

## THE EUROPEAN UNION

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European climate policy has gained enormously in importance over recent years. The numerous regulatory activities are based mainly on the worrying findings coming out of climate research. The environmental damage caused by global warming plays the biggest role here, while other factors singled out include ocean warming, the melting ice sheets in Greenland and the Antarctic, and the decline in Arctic sea ice and the northern hemisphere's snow cover. Research also shows that the oceans are acidifying. This is giving the European Union the impetus to address the future of the world's climate. Climate and energy policy frameworks for 2030 will be crucial to maintaining and improving Europe's competitiveness. For this to happen, Europe has to be forced to abandon its business-as-usual approach and reduce its current dependency on imported fossil fuels. At the same time, it must learn how to conduct its economic activities with fewer emissions. This will involve substantial changes for many sectors and regions.

According to an overview in the action framework for Europe's future energy and climate policy, carbon emissions should be reduced not just by 20 percent, but by 40 percent. This target has its share of supporters. They believe that EU member states have not tried hard enough to cut emissions in the past. If the European Commission gets its way, the target will become binding for all member states in the future. So far, no binding regulations have been adopted for the EU's energy and climate policy for 2030. The long-term goal, however, is to arrive at a clear, shared vision and agree on evidence-based measures. Furthermore, renewable energies will have to make up a bigger share of overall energy consumption across Europe if the region is to reduce its greenhouse gas emissions. The European Commission wants the share to increase to 27 percent between 2020 and 2030. This is also set to apply to the whole of the European Union, though national targets will not be drawn up.

The methods for achieving the goals are a cause for controversy between the European Commission, the European Parliament and the EU's 28 heads of state and government. Although everyone agrees that targets are necessary, they are divided about how many to set and what the priorities should be. A point often made by observers is that, if the primary objective

is to protect the climate, does it then make sense to set detailed targets for the (economic) expansion of renewable energies? Where might unintended and conflicting effects arise between individual EU member states?

The crisis in Ukraine further highlights the need for Europe and its neighbours to reduce their energy dependency, and the heads of state and government are giving ever clearer and more precise assignments to the Commission. The topic is becoming an increasingly important point on the agenda of the European Council, which is calling for the creation of an internal energy market. A report by the European Policy Centre, a Brussels think tank, stresses the necessity of such a market. However, it focuses on energy efficiency as a key goal for all member states and says the resulting costs should be viewed from a long-term and thus benefit-based perspective. Global warming and the health of EU citizens are cited as the main arguments. Yet efforts to create an internal energy market have failed so far. This is mainly because of the lack of electricity grids, which are being expanded at too slow a pace – and very rarely across borders. Many EU member states get just 10 percent of their energy from neighbouring energy producers.

Security is another issue, and one that affects both energy supply and energy generation. This can be seen in the case of shale gas extraction. While some EU member states, such as Poland, want to use the technology to achieve their climate targets, others feel that the process is too risky and stands to cause too much damage to the environment. A great deal of thought is going into finding possible solutions. Polish MEP Jerzy Buzek, for instance, acknowledges that while extracting shale gas should be seen as a welcome addition to the energy mix, it does not constitute a long-term solution.

Work on promoting the necessity of the common targets cannot, meanwhile, be considered complete. Countries that are still heavily dependent on coal – which besides Poland include mainly Bulgaria and Romania – balk at the slightest whiff of change to climate policies and are seeking a wider and fairer distribution of the burden.

Meanwhile, the European Parliament is calling for a secure supply and, at the same time, for the identification of actual demand and possible stimulation from remote production and demand. Participants at the climate summit viewed Europe's position in the global competition for energy resources as a key task for the future. The internal energy market was discussed again, and it was noted that it could improve efficiency. EU Energy Commissioner Günther Oettinger said that rising demand meant EU states had to work especially hard on becoming more energy efficient. He also stressed the importance of overarching security of supply.

The internal energy market is also failing due to obstacles in emissions trading. Many stakeholders feel that the EU ETS needs to be reformed if the region is to create a sustainable, functioning energy system at the supranational level. They say the trading scheme, once reformed, should continue to be implemented because, as well as making the market more efficient for energy-intensive companies and increasing transparency and information density, it also generates financial resources that can then fund more climate initiatives.

Another study, this time on energy prices, has compared energy price levels (impacts on production costs in industry) and energy efficiency. It recommends reducing greenhouse gas emissions as comprehensively as possible. According to the study, since global value chains are so closely intertwined, rising emissions also affect areas that actually have very low direct greenhouse gas emissions, thus making it necessary to give more attention to indirect emissions. Air traffic is another important topic within the European Union. The business options for reducing emissions can be summarised in four points: increase the efficiency of existing processes, switch fuels, use emissions sinks and change internal production processes.

Although the European Union does now have binding guidelines, such as efficiency standards that products have to fulfil, some market-based instruments are still available. Aside from the emissions trading scheme mentioned, this concerns funding schemes for necessary innovations. What we are seeing is that multinational, national and local requirements are on the rise and look very different across the EU. The regulatory mechanism as a whole is constantly changing.



*The Schneebergerhof wind farm in Rhineland-Palatinate, Germany, has been online since 1996. Photovoltaic capacity in the form of thin-film solar panels has now also been added.*

## LITERATURE

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