



CIGS Symposium

"Climate Realism and European climate policy"

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“The Crisis of EU Climate Policy”

(Summary of speech)

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Benny Peiser, Director, Global Warming Policy Foundation: The policies related to global warming are much more pressing than the science because they are happening now and major, multi-trillion dollar decisions are being made all over the world. These are decisions that can affect the fate of economies and countries.

There is a crisis of European climate policy. First, the EU tried very strongly to get a legally-binding international agreement that would be enforceable at a global level. It does not make sense to decarbonize Europe unilaterally and shift energy-intensive industries to cheap energy nations such as China, which is basically what Europe has been doing for the last 20 years. However, the EU not get such an agreement. Second, Europe has pumped hundreds of billions into its climate and renewable energy policies but still its CO2 emissions are rising. Third, Europe's energy prices are rising as a direct result of its policies, meaning its economy is less competitive, its people have to pay more for electricity, and energy-intensive businesses can only survive in Europe if they are subsidized. There is also increased dependence on Russian gas.

Europe has been split into the western and the eastern parts because the eastern countries are far less ambitious when it comes to these policies. The policies are also very unpopular as they raise the cost of energy. This has also given rise to populist parties that are opposing these policies.

Let us examine European climate policy since the fall of the Berlin Wall. On the surface, it looks quite compelling. First, it assumed that global warming is very urgent and must be solved as a matter of urgency. The second assumption was that the world is running out of oil and gas, so as they become scarce and more expensive, renewable energy will become less expensive and more competitive. Furthermore, Europe will become a global powerhouse of renewable energy. Third, it was assumed that there would be a global UN climate agreement and the world would become a big marketplace for European products.

Regarding the first assumption, over the last 20-30 years, it turned out that global warming is occurring at a much slower rate than originally predicted. As for the second assumption, instead of running out of oil and gas, shale revolution happened. Prices have also come down substantially. Basically the International Energy Agency is telling us that there is enough natural gas for the next 250 years. Concerning the third assumption, the world is the same as it was 30 years ago. The OECD countries are

taking substantial action to reduce CO2 emissions but in the rest of the world, CO2 emissions are rising fast.

The EU strategy in the run-up to the Paris Agreement was quite simple. The EU politicians needed a global agreement with a level playing field and wanted other countries to agree to equally-binding emission targets. However, they forgot that for the US, any legally-binding agreement would have to be ratified by the Senate and, as the Obama administration knew, no such agreement would be achieved in the Senate. So when the US Secretary of State arrived in Paris, the first thing he said to the Europeans was that there would not be a legally-binding agreement. There was still an agreement and it was celebrated as a big breakthrough, but it was a strategic failure for the Europeans.

Interestingly, the Paris Agreement replaces the Kyoto Protocol, which was actually a legally-binding treaty with legally-binding targets. The Paris Agreement has no such targets. The Paris Agreement has abandoned the notion of making decarbonization legally-binding. This is important because most governments nowadays accept the targets but only pay lip service to them. After Paris, the EU set new targets for renewable energy and energy efficiency, but these were no longer legally-binding. We know that the EU member states do not take these targets seriously as CO2 emissions are rising and investment in renewable energy is sinking.

According to Climate Action Network Europe, all European countries are failing to meet the 2020 and 2030 climate targets. No EU country is performing sufficiently in both ambition and progress in reducing carbon emissions. Worldwide, one of the areas with the biggest increases in emissions is the EU, while the country with biggest decrease in CO2 emissions is the U.S., primarily because of shale gas replacing coal.

As a result of the failure to achieve legally-binding targets in Paris, the EU also abandoned having its own legally-binding targets. The targets are binding at the EU level but not at the member-state level, which is meaningless. The leading country in Europe when it comes to climate and renewable energy policy is Germany. However, it has now become the laggard and the biggest blocker of any ambitious new climate policies or targets.

European carmakers, one of the biggest remaining manufacturing industries in Europe, are completely opposed to the EU's climate targets. Investments in renewable energy in

Europe have also collapsed, in large part due to the cutting of subsidies. When the Spanish Government cut subsidies for wind, the next year, not a single wind turbine was built. So, without subsidies, investment is declining rapidly. Between 2011 and 2017, investment in renewables in the EU fell by 50%. Furthermore, negotiations about the Paris Agreement are as deadlocked as ever, particularly over the promised 100 billion dollars per annum for developing countries. In conclusion, we are in a new phase of climate diplomacy and climate policy where governments are paying lip service but not taking their own language that seriously, and are actually trying to play down the problems that are now being seen in many countries in Europe.