is needed in clean infrastructure, but that these investments strengthen the economy over the longer term. Typically, these are more productive assets such as cleaner and more efficient energy, industrial production and built infrastructure. These often have higher upfront capital costs but reduce or remove the need for ongoing energy costs.

The scale of investment to be mobilised in clean infrastructure is material to Europe's economy as a whole. €175 to 290 billion a year is needed for EU pathways that meet the net zero 2050 goal. In turn, this would increase EU GDP by 2%, alongside environmental, health and climate benefits.[6]

The tools for stimulating this investment are under development: a new Sustainable Europe Investment Plan will seek to incentivise €1 trillion over the next 10 years, and part of the European Investment Bank is to be transformed into "Europe's climate bank". The European Central Bank has committed to looking at the environmental impact of its holdings and could be a major purchaser in the growing European green bond market. But questions remain about how these tools can be concentrated onto the most transformative investments in climate terms, how the East-West gap on clean investment will be overcome, and how exactly these investments will support a more inclusive economy in the spirit of the original New Deal.

Climate change is a systemic economic risk

While green economic stimulus is an attractive first step, the economic challenge facing the European Green Deal is more fundamental. Climate change poses systemic risks to both the European and global economy.

As Mark Carney, former Chair of the Financial Stability Board recently told a UN climate summit:

> "Changes in climate policies, technologies and physical risks in the transition to a net zero world will prompt reassessments of the value of virtually every asset."[7]

The European economy is vulnerable to mispriced assets. This includes assets vulnerable to climate change impacts (e.g. real estate on coastlines and floodplains), or assets whose continued usage is out of line with the transition to a net zero carbon economy (i.e. 'unburnable carbon'). A sharp correction threatens financial stability.

This fundamental problem is now recognised by financial regulators and the European Commission. As part of the EU Capital Markets Union process, a

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[6] European Commission (2018) **A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy**.

[7] Mark Carney (2019) **Remarks given during the UN Secretary General's Climate Action Summit 2019**

package of sustainable finance measures has been put forward, including a taxonomy for green investments and a review of corporate disclose rules. These will help climate and transition risks to be priced into the financial system in a more transparent way, and avoid sudden shocks.

Unravelling this problem is tricky both technically and politically. This process is being fought by those wishing to preserve the value of their assets for as long as possible. Gas industry lobbyists have demanded for example that gas investments are classified as green, as they are lower carbon than coal.[8] A clarity of focus is needed from EU institutions amidst these pressures: any dilution of classification and disclosure tools will strengthen systemic risk, and could result in a new generation of risky and underperforming assets being left on public balance sheets.

Supporting European industry does not mean preserving it as is

The European Green Deal will also be judged on how it sets the foundations for Europe's future prosperity, particularly for European industry.

It will surprise no one that the incoming Commission is planning to publish a new industrial strategy. The EU launches new industrial strategies once every two years on average.[9]

Will this time be any different? It is not yet clear whether this industrial strategy will focus on preserving European industry in the face of external competition, or on transforming European industry in the shift to a net zero carbon economy.

Much industrial policy to date has focused on the former strategy, including continued provision of free carbon allowances to sectors said to be at risk of carbon leakage. The proposed Carbon Border Tax as part of the European Green Deal follows the same logic.

But as costs for clean energy fall and as demand for clean production grows, the risk of "low carbon leakage" – or losing Europe's advantage in clean technologies and clean industry – is becoming a more serious issue.

[8] Euractiv, "**Gas industry storms into EU green finance taxonomy debate**", 16 October 2019

[9] Johanna Lehne (2019) **The Commission politics of yet another EU industrial strategy**. E3G blog.

Europe lost its early lead in sectors such as solar PV and electric vehicles following a history of inconsistent and erratic support. For many emerging sectors – such as zero carbon steel, cement and chemicals, advanced building controls, and circular economy business models – the race has just begun. By transforming its industrial sectors, the EU can maximise the potential for keeping industrial production in Europe during the shift to a net zero economy. Carbon border taxes will not protect the EU chemical industry from new petrochemical producers in the Gulf using ultra cheap solar energy and hydrocarbons.

There are a number of levers available to achieve this, including innovation "missions" to guide EU R&D spending, financial incentives for clean production, standards to grow the market for cleaner products, state aid support and green public procurement.

Oddly, however, responsibility for most of these levers – and responsibility for most of the economic and industrial Commission portfolios – fall outside of the direct supervision of the Executive Vice President-designate for the European Green Deal. Industrial decarbonisation was missing entirely from Timmermans' diagrammatic representation of the European Green Deal.[10]

Needless to say, any contradictions between the new European Industrial Strategy and the European Green Deal would represent political failure for both projects.

[10] See **tweet from Frans Timmermans**, 8 October 2019.

THE EUROPEAN GREEN DEAL AS A EUROPEAN PROJECT

The European Union has weathered a series of crises for more than a decade, from the financial and Eurozone crises to Brexit and the rise of populist politics. To find a way out of permanent crisis mode, European leaders have held a series of discussions on the "Future of Europe" aimed at giving new purpose and drive to the European project.

The European Green Deal concept is a direct response to these cogitations on the Future of Europe.

There is a strong case for climate action to be part of the European mission. Climate change is a fundamentally cross-border problem. Collective action will have far more impact than dispersed interventions. The transition to a net zero GHG economy is the type of structural market and regulatory challenge that the EU is designed to tackle. Stronger climate action has overwhelming public support across Europe. European citizens value a stable climate, clean water and air, accessible nature and liveable cities.

To succeed as a European project, however, the European Green Deal will need to be a unifying force to overcome the growing fractures that are splitting European politics, and connect more fundamentally to the lives of European citizens.

Tactical deals will not overcome the East-West divide

There are multiple divisions facing Europe. Disagreements over rule of law, migration, and climate and clean energy have started to polarise European politics between East and West, and ultimately threaten European cohesion and solidarity.

For the last decade, an unsatisfactory political pattern has repeated itself again and again. Climate proposals are put on the table. They get condemned as insufficient by NGOs, championed by northwest European countries, but resisted by Poland and a variable assortment of other Central Eastern European (CEE) countries. Eventually a deal is found, usually involving some form of a financial transfer from West to East and derogations implying CEE countries can transition more slowly, reflecting national circumstances. Neither side is properly satisfied by these arrangements and rancour boils to the surface again the next time climate proposals are on the table.

This tactical fudging of climate targets is increasingly unsustainable. With interim climate targets, an EU-wide target can be met if some countries go faster and some go slower. With a net zero goal, all countries will need to fully decarbonise – and going slower can be a burden rather than an asset in the long run.

While the exemptions and derogations may seem attractive to CEE countries, the result of the two-speed decarbonisation approach is that western Europe is capturing more of the gains of clean investment. 65% of the turnover in the renewable energy and heat-pump sectors is concentrated in five western European countries.[11] Out of 10GW of new wind energy built in the EU last year, only 0.4% was built in CEE countries.[12] As a result CEE countries miss out on the associated benefits: green jobs, cheaper clean power, clean rivers and clean air.

There are some signs that these patterns are beginning to shift. Slovakia and Hungary have now committed to phase out coal; Poland is positioning itself as a leader in electro-mobility. Citizens across the region support stronger climate action, and pressure is growing to combat the poor air quality suffered in much of the region.

To achieve a more positive political dynamic, further efforts will be needed to ensure Central and Eastern European countries are able to prosper in a zero carbon economy. To the chagrin of 'net-contributor' countries, this will require new money. It will also require new efforts for economic reform, including deepening work on just transition for high carbon regions; addressing the 'innovation gap' that sees far more R&D funding and activity flowing to western Europe than CEE; reforming state aid rules for clean industries; and addressing the higher cost of capital for financing renewable energy and clean technologies in CEE.

European projects don't need to be megaprojects

Governments are notoriously attracted to megaprojects: to pursuing large signature projects on which a ribbon can be cut over the harder yards of securing more diffuse but more comprehensive change.

[11] Lisa Fischer (2019) **Financing a Sustainable and Competitive Economy**. Wilfred Martens Centre for European Studies, July 2019.

[12] Wind Europe (2019) **Wind energy in Europe in 2018: Trends and statistics**

European institutions have been no different, pursuing, for example, the Southern Gas Corridor mega-pipeline, when investments in energy efficiency could have had far more energy security impact through avoided gas imports.

For the European Green Deal to work as a European project it needs to be directly relevant to the lives of European citizens. This is easier said than done.

To support citizen engagement, the European Green Deal floats the idea of a 'European Climate Pact' aimed at collecting climate action pledges from regions, local communities, industry and civil society. This is a positive way of recognising climate action beyond the state. But ultimately, the key question is not what citizens can do for the European Green Deal, but about what the European Green Deal can do for citizens.

This means looking at how markets, institutions, policies and financial mechanisms can be redesigned to promote an active role for citizens in the transition to a zero carbon economy.

In energy, a citizen focus means starting with a focus on consumer demand. Too many European citizens live in damp, cold homes; investing in building retrofits leads to both lower energy use and better health. Demand response – including flexible charging of electric vehicles – creates an active role for consumers within energy markets, as well as creating the system flexibility that enables a predominantly renewable power grid to succeed. Meanwhile, small-scale decentralised renewables enable citizens and communities to own a stake in energy markets, while producing zero carbon electricity.

Beyond energy, greater attention is needed to quality of life issues that are often missed in economic modelling. Restoration of forests, for example, has quantifiable carbon sequestration benefits, but the amenity value and enjoyment of access to nature is harder to measure. Air quality problems can be measured in terms of avoidable deaths and illnesses, but it is harder to put a figure on the fact that less polluted cities are simply nicer places to be. As a European project, the European Green Deal will need to pay close attention to what Europeans value: clean, healthy, safe and liveable environments.

THE EUROPEAN GREEN DEAL AS AN INTERNATIONAL PROJECT

The final political project of the European Green Deal is international: it is about how Europe projects its interests and values to the world.

The global environment faced by the incoming Commission is becoming the harshest faced in recent memory and increasingly driven by great power politics. Europe is witnessing a waning of its relative economic power, and unprecedented challenges to the global rules-based system. Confrontational and competitive autocrats are now leading a rising number of major economies.

The success of Paris is the success of Europe

This emergence of hard power politics is a key threat for Europe, which depends on the global rules-based system to defend its prosperity. Amidst this challenging new context, the Paris Agreement on climate change has been one of the few successes of multilateralism in recent years. Global trade rules are coming under overt attack, and other international agreements have been treading water rather than moving forward.

In this context, the success of the Paris Agreement is fundamental both for Europe's climate security and for restoring faith in multilateral diplomacy. But the Paris Agreement process faces a make-or-break moment within the next five years. Its original pledges were insufficient to deliver a stable climate, but it was designed with a "a ratchet mechanism" where countries take stock of progress and ratchet up ambition accordingly. The first chance to update national commitment will be in 2020. The COP26 in Glasgow will be a key moment for Governments to show that the ambition mechanism is working. A failure to increase aggregate global climate ambitions over the next five years would dangerously undermine the Paris Agreement as a whole, as well as global climate security.

Progress here should be a key mission for the European External Action Service (EEAS), and far more diplomatic resources on climate are needed from both the EEAS (which only has a handful of diplomats dedicated to climate and energy issues) and from member state foreign missions. The absence of meaningful content on climate in Von der Leyen's mission letter to EU High Representative for Foreign Affairs Josep Borrell is a worrying oversight.

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Climate politics are geopolitics

Ursula Von der Leyen has promised a “more geopolitical” European Commission, in an echo of President Juncker’s promise of a “more political” Commission five years ago.

Climate change is reshaping global geopolitics. The impacts of climate change such as droughts, fires and storms disrupt supply chains and food production, inflame instability and accelerate migration. Although these extreme weather events may happen far away, the repercussions will ultimately reach Europe – in the form of food price shocks, economic damage, greater migration pressures and the fallout from conflicts.

The transition to a zero carbon economy also shifts geopolitical dynamics. The rise of renewable energy, energy efficiency and electric vehicles empowers consumer countries and technology holders at the expense of fossil fuel suppliers. Meanwhile fossil fuel producing economies are seeing erosion of their revenues – which ultimately may spark domestic instability as social spending is cut. Competition will strengthen over domination of global clean technology markets, but the outcomes of this race are still open.

Europe cannot achieve climate security solely within its own borders. Global climate politics will need to be a clear focus of the new geopolitical Commission. This means a strong projection from the EU on its position in global clean technology markets, and cooperation with major economies such as China on setting common standards and financial rules for these products and services. Climate trade measures – whether border carbon adjustments, standards or emissions trading measures – should not just be about ‘levelling the playing field’ but also about bringing other countries along, promoting cleaner production methods globally and encouraging other countries to establish their own frameworks to incentivise cleaner production.

A geopolitical European Green Deal means looking at how Europe can support clean infrastructure investment in the EU neighbourhood and in Africa, in the face of competition from the Belt and Road project. It means resetting relationships with current fossil fuel suppliers and helping them to diversify their economies. And it requires pushing far greater global investment in climate resilience and adaptation, to shield the EU economy from the consequences of climate-related disasters.

CONCLUSIONS: HOW THE EUROPEAN GREEN DEAL CAN SUCCEED

The European Green Deal started life in the context of tactical pressures to hold together a fragile coalition to endorse the nomination of a new European Commission and agree its programme.

To succeed it will need to become something bigger, bringing together multiple political projects and constituencies.

For a start, the European Green Deal will need to demonstrate real urgency and honesty on the climate crisis, in the face of unprecedented public concern. An early failure on climate ambition would discredit the project as a whole.

A rapid transition can also be a just transition. To be politically sustainable, fairness and inclusivity will need to be at the heart of the European Green Deal. The transition in coal regions is the start rather than the end of this story.

The European Green Deal will need to go beyond the normal reach of environmental policy and into the centre of Europe's economic strategy. By catalysing investment, the European Green Deal offers a means of averting the next economic crisis – but if left unchecked, climate risk and stranded assets present an even greater systemic risk to Europe's economy.

After a decade of crises rocking Europe, the popular mobilisation on climate offers a positive, pro-European story with the potential to revitalise the European mission. But this means overcoming the divides facing Europe, and giving citizens a direct stake in climate policy.

Rather than raising protectionist barriers the European Green Deal needs to help accelerate the transition internationally, both within and outside the Paris Agreement process. Ultimately, a European Green Deal is not only about changing Europe – but about changing the world.