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## A STRONG MANDATE FOR EU CLIMATE FOREIGN POLICY IN 2023

### EU FOREIGN AFFAIRS COUNCIL CLIMATE DIPLOMACY CONCLUSIONS

The EU has a key role to play in driving the global climate transition. To do so, the EU needs a strong mandate for climate foreign policy that addresses the current polycrisis environment.

### Recommendations

The EU can set a mandate at the February Foreign Affairs Council (FAC) to:

1. Lead consensus around a global fossil fuel phase-out mandate (supported by EU leadership on implementation at home).
2. Mobilise EU and global finance for transitions and impact responses for countries hit hardest by the global energy, food, and economic crises.
3. Deploy EU industrial and trade policy and joined up diplomatic outreach to incentivise other major emitters to decarbonise faster.

### Setting the scene for 2023

The EU's call for a global coal phase-out, coming out of the 2021 Foreign Affairs Council (FAC), paved the way for a global coal phase-down commitment at COP26. The February FAC needs to build on this success to maintain the EU's leadership position on the green transition.

**This year's climate diplomacy FAC takes place in a different context.** The world faces an exacerbated polycrisis following the Russian war in Ukraine. The green transition is accelerating in many countries, but global energy and food markets are under stress.



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This year's FAC conclusions can set a clear mandate for the EU to:

- > Build global consensus for a full fossil fuel phase-out commitment and accelerate the global coal phase-out.
- > Drive global agreement to reforms that ensure access to finance for developing countries' transitions.
- > Provide incentives for major emitters to accelerate their transitions through industrial and trade tools.

**By showcasing its own commitment to the green transition, the EU can build global consensus to accelerate the end to fossil fuel use.** The EU has responded to the war in Ukraine by accelerating its domestic energy transition and committing to reduce gas demand by 30–50% by 2030. However, short-term efforts to replace Russian fossil imports have tightened global gas markets and risk other countries misinterpreting it as an EU return to coal. Attaching a clear mandate to the green transition as the EU's strategy to meet current and future crises can reduce the risks of China and other major emitters using a misinterpretation of EU domestic policy to justify delays in their own transition. A strong mandate would reflect a commitment to the EU's climate targets, clarify how the EU is delivering on an early phase-out of fossil fuels, and set an objective to drive a global commitment to phase out fossil fuels.

**A mandate to mobilise transition and impacts response finance for developing countries can signal EU support for climate-vulnerable countries' priorities and encourage their high ambition coalitions to drive climate ambition politics.** EU climate and energy diplomacy can facilitate global agreement on innovative mechanisms and reforms to multilateral financial institutions that would support vulnerable and developing countries facing high debt levels on top of climate impacts. The EU could promote Just Energy Transition Partnerships, mobilising finance for adaptation and loss and damage, and championing broader financial system reform.

**A new approach to diplomatic engagement with other major emitters can unlock commitments from others.** The EU's FAC can first lead by example by setting a mandate to drive ambitious 2035/2040 NDCs. In addition, the EU should plan to employ the whole toolbox of industry and trade tools under its Green Deal diplomacy to incentivise major emitters to join the race to the top. The EU could maximise its diplomatic impact by collectively targeting political economy hurdles in developing economies in a Team Europe approach.



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## Strategic priorities for 2023

Setting key climate and energy diplomacy targets in 2023 can ensure a strong mandate to drive the global climate transition despite the challenging polycrisis context. The EU could set the following targets:

### **A global fossil fuel phase-out mandate and delivery on global coal phase-out**

- > Set global fossil fuel phase-out as a priority for 2023 EU diplomatic work, recognising the critical role that renewables have played in improving EU energy security and the potential of reducing fossil fuel imports through a rapid expansion of renewables and storage technologies.
- > Recognise the need to underpin this global aim with EU targets to phase out/down fossil fuels much earlier than anticipated (FF55, RePowerEU, and starting the 2040 NDC discussion early).
- > Champion and demonstrate EU progress towards the G7 commitment to a predominantly decarbonised power system by 2035 and towards global coal phase-down commitments. Additionally, drive the development of a new global Just Transition Work Programme.

### **Finance for global transitions and impact responses**

- > Set a mandate for EU diplomacy to mobilise the necessary financial resources for (a) global climate transition, and the need to find ways to mobilise greater flows of private finance, and (b) for responding to climate impacts. Recognise the huge finance gap for dealing with climate change and the risks that failure to adapt and deal with ongoing losses pose, especially to developing economies. Recognise that the impacts of the energy, economic, and food crises further accelerates these risks.
- > Recognise the role of the EU's Global Gateway, in close cooperation with technical support of the EIB and EBRD, and set a mandate to share experience through a new international work programme of the EU's Just Transition Platform.
- > Play a leadership role in the development of Just Energy Transition Partnerships and put in place the necessary governance mechanisms to scale them up from a country-by-country to a more regional approach.
- > Recall the Sharm El Sheikh Implementation Plan in the cover decisions on transformation of the financial system, reinforcing the urgent call to reform



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MDBs and highlight the need to scale up finance for adaptation and loss and damage.

- > Show support for initiatives that will alleviate fiscal pressure on middle- and low-income countries, such as the Bridgetown Initiative, the Capital Adequacy Framework review and a strong evolution roadmap for the World Bank and other multilateral development banks.
- > Set a clear agenda for the EU's working group to reform development aid.

#### **Incentivise other major emitters to decarbonise faster**

- > Set a mandate to lead first movers on setting ambitious 2035/2040 NDCs while enhancing pre-2030 ambition. Highlight that the EU is setting incentives for major emitters to align with industrial decarbonisation goals through measures such as CBAM.
- > Set a mandate for EU and member states to deploy joined up climate diplomacy outreach to major emitters and use the tools of the EU's external green deal impact to incentivise and facilitate policy change early in the policy pipeline. Importantly climate diplomacy needs to target the political economy barriers
- > State that in response to the IRA, the EU intends to build momentum on advancing clean energy manufacturing in Europe to ensure that EU companies thrive on green technologies and that the EU's strategic sovereignty is enhanced.
- > Highlight EU's objective to diversify trade relations and create more green economic cooperation to co-create resilient supply chains for green technology industries across the world.
- > State that future trade agreements need to be inherently green and ensure partnerships proactively support clean economy growth.



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## About E3G

E3G is an independent climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

More information is available at [www.e3g.org](http://www.e3g.org)

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