

d·i·e

Deutsches Institut für
Entwicklungspolitik



Years | 1964–2014

German Development
Institute

Ensure a climate agreement and support a transition towards a green economy

By Imme Scholz, Niels Keijzer & Alejandro
Guarín, *German Development Institute / Deut-
sches Institut für Entwicklungspolitik (DIE) &
Neil Bird, Overseas Development Institute*

The Current Column

of 4 August 2014

Ensure a climate agreement and support a transition towards a green economy

Bonn, London, 4 August 2014. On 1 September 2014, the European Think Tanks Group (ETTG) will publish a major report addressed to the new leadership of the European Union entitled "Our Collective Interest: Why Europe's problems need global solutions and global problems need European action". It calls for a new understanding of the EU's global role, and in particular, a new approach to international development. The key message is that the EU's ambitions for its own citizens – for prosperity, peace and environmental sustainability – cannot be divorced from its global responsibilities and opportunities. We identify five global challenges where we believe the EU has a comparative advantage to act and make a positive contribution to the world's future. These are: trade and international finance; environmental sustainability; peace and security; democracy and human rights; and, poverty and inequality.

The full report on 1 September will put forward recommendations for the EU's engagement in each of these areas and propose organisational and structural changes to enhance the EU's performance. We believe that this will involve creating a truly integrated, but flexible approach across institutions, and stronger political leadership to enable complex linkages between today's global challenges and agendas.

The problem

In 2015, the EU needs to achieve both a substantive climate agreement and an ambitious global development agenda with transformative potential. This is necessary not only for increasing global prosperity in a sustainable way, but also for securing its own future.

Climate change is a major threat to future wellbeing, and it compounds other aspects of global environmental change such as biodiversity loss, desertification, and ocean acidification. The EU has been and continues to be a major driver of those changes. Despite the relatively high efficiency standards in energy use within its borders, Europe's production and consumption relies heavily on external inputs. Imports of fossil fuels, raw materials, biofuels, virtual water (the water necessary to grow imported food), meat and livestock feed increase the size of Europe's environmental footprint in an era of increasing resource scarcity (ERD, 2012).

Until now the EU has been a recognised global leader of climate change policy, both at the international negotiations table and at the cutting edge of implementation at home. But now there are signs of diminishing ambition: the 2014 Commission's proposal on climate and energy policy eliminates the goal on renewable energy shares at member states' level and is less demanding with regard to energy efficiency. It proposes a greenhouse gas emission

reduction target of 40 percent by 2030 based on 1990 levels. Are 40 percent enough if the Commission calculates that it will reach a reduction of 32 percent already by 2020? And it makes the next stretch of the road much steeper: by 2050, the EU wants to achieve a target of 80 percent reduction.

The reduction in the EU's level of ambition can be attributed largely to the nature of the economic recovery of most EU economies after the financial crisis, which has been slow and painful. The governments of several member states are nervous that a commitment to cleaner energy and lower carbon emissions will result in higher energy and transportation costs – both of which are anything but politically palatable. But this perspective ignores ongoing changes outside the EU's borders: 138 countries are already implementing renewable energy targets. China, the US and many other countries are increasing their investment in renewable energy technologies. In 2012, 40 percent of new photovoltaic modules and 70 percent of new wind power were installed outside Europe. Efforts in energy efficiency are also increasing worldwide, with China and India leading in energy-efficient cement production. Emission trading systems are under preparation in 16 countries and at provincial or state level in the US, Canada and China.

Securing the EU's position within the leading group of climate and energy policies is thus a matter of maintaining both its clout in multilateral diplomacy and safeguarding its economic competitiveness.

What's at stake

A failure to negotiate a climate agreement and an ambitious post-2015 agenda will not only weaken global cooperation but also reduce the EU's ability of protecting its own citizens from the worst effects of climate change. Neighbouring regions, especially North Africa, the Mediterranean and Southeast Europe, will also be heavily affected by global warming and spillovers to the EU are very likely. At the same time, a proactive climate and energy policy would contribute to maintaining European economic competitive advantages, its significant export trade in the areas of low carbon technology development and implementation, and to reducing its dependence on fossil fuel energy imports.

So far, climate policy commitments fall short of the objectives that scientists claim are necessary to stay within safe planetary limits.