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Can the Green Deal survive in the age of fear?

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A poster child of Europe's sustainability ambitions at the end of the 2010s, the Green Deal is losing the attention of politicians, and is being ousted from the public debate in the run-up to the EU elections this June. There are reasons for this rather unexpected change of scene: some of them are certainly independent of the Green Deal itself; yet others can be attributed to the way Europe's once-proclaimed "[growth strategy](#)" was designed and implemented so far.

Presented in 2019, the Green Deal faced an immediate existential challenge due to the COVID-19 pandemic, which forced policymakers to rethink their priorities, somehow losing track of longer-term ambitions such as decarbonization. Already at that time, despite a commitment to "[protect, prepare and transform](#)", the EU and Member States ended up prioritizing the protection of the economy and the Single Market, let alone the dispatch of medical counter-measures, to the detriment of more transformational policies. Later, the war in Ukraine and the resulting spike in energy prices led countries to pause some of their decarbonization projects, and even reopen their coal plants in some cases.

The impact of these shocks is still massively felt today, as discontent grows throughout Europe. Farmers bring tractors in the streets of Brussels and elsewhere, demonstrating against environmental regulations, as well as the downward price pressure caused by massive inflows of Ukrainian grains into the Single Market. Local communities in Eastern and Baltic states complain against installations of wind and solar farms, in the most typical of the NIMBY (not-in-my-backyard) syndromes. Car manufacturers heavily push for lifting the foreseen ban on combustion engines.

And of course, populists use all these issues to back their statement that the Green Deal will kill us much sooner than climate change ever will.

The result is a spectacular U-turn, with Europe morphing in almost no time from a land of hope into a land of fear. Exit Fridays for the Future, enter tractor demonstrations. And while the EU cannot be blamed for unforeseen shocks such as the COVID-19 pandemic or Russia's attack on Ukraine, it should carry at least some of the responsibility for the decline of popularity of its Green Deal, in particular in the domain of industrial and cohesion policies. Here are some of the lessons that we may want to learn for the future.

To begin with, *the Green Deal did not adequately unpack the trade-off between decarbonization and other*, legitimate goals that the EU should have placed on an equal footing. Take social impacts, in particular employment. The so-called "just transition" appeared from the outset as an afterthought, an olive branch offered to coal-intensive regions, unaccompanied by plans for deep, systemic industrial transformation. Ultimately, as remarked i.a. by [Dani Rodrik](#), securing "good jobs" is as important as decarbonizing production for a country's sustainable and resilient industrial policy. Failure to account for jobs, as vividly portrayed by economists such as [Andrés Rodríguez Pose](#), has inevitably led to deep pockets of discontent across the Union. And failure to consider security and resilience, let alone competitiveness, landed Europe into a "trilemma", which still awaits a clear solution.

Relatedly, and regrettably, *with the Green Deal the EU took an à-la-carte approach to the Sustainable Development Goals*, albeit known to be "integrated and indivisible". Be that due to a lack of Treaty-based competences, or a lack of political clout, the Von der Leyen Commission ended up adopting a stripped-down version of the SDGs in its own work programme, deprived of key priorities on inequality, gender, human capital and initially also health. Surely, the Commission promised to incorporate the SDGs in the European Semester, in the better regulation agenda and in external action. Yet none of these attempts were successful, and this placed the EU facing trade-offs that a deeper mainstreaming of the SDGs would have addressed more effectively, at the source.

Moreover, the objectives of the EU Green Deal were identified on the basis of a single, well-defined future. Despite the fact that foresight and better regulation were placed under the competence of the same Executive Vice President, the EU actually failed to account for possible unforeseen shocks, and developed a plan that would work only under certain, rather specific circumstances. In other words, the current Green Deal had no "plan B". And this became a lot clearer as the European Commission started facing an unprecedented sequence of shocks, and had no compass to use to rethink its overall agenda.

The results are self-evident. In five years, the "North Star" pursued by the EU has changed countless times, from the Green Deal to the twin transition, resilience, sustainable competitiveness, competitiveness sustainability, technological sovereignty and (open) strategic autonomy, until it landed on a rather dry notion of competitiveness, and ultimately on "comprehensive security" mostly dictated by the threat of war on Europe's Eastern front. Designing a consistent set of policies is almost impossible under these circumstances. Ultimately, under the threat of farmers' street protests, EU leaders witnessed the collapse of a major piece of legislation, the Nature Restoration law, when eight Member States [withdrew their support](#).

Against this backdrop, the EU must decide what to make of the Green Deal in the new mandate. To be sure, withdrawing the Green Deal would be impossible both because it would undermine Europe's reputation and commitment to its own values; and because given the myriad of implementing projects already in the pipeline of the Green Deal Industrial Plan, it may entail massive sunk costs. Two main challenges loom on the horizon. On the one hand, implementing the Green Deal will take massive financial resources, possibly spent at the EU level, at a time in which other issues claim priority. On the other hand, earmarking common funds for the green transition will require a new approach to conditionalities and coordinated spending at different levels of government, and this has not yet

been fully studied.

On the issue of common resources, in different occasions Commissioner [Paolo Gentiloni](#) and [Mario Draghi](#), now tasked with a report on Competitiveness which will be delivered in late June (but may be made public only in September), have stressed the need for a continuation of NextGenerationEU, which would entail the deployment of significant common resources (at least €500 billion a year) for the green (and digital) transition. A recent [report](#) echoed their statements by suggesting that honouring the EU 2030 climate goals may require a stunning €406 billion a year from now on. Another recent study estimated that 2030 digital targets may take at least another €174 billion. This means that the [estimated](#) amount may even be insufficient for the twin transition: and yet, pressure to deploy common resources for the European Defense Industrial Strategy has become so strong that the pot of money may well be too small to accommodate all spending priorities.

That said, assuming that resources will be found, spending them well may prove equally challenging. At a minimum, the future European Commission will need to innovate in its approach to investment and accompanying policies. First, common resources should be channelled towards pan-European projects that tick several boxes: significant industrial transformation oriented towards the regenerative economy, enhanced resilience and economic security, and the creation of good jobs throughout the European territory—a good example being the [HYBRIT project](#).

Second, funding for the twin transition should occur in a coordinated way, with digital becoming an ally of Europe's green transition goals. Simply earmarking percentages for green and for digital, as was done for NextGenerationEU, is not going to do the trick. The twins were separated at birth. On the contrary, promoting human- and planet-centric technology, for example by funding technology that uses less resources (including critical raw materials and energy), lasts longer, and is oriented towards societal and environmental well-being, would finally give meaning to the idea of a twin transition. This is not trivial, if one considers that current AI systems and cloud computing centres are massively increasing electricity consumption, and the carbon footprint of tech devices and the burgeoning Internet of Things world is [expected](#) to reach 14% of global carbon emissions by 2040.

Third, enhanced attention should be given to distributional impacts, as well as ensuring that each region of Europe has a chance to develop according to its technological and economic specialization: this will require an approach based on economic complexity, including a thorough mapping of the economy and its potential to develop industrial transformation pathways across border.

Fourth, Europe should reconsider the introduction of a comprehensive approach to policy-making and investment, indivisible and integrated like the SDGs, even if probably reformed to reflect the current need for political and economic security. This, in turn, may require that the Green Deal is not defined anymore as a “growth strategy”, but rather a strategy oriented towards people, planet and prosperity.

Finally, the future Green Deal, or whatever it will be called, will have to be made resilient to possible (and indeed, very likely) shocks; and be communicated a lot better, as a plan to advance the well-being of European citizens, without harming that of non-European ones.