

# The Impact of the EU Green New Deal on EU Climate Leadership -- The Implementation of European Green Deal as an Example

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**Abstract:** European Green Deal is a programmatic document for the EU to implement the Green New Deal and an important strategy launched by the EU in the field of climate governance. European Green Deal covers the EU's internal and external policies, covering important areas such as regulation, economy and energy, and is a comprehensive EU green development strategy. European Green Deal has promoted the implementation of the Green New Deal and improved the EU's climate leadership, but the implementation of the agreement has also encountered internal and external pressures. This paper takes European Green Deal as an example to study its impact on the EU's climate leadership and analyze the prospects.

**Keywords:** EU Green New Deal, Climate Leadership, European Green Deal, The Paris Agreement

## 1. Introduction

Climate change is a major challenge facing human society today and an international public issue. The EU has long been an advocate, promoter and governor of global climate governance. Since the 1990s, when the issue of global climate change received increasing international attention, the EU has provided governance norms for global climate governance and promoted the improvement of the governance system. After 2008, the influence of the EU on climate issues has tended to weaken due to the economic crisis. The traditional international pattern of the three major groups represented by United States, the EU and developing countries has changed, showing an umbrella hierarchy pattern. The deepening participation of emerging countries in global climate governance has also divided the leadership of climate governance, and the EU's leadership as an old international actor in climate governance has gradually weakened. After being isolated at Copenhagen in 2009, the EU has been trying to reverse this situation. In recent years, the EU's climate leadership has weakened and its position as a global leader in climate governance has been undermined, while the importance of climate issues has become more prominent. To strengthen its climate leadership, the EU has also accelerated its global initiatives and legislation on climate issues. Internally, the EU has taken a number of steps to implement the Green New Deal and to demonstrate the normative power of moving forward with *The Paris Agreement*.

In December 2019, the European Commission launched European Green Deal (EGD) at the United Nations Climate Change Conference (COP25). For the first time, the deal proposes that the EU will become the world's first carbon-neutral continent by 2050 by developing clean energy and promoting sustainable economic development in the EU. This is also the first policy objective implemented by European Commission President Ursula von der Leyen after she took office. The European Green Deal is important for the EU in developing a circular economy in the new context and making Europe a global leader in sustainable development. In this paper, it tracks the implementation of European Green Deal as of December 2021, and then analyze the impact of the EU's Green New Deal on its climate leadership.

## **2. Implementation of European Green Deal**

### **2.1 EU Internal Policies**

#### **2.1.1 Climate Objectives**

European Green Deal proposes that the EU revise its greenhouse gas reduction target upwards from 40% to 50% and strive for 55% by 2030, and for the first time proposes the goal of achieving carbon neutrality by 2050. In order to urge the implementation of this target, in March 2020, the European Commission submitted a draft of European Climate Law. On June 28th, 2021, the EU Council formally adopted the climate law. European Climate Law is Europe's first climate law and means that political commitments to control greenhouse gas emissions become legally binding. With this law as the core, the EU has also proposed European Climate Convention and "Zero Pollution Action Plan" to refine the EU's climate policy and support the achievement of emission reduction targets.

European Climate Law is the first step in making European Green Deal operational. Putting emissions reduction targets into law in the form of regulations is a demonstration of the EU's enhanced ambition to achieve carbon neutrality and reinforces the requirements of existing EU laws and directives in the climate field. Previously, these commitments had been dominated by declarations of initiative, with no binding requirements. The mandatory directives are an attempt by the EU to flex its normative muscle and contribute to the integration of EU climate policy. However, there are also implied differences within the EU on the achievement of emission reduction targets. On June 24th, the European Parliament's vote on the adoption of European Climate Law accounted for 442 votes in favor and 203 votes against. Bulgaria chose to abstain in the Council of Ministers and expressed its disapproval of the compromises made by countries for European Climate Law.

#### **2.1.2 Energy Construction**

The energy transition is an important component of global climate governance. The phase-out of fossil energy and the development and use of new energy sources are the most effective measures in reducing emissions. Policies to decarbonize energy systems and transform the development of key industrial sectors are planned in European Green Deal.

In the EU's energy transition, the development and use of new energy is beginning to bear fruit. Affected by the energy crisis, the EU has strengthened its investment in low-carbon energy technologies, and in the case of new energy vehicles, for example, European traditional car companies have successively transformed to new energy vehicles. The annual sales of new energy vehicles in eight European countries (Germany, France, the United Kingdom, Norway, Italy, Sweden, Spain, the Netherlands) was about 1.95 million units in 2021, an increase of about 65%. [1] The development and investment in new energy is also inseparable from policy support. The implementation of EU Climate Law laid the groundwork for the European Commission's adoption of "Fit-for-55" on July 14 of the same year, which is the EU's package of proposals on energy and climate. Climate, Energy and Environmental Aid Guidelines (CEEAG) entering into force on January 1st, 2022, is a guide to climate protection subsidies, which announces EU subsidies for energy. In the spring of 2022, the EU also plans to unveil an international energy engagement strategy. These programs and rules complement European Green Deal's requirement "to provide clean, affordable and secure energy". In the development of new energy sources, the EU intends to invest more in research and development, and to promote the use of new energy products to achieve an industrial strategy with a circular economy.

While the EU is making progress in building energy, it is also facing internal and external pressures. On the one hand, there is controversy within the EU over the definition of new energy sources. In January 2022, the EU classified nuclear energy as a sustainable technology in a proposal for a green investment taxonomy, which was heavily criticized by anti-nuclear countries within the EU such as Germany, Austria and Luxembourg. This approach could reduce the pressure on the EU to reduce emissions, but it could be a blow to the solidarity of internal members and the implementation of

green agreements. On the other hand, the rising price of carbon puts pressure on the energy transition. 2021 is the first year of the fourth trading phase of the EU carbon market (2021-2030), which requires the EU carbon market to meet 55% of its emission reduction targets. The resulting reduction in total allowances and the recovery of the market after the epidemic have kept carbon prices rising. In addition, the Russian-Ukrainian conflict has caused turmoil in the natural gas market, and carbon prices have risen due to the "gas shortage", as mentioned by Carbon Investment. [2] The development of new energy sources requires a lot of time and capital investment, and green energy cannot replace traditional energy sources in the short term. The task of "promoting the decarbonization of the gas sector" in European Green Deal remains daunting.

### **2.1.3 Green Finance**

Since 2020, countries around the world have introduced economic stimulus plans in response to the epidemic, among which the EU is more concerned than other regions about the green recovery of the economy. Combining data released by the International Monetary Fund, EU officials, and Bloomberg New Energy Finance, EU countries have budgeted 43 billion euros for the development of the renewable energy sector, new energy vehicles, and other low-carbon technologies, and 18 billion of the investments in carbon-intensive industries come with green conditions.

To stimulate economic recovery, European countries have increased the issuance of green bonds. In October 2021, the European Commission issued the world's largest green bond, and the funds raised will be allocated to EU member states for universal renewable energy and energy efficiency. The EU's green finance policy has also contributed to an active carbon emissions trading market. The EU has the world's most advanced carbon emissions trading system and a mature carbon emissions trading market. As climate issues are gaining momentum, carbon market trading is becoming a global hit. With the EU's trading market as a model, countries are gradually establishing their own trading markets. The perfect trading system also enables the implementation of the part of European Green Deal on "green investment and trade policies for ecological transition".

## **2.2 EU's Foreign Policy**

### **2.2.1 Promotion of Global Climate Governance Negotiations**

The EU's global climate governance leadership is manifested first and foremost in the facilitation of the global climate governance negotiation process. In the 1970s and 1980s, the EC helped establish the Intergovernmental Panel on Climate Change (IPCC) [3] after recognizing the potential global climate change problem. The EU soon became a leader in global climate governance after its birth, and this leadership was expressed as a voice in multilateral settings. Since then, the EU has placed greater emphasis on adapting its climate strategy and has succeeded in Paris Negotiations, consolidating its position as a "leader" in international climate policy.

European Green Deal underlines that the EU will continue to ensure that The Paris Agreement is the main international multilateral framework for climate governance. In order to maintain The Paris Agreement as an orderly framework, the EU actively participates in international climate conferences and cooperates with other climate powers in climate related areas. In the run-up to Climate Ambition Summit in 2020, the EU announced that it would reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990. Before the Leaders' Climate Summit in 2021, the EU Council and the European Parliament reached an interim agreement on European Climate Law reflecting the EU's consistent leadership on climate issues. At the twenty-sixth United Nations Climate Change Conference (COP26) in November 2021, the EU signed the Glasgow Climate Agreement to support UN climate action to ensure that the outcomes of The Paris Agreement can be achieved. The EU has also been active in multilateral cooperation with China and the US, while climate issues are mentioned in the Central European Union Leipzig Summit and the NATO and G7 Summits, emphasizing the importance of maintaining the framework of The Paris Agreement. The EU has a strong voice in international negotiations, but with the "fragmentation" of climate governance and the lack of

leadership, it is a challenge for the EU to exercise its inherent leadership while the institutional voice is declining.

### **2.2.2 EU Trade Policy**

The EU is the largest regional economic bloc in the world and has a huge influence on foreign trade. The EU's trade policy is an important tool for the EU to influence the globalization process. Based on trade policy, the EU can promote non-trade objectives and expand its political influence on specific issues such as climate, human rights and environment. In European Green Deal, the EU refers to "respecting The Paris Agreement as a core element of all future comprehensive trade agreements" and proposes that "trade policy can support the EU's ecological transition" and "use its (EU) economic status to set targets that are consistent with the EU's environmental status and climate objectives" in order to enhance the EU's voice on climate issues.

First, the EU has embraced international trade as an important means of achieving global sustainable development goals. While practicing the trade agreement on sustainable development goals, the European Commission appointed Denis Redonnet as Chief Trade Enforcement Officer in July 2020 to strengthen the implementation of sustainable development commitments. Second, the EU is committed to promoting sustainable standards and exporting a green transformation view of EU trade. European Green Deal required binding commitments to be included in the negotiating documents signed in the EU that required parties to ratify and effectively implement The Paris Agreement. On July 14th, 2021, the European Commission submitted legislation to establish a Carbon Border Adjustment Mechanism (CBAM, commonly known as a "carbon tariff"), which would be the first in the world to impose a levy on imports according to carbon emission standards. This will be the first initiative in the world to impose tariffs on imported goods according to carbon emission standards, and climate trade rules represented by carbon tariffs are beginning to emerge. The EU's climate trade policy is supported by traditional allies, including the U.S., laying the groundwork for the promotion of climate trade rules.

### **2.3 EU's Foreign Aid**

Climate aid is an important part of the international climate negotiation system, and the EU is the world's largest donor of climate governance finance. The EU has long provided assistance to small island states and LDCs through the Global Climate Change Alliance Plus (GCCA+), in compliance with The Paris Agreement's "common but differentiated responsibilities". In European Green Deal, the EU refers to the importance of strengthening the share of climate issues in its foreign aid policy.

On the one hand, the EU has stepped up its spending on in-kind assistance such as funding and instruments. The European Union pledged to provide 100 million euros to assist developing countries in combating climate change at COP26. The EU will continue to assist Pacific island countries and other small island states with material and loans. On the other hand, the EU is also providing non-material assistance. EU's carbon emissions trading system was first established and has the most mature market construction. The well-designed system also makes the EU's carbon trading system a great reference for other countries, especially developing countries. The European Commission participated in the creation of the International Carbon Action Partnership (ICAP) to share its experience in the process of establishing and developing carbon markets and to provide advice on the establishment of a global carbon market. The EU has helped China to establish a carbon market and cooperate to improve China's carbon trading system. The EU's foreign assistance on climate is an important manifestation of the EU's attempt to exert normative power, where the EU takes the moral high ground on climate issues and influences the actions of other actors.

## **3. Impact of the EU Green New Deal on EU Climate Leadership**

The EU's Green New Deal is a new policy to mitigate the crisis and find a new direction for development against the background of intensifying competition among major powers and internal and external concerns. After the signing of Kyoto Protocol, the EU considers itself a "leader" in

climate governance and focuses not only on translating the EU's international commitments into detailed targets for each member state, but also on externalizing the EU system to other actors to expand its influence.[4] The essence of the EU Green New Deal is the EU's desire to exert normative power to influence other countries' policy making in the climate field, with the intention of leading the global climate governance and green transition.

The implementation of European Green Deal has made significant progress, and thus enhanced the EU's climate leadership, thanks to the following factors. First, strong political support. Major EU countries, such as Germany and France, support the EU's leading role in global climate governance, and the Green New Deal is the policy consensus of these countries. These countries that support the policy have high political influence and strong policy output, so the Green New Deal is more likely to be promoted. The political support for the Green New Deal provides a stronger impetus for the EU to exert influence in the area of climate issues. Second, the inherent need for economic recovery. After the epidemic, the EU needs to find the right path between economic recovery and values. The Green New Deal can bring new momentum to the EU's weak economy and also promote the EU's trade facilitation, and the progress in the trade field enhances the EU's ability to make decisions in the climate field. The recovery and improvement of the EU's economic level can provide intrinsic motivation for global climate governance and have a demonstration effect on other countries. Third, it is an important motivation to promote values. Under the new situation, the EU will definitely adopt corresponding policy instruments in order to maintain its traditional leadership position in the climate field and promote EU standards and rule-making in the field of sustainable development. The implementation of the Green New Deal has increased the EU's rule-speaking power in climate governance. The Green New Deal's support for *The Paris Agreement* is also in line with the EU's values and increases the likelihood that the EU will attempt to exert normative power in the climate field. Fourth, the diplomatic ambition of "strategic autonomy". The EU pursues strategic autonomy and advocates a multilateralist approach to diplomacy, and makes selective decisions on traditional security issues. Among them, because of the global and public nature of climate issues, it is easier for countries to reach international consensus, and the EU has a greater first-mover advantage in the climate field, so the EU is willing to choose climate as a priority option in foreign policy. The Green New Deal promotes the EU as a "strong advocate" in the climate field and continues to play a role in climate leadership in non-traditional security areas.

However, the EU's climate leadership is under both internal and external pressure. First, the EU economy has been weakened by the epidemic, while the rise of right-wing forces in national politics and the resurgence of conservatism have made it increasingly difficult to maintain and promote the Community's policies. After the Eastern enlargement, the uneven level of development and comprehensive strength of each country has led to internal disputes on the sharing of common responsibilities and implementation standards for climate governance. Therefore, it is difficult to achieve substantive results in the short term because of the slow promotion of the bill, and the EU's intrinsic motivation for climate leadership has weakened. Second, the EU's external crisis has increased. On the one hand, geo-security threats have intensified, while adversely affects other areas, such as the Russia-Ukraine crisis, making the EU's energy market more volatile. On the other hand, in the context of competition among major powers, the EU's climate policy is constrained by other major powers, making it difficult to make decisions alone. The implementation of the Green New Deal may not save the EU's weakening climate leadership in the short term and requires longer-term planning by the EU.

#### 4. Conclusion

European Green Deal is an important practice of the EU's Green New Deal and an important reflection of the EU's internal and external policies in the new era. With the political and economic shocks of the epidemic and geopolitical threats, the EU will try to strengthen its discourse on issues in non-traditional security areas, especially in areas of traditional EU strengths such as climate and

environment, to enhance its appeal and use it to promote EU values and policy models. The Green New Deal consolidates the EU's climate leadership and is an attempt to salvage the EU's leadership in global climate governance, providing an effective policy solution in the balance of the EU's economy and values. The EU will continue to consolidate climate leadership and attempt to reinforce EU standards in international negotiations and economic policy. In addition, the Green New Deal alleviates the EU's crisis in the traditional security sphere. Under the Russia-Ukraine conflict, the EU has put on the agenda to get rid of its energy dependence on Russia, which means that the development of new energy sources is crucial to the economic recovery of the European region, and the Green New Deal precisely meets the needs of the EU's interests. In the long run, the EU Green New Deal is in line with the EU's interest objectives and is likely to become the main policy tone in the future. However, in the short term, the EU is facing internal and external pressures, and a return to the EU's former climate leadership will require longer-term planning and efforts.

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