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Marco Siddi



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- The European Commission has published numerous policy documents concerning the European Green Deal and the energy transition since 2019. Several have an important foreign policy component.
- Following the Covid-19 crisis and especially Russia's attack on Ukraine in February 2022, the discourse and policy objectives of these documents have taken a 'geopolitical turn', meaning that the EU's security, interests and cooperation with Western allies have become more prominent than before.
- The REPowerEU plan, the new External Energy Strategy and the Green Deal Industrial Plan exemplify this shift by combining green and geopolitical objectives.
- The EU's geopolitical turn in external energy politics involves several risks. Third countries could perceive some policies as 'green protectionism' or 'green colonialism'.
- Domestically, some business actors dislike restrictions on imports of critical raw materials and green technology from abroad, whereas additional mining in the EU may not be compatible with biodiversity and environmental protection. At the same time, 'offshoring' mining outside the EU may transfer the ecological consequences to contexts with laxer regulation.



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INTRODUCTION

In her first press conference as European Commission President, back in November 2019, Ursula von der Leyen stated that she would lead a “geopolitical Commission”. According to her, this meant making the EU “a champion of multilateralism”. At the same time, she argued, the EU should “invest in alliances and coalitions to advance [its] values”, “promote and protect Europe's interests through open and fair trade” and “strengthen [its] partners through cooperation”. Achieving technological sovereignty and leading in climate action were key pillars of her proposed strategy.¹

Von der Leyen's geopolitical agenda was a response to what she described as “an unsettled world, where too many powers only speak the language of confrontation and unilateralism”. Three and a half years later – after a pandemic, Russia's attack on Ukraine, growing US-China competition, an energy supply crisis and several emergencies related to the ongoing climate crisis – the challenges facing the Union have only worsened.

As we approach the final phase of von der Leyen's mandate, it is possible to conduct an evaluation of the Commission's geopolitical shift. This Briefing Paper attempts to provide an assessment by analysing the main policy documents concerning the European Green Deal published by the Commission between December 2019 and March 2023. It shows that, over this time period, EU policy priorities progressively shifted from a focus on broad multilateral cooperation and open strategic autonomy to more narrowly defined strategic partnerships with ‘like-minded’ Western and neighbouring countries. The 2022 war in Ukraine was a strong catalyst for this shift.

A focus on documents concerning the Green Deal is particularly instructive due to the almost all-encompassing nature of this policy area, which covers everything from energy to industrial strategy and external relations. The Green Deal and the energy transition are also one of the policy fields in which the von der Leyen Commission has been most active. The documents under consideration include the Commission's

Communications on the European Green Deal (2019) and Critical Raw Materials Resilience (2020), the EU Hydrogen Strategy (2020), the Global Gateway (2021), the REPowerEU plan (2022), the External Energy Strategy (2022), the Solar Energy Strategy (2022) and the Green Deal Industrial Plan (2023). While the Commission also published other important documents within the context of the Green Deal, the focus here is on those that are most relevant for the EU's external action. Examining them allows an investigation of whether the Commission's policymaking has really turned ‘geopolitical’. Moreover, the selected timeline is apt for assessing how the Commission's choice of language and policy priorities changed over time, in response to mounting multiple crises.

DEFINING ‘GEOPOLITICAL’ IN ENERGY POLICY

While von der Leyen provided a broad idea of what she meant by ‘geopolitical’ in her inaugural speech, defining the term more precisely is useful for understanding what it implies, particularly in terms of energy policy. At the most basic level, geopolitics refers to the interaction between geographic factors and foreign policy. A geopolitical analysis highlights the importance of natural endowments and economic resources in shaping the foreign policy of a state.

In energy policy, a geopolitical approach focuses on security and external power projection. Securing energy supplies is the main goal and overshadows other ‘traditional’ aspects of energy policy, such as sustainability and competitiveness. Following this logic, energy security is achieved through the control of both energy supplies and transport routes. Governments treat energy as a strategic good and play a central role in planning external energy policy. This involves the political, regulatory and diplomatic backing of strategies aimed at securing access to and transport capacity for energy resources, usually to the detriment of other international actors.

A geopolitical approach largely contradicts a market liberal approach, where the state is only a rule-provider and market forces determine the flow of energy. Following a market liberal approach, the

¹ European Commission 27 November 2019. https://ec.europa.eu/commission/presscorner/detail/en/speech_19_6408.

energy transition can be sustained by trade and mutually beneficial international cooperation. Conversely, geopolitical logic postulates competition between rival blocs, protectionism and a focus on avoiding dependence on foreign imports; cooperation can only take place within clubs of ‘like-minded’ countries. As the EU has long been described as a market liberal actor in energy policy, focusing on competitiveness and open markets, the adoption of a geopolitical posture implies a significant departure from earlier EU practice.

POLICIES AND STRATEGIES: FROM THE GREEN DEAL TO THE INDUSTRIAL PLAN

The external dimension of the European Green Deal Communication

As argued in detail elsewhere², the European Green Deal can be conceptualised as a roadmap of policies for the EU’s climate agenda. These policies were first presented in a European Commission Communication in December 2019 and were later developed through strategic documents and legislative proposals. The focus here is on aspects pertaining to external action, where a geopolitical stance would likely be detected if present.

The Green Deal Communication emphasised multilateral cooperation in fora such as the UN, the G7, the G20 and the World Trade Organization, as well as partnerships with a diverse group of actors to tackle climate change. The stress on supporting immediate neighbours entailed a geopolitical dimension; it can be seen as an attempt to expand EU influence in Eastern Partnership countries and the Southern Mediterranean. However, China was also described as a partner, while green alliances were envisaged practically across the globe. Conversely, the United States and the transatlantic alliance were not mentioned in the paper.

In sum, the Green Deal Communication – written before the Covid-19 pandemic and the recent escalation in tensions between the West and Russia and the West and China – prioritised broad international cooperation over geopolitical considerations. Nonetheless, strategic considerations emerged in the declared intention to set EU standards that apply across global value chains, and to adjust trade policy to support the ecological transition. Most significantly, a carbon

border adjustment mechanism (CBAM) was proposed to prevent carbon leakage. Despite its declared green goals, CBAM will have an impact on the EU’s external relations and has been criticised by many partners as a form of ‘green protectionism’.³

Cooperation and security: The 2020 strategies for hydrogen and critical raw materials

In summer 2020, the Commission published two policy documents that were highly relevant to the energy transition and had a clear international dimension, “A hydrogen strategy for a climate-neutral Europe” and “Critical raw materials resilience: charting a path towards greater security and sustainability”.⁴

The hydrogen strategy highlighted the importance of hydrogen as a vector for renewable energy storage, alongside batteries, and for transport. The main focus of the document was on trade and investments to create a European Clean Hydrogen Alliance, as well as on technical aspects such as transportation (building new infrastructure, repurposing gas pipelines), use and further development of hydrogen. The last point in the strategy, focusing on the international dimension, argued that “taking into account natural resources, physical interconnections and technological development, the Eastern Neighbourhood, in particular Ukraine, and the Southern Neighbourhood countries should be priority partners”. Moreover, it was argued that the EU should strengthen its international leadership for “technical standards, regulations and definitions on hydrogen” and “facilitate the development of a structured international hydrogen market in euro”. However, broader cooperation was also envisaged, for instance with the African Union. The focus on neighbouring countries can be at least partly explained by the nature of hydrogen markets, which tend to be regional due to transportation challenges. Overall, while geopolitical factors were present, economic, technical and climate considerations played a more central role in the strategy.

On the other hand, security, resilience and open strategic autonomy were at the forefront in the Critical Raw Materials (CRMs) Communication. The document presented the EU’s 2020 list of CRMs, the challenges

² See Siddi, Marco (2020) “The European Green Deal: Assessing its Current State and Future Implementation”. FIIA Working Paper 114. https://www.fiaa.fi/wp-content/uploads/2020/05/wp114_european-green-deal.pdf.

³ Grimm, Sven; Helwig, Niklas; Reiners, Wulf; and Siddi, Marco (2021) “Leadership and Partnerships for the European Green Deal: EU Relations with (Re)Emerging Economies”. *L’Europe en Formation* 393: 40–63.

⁴ European Commission (2020) Critical raw materials resilience: charting a path towards greater security and sustainability. COM(2020) 474 final, 3 September. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0474&from=EN>. European Commission (2020) A hydrogen strategy for a climate-neutral Europe, COM(2020) 301 final, 8 July. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0301&from=EN>.

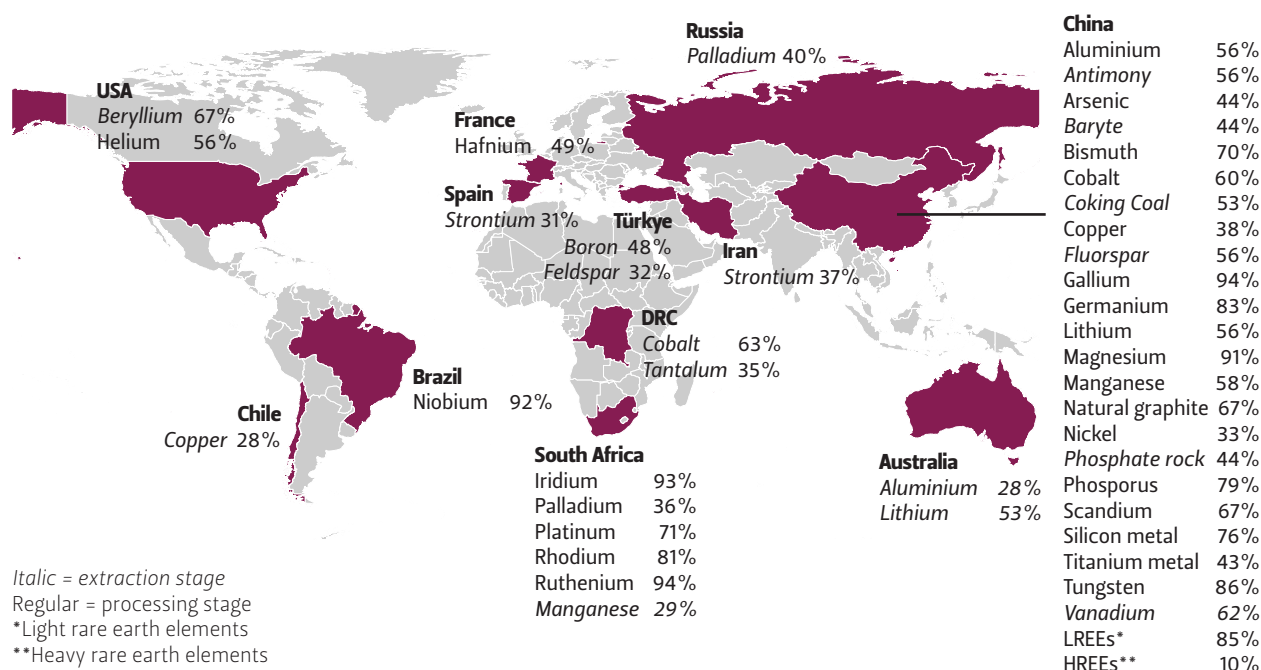


Figure 1. Countries with the largest share of global supply of critical raw minerals.
Source: European Commission, "Study on the Critical Raw Materials for the EU 2023 – Final Report".

to the security of supply, and actions to increase resilience. Sustainability was also mentioned, but much greater emphasis was placed on security. The Communication highlighted that the extraction of CRMs is highly concentrated in a few countries (i.e. rare earths in China, borates in Turkey, platinum in South Africa); hence, the EU should strengthen domestic sourcing, recycling and processing, and diversify imports from third countries. The document recommended the creation of strategic partnerships with resource-rich third countries. However, the stated range of possible partners was broad (from Canada and Australia to African and Latin American countries, as well as EU neighbours), and cooperation in multilateral fora such as the UN, the G20 and the WTO was also stressed. Geopolitics undoubtedly shaped the CRMs Communication, reflecting the EU's high level of dependence in this area. Yet a diverse spectrum of partnerships and dialogues were identified as possible solutions.

The geopolitical turn: From the Global Gateway to the REPowerEU plan

The Global Gateway⁵ was the Commission's last major policy document concerning inter alia the green transition published before Russia's attack on Ukraine

in February 2022. Largely a response to China's Belt and Road Initiative and the EU's waning influence on the international stage, the Global Gateway reflected growing strategic competition by calling for a "concerted effort with like-minded partners", particularly the US and the G7. At the same time, it mentioned "Connectivity Partnerships" with Japan and India, economic and investment plans in Western Balkan, Eastern Partnership and Southern Neighbourhood countries, and EU-Africa green partnerships. The main goal of the Gateway was that of building new and sustainable connectivity infrastructure after the disruptions caused by the Covid-19 pandemic. While not stated explicitly, reducing dependence on China-controlled supply chains was central to this strategy.

Conversely, the REPowerEU plan – released in May 2022 – was explicit about its geopolitical goals.⁶ Right at the start, the document stated that "REPowerEU is about rapidly reducing our dependence on Russian fossil fuels". This was to be achieved by saving energy and accelerating the green energy transition, but also by diversifying supplies of fossil fuels. As opposed to the documents analysed earlier, the REPowerEU plan was not exclusively focused on the green transition. The centrality of geopolitical considerations after Russia's attack on Ukraine paved the way for substantial derogations from the green agenda, such as "investments

⁵ European Commission (2021) The Global Gateway, JOIN(2021) 30 final, 1 December. https://commission.europa.eu/system/files/2021-12/joint_communication_global_gateway.pdf. For a comprehensive analysis, see Karjalainen, Tyyne (2022) "The EU's Global Gateway: Building connectivity as a policy". FIIA Working Paper 127. https://www.fiaa.fi/wp-content/uploads/2022/02/wp127_the-eus-global-gateway_building-connectivity-as-a-policy_tyyne-karjalainen.pdf.

⁶ European Commission (2022) REPowerEU Plan, COM(2022) 230 final, 18 May. https://eur-lex.europa.eu/resource.html?uri=cellar:f-c930f14-d7ae-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF. For a full analysis, see Siddi, Marco (2022) "Assessing the European Union's REPowerEU plan: Energy transition meets geopolitics". FIIA Working Paper 130. <https://www.fiaa.fi/en/publication/assessing-the-european-unions-repower-eu-plan>.

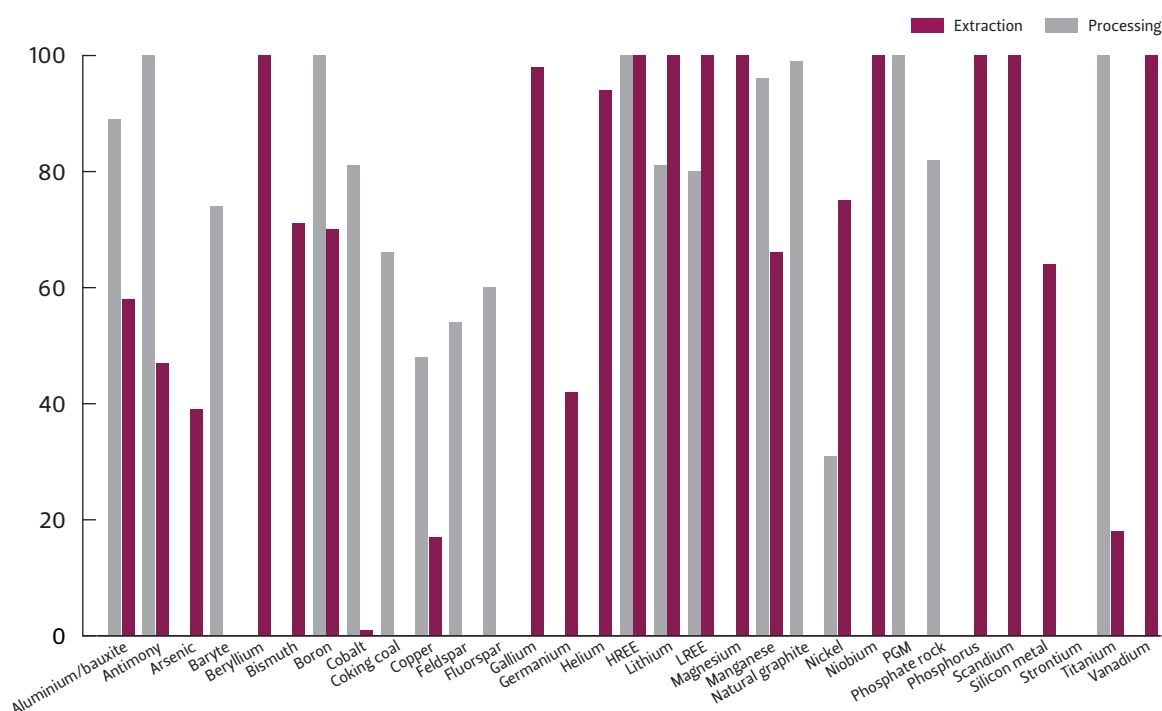


Figure 2. EU import reliance for extracted and processed critical raw minerals.
Source: European Commission, "Study on the Critical Raw Materials for the EU 2023 – Final Report"

estimated at EUR 10bn to import sufficient liquefied natural gas (LNG) and pipeline gas from other suppliers" and new infrastructure to interconnect the domestic EU gas markets.

However, the document also cited the changed geopolitical landscape as the main reason (together with climate change) for accelerating the energy transition by boosting renewable energy production and deploying the necessary technology. This logic also emerged in one of the Commission's documents focused on renewables that accompanied the REPowerEU plan, the EU Solar Energy Strategy.⁷ The strategy began by stating that solar energy will be the "kingpin" of the EU's efforts to end dependency on Russian fossil fuels. Moreover, it highlighted the "marginal EU contribution in the manufacturing and assembly stages of the [solar photovoltaic] supply chain, combined with the quasi-monopolistic role of one country" – a clear if implicit reference to China – which "diminishes the EU's resilience in case of extensive external supply disruptions". On the other hand, the strategy also stressed international cooperation on solar power with neighbouring countries, India, the US, Africa and, through the International Renewable Energy Agency, other global contexts.

The REPowerEU plan advocated using the EU's

market power to obtain better conditions in global energy trade, for instance by aggregating EU purchases of gas, LNG and hydrogen through an EU Energy Platform. Other measures with clear geopolitical significance were the emergency synchronisation of the Moldovan and Ukrainian electricity grids with the EU's grid and the planning of three major hydrogen import corridors via the Mediterranean, the North Sea area and "as soon as conditions allow, with Ukraine".

The new External Energy Strategy

The Commission's Communication 'EU External Energy Engagement in a Changing World',⁸ published simultaneously with the REPowerEU plan, is a prime source for assessing the EU's geopolitical shift in energy policy. While the strategy initially argues that the green energy transition is the only way to tackle climate change and reduce dependence on Russia, its aims prioritise energy security and geopolitical considerations. Diversification of fossil fuel imports is the first issue discussed in the strategy, which states that "the EU must increase its gas imports from non-Russia sources" by 50 additional billion cubic metres of LNG and 10 bcm of pipeline gas per year. This gas is

⁷ European Commission (2022) EU Solar Energy Strategy, COM(2022) 221 final, 18 May. https://eur-lex.europa.eu/resource.html?uri=cellar:516a902d-d7a0-11ec-a95f-01aa75ed71a1.0001.02/DOC_1&format=PDF.

⁸ European Commission (2022) EU external energy engagement in a changing world, JOIN(2022) 23 final, 18 May. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022JC0023&from=EN>.

expected to arrive primarily from the US, Norway, Algeria, Azerbaijan, Canada, and Qatar. Therefore, the EU expects to obtain gas from Western allies, a few neighbouring states, and countries currently perceived as reliable suppliers.

Geopolitical logic also drives the following points on hydrogen imports, where the Southern Mediterranean region and Africa are seen as the main potential suppliers, and on reducing dependency on other Russian energy imports, such as nuclear fuel. A whole section of the strategy is devoted to “supporting partners impacted by Russia’s invasion of Ukraine” – including, besides Ukraine, Moldova, Georgia and the Western Balkans – through reverse flows of gas, the provision of energy equipment and common purchases of gas.

The section on accelerating the green transition proposes several global partnerships to boost renewable energy production and energy efficiency, as well as cooperation on research and technology, but also returns to the topic of ensuring access to CRMs through cooperation with Western states and resource-rich countries in the Global South. The last section, titled “Laying the foundations of the new global energy system”, is explicit about the geopolitical logic driving the strategy. It states that “the EU will continue to work in tandem with the US, with whom priorities are well aligned across the full energy policy spectrum”, as well as with “partners like Norway, Japan, Australia, Chile, United Kingdom and others”. It concludes by stating that the energy transition “can support the EU in achieving its broader geopolitical objectives to reinforce resilience and open strategic autonomy”.

The Green Deal Industrial Plan: Net-Zero Industry and Critical Raw Materials

In February 2023, the European Commission published the Communication ‘A Green Deal Industrial Plan for the Net-Zero Age’.⁹ The plan intends to make the EU “a leading player in the net-zero industries of the future” by underpinning industrial manufacturing of key technologies in the Union. A simplified regulatory framework, a faster permitting process for strategic projects and quicker access to funding are essential goals of the plan. The document argues that third actors’ subsidies are “unleveling the playing field”, and hence the Commission intends to relax rules on state aid through the

Temporary Crisis and Transition Framework. Based on this proposal, state aid can be granted to all renewable technologies, green hydrogen and biofuel storage projects.

In March, two draft legal acts detailed the substance of the Industrial Plan.¹⁰ The Net-Zero Industry Act proposed that the EU’s manufacturing capacity of strategic net-zero technologies should reach at least 40% of the Union’s deployment needs by 2030. Such technologies include solar photovoltaic, onshore and offshore wind, geothermal energy, batteries, heat pumps, electrolyzers, carbon capture and storage, sustainable alternative fuels, biogas, grid technologies and advanced nuclear power technologies.

Moreover, the Critical Raw Materials Act set benchmarks for domestic EU production capacity along the supply chain of CRMs: at least 10% of the EU’s annual consumption for extraction, 40% for processing and 15% for recycling. Supply diversification measures were also included: not more than 65% of the EU’s annual consumption of each strategic CRM at any stage of processing can come from a single third country. This is an ambitious target given that the EU is currently over 95% dependent on foreign supplies for 17 out of 27 CRMs. China would be impacted heavily by these targets as it is a key CRM supplier to the EU and has more than an 80% share of the European market across the solar industry supply chain.¹¹

The Industrial Plan is intrinsically driven by security considerations and geopolitical competition. It states that “at the time of rising geopolitical tensions, the EU and its Member States should act together to defend their interests”. By supporting domestic extraction of CRMs and the manufacturing of green technologies, including through state aid, the Commission is trying to strengthen the EU’s position vis-à-vis competitors, particularly China. The EU’s regulatory power is applied to achieve this goal. The Industrial Plan states that the EU will continue to make use of trade defence instruments and of the Regulation on Foreign Subsidies, introduced in January 2023 to investigate subsidies granted by third countries. It will apply the EU framework for screening foreign direct investments

⁹ European Commission (2023) A Green Deal Industrial Plan for the Net-Zero Age, COM(2023) 62 final, 1 February. https://commission.europa.eu/system/files/2023-02/COM_2023_62_2_EN_ACT_A%20Green%20Deal%20Industrial%20Plan%20for%20the%20Net-Zero%20Age.pdf.

¹⁰ European Commission (2023) Proposal for a Regulation on establishing a framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem (Net Zero Industry Act), COM(2023) 161 final, 16 March. https://eur-lex.europa.eu/resource.html?uri=cellar:6448c360-c4dd-11ed-a05c-01aa75ed71a1.0001.02/DOC_1&format=PDF. European Commission (2023) Proposal for a Regulation on establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) 168/2013, (EU) 2018/858, 2018/1724 and (EU) 2019/1020, COM(2023) 160 final, 16 March. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13597-European-Critical-Raw-Materials-Act_en.

¹¹ Menkhoff, Lukas; Zeevaert, Marius (2022) DIW Weekly Report 49/50, https://www.diw.de/documents/publikationen/73/diw_01.c.862062.de/dwr-22-49-2.pdf.

“to safeguard key European assets and protect collective security” and deploy the International Procurement Instrument to support EU companies in accessing procurement markets in third countries.

CONCLUSIONS: THE DILEMMAS OF THE GEOPOLITICAL TURN

This paper has shown that the EU’s policies for a green energy transition have taken a decisive geopolitical turn, particularly following the Covid-19 crisis and Russia’s attack on Ukraine in February 2022. While geopolitical logic was partly detectable also in earlier documents published by the von der Leyen Commission, the shift in language and policy goals has been accelerated since 2022. To this end, in energy policy, von der Leyen has been consistent with her proclaimed intent of leading a “geopolitical Commission”.

This is coming at a price for Europe’s green transition, however. While the Commission has tried hard to reconcile its geopolitical turn with the Green Deal, several shortcomings are becoming evident. As fully phasing out fossil fuel dependence is impossible in the short and medium term, large new investments need to be made in infrastructure to import gas from countries that are currently not perceived as geopolitical competitors. This increases the risk of carbon lock-in and of shifting resources to polluting assets that should become stranded in the near future.

The EU’s focus on securing access to CRMs and to green hydrogen production in the Global South runs the risk of eliciting a negative response from some countries, where the EU’s new external energy policy

is reminiscent of past and current disadvantageous trade patterns. For instance, recent policies in Morocco and Egypt signal a focus on domestic green industrialisation, rather than on supplying resources and renewable energy for decarbonisation in Europe. To avoid accusations of ‘green colonialism’, the EU needs to develop partnerships aimed at decarbonisation and socio-economic development in both the EU and partner countries.¹²

Furthermore, easing regulations for mining CRMs in Europe can impact negatively on biodiversity, especially as most of the EU’s known reserves are located in or near protected areas. Environmental campaigners argue that some mining projects can cause serious water and soil pollution and lead to deforestation and biodiversity loss. At the same time, offshoring mining would only transfer the ecological consequences to other contexts, notably the Global South, where environmental regulation tends to be laxer.

Meanwhile, in the business sector, responses to recent EU policies like the Industrial Plan have been mixed. For instance, while the battery industry has welcomed plans to support domestic production, stakeholders in the solar industry worry that local content sourcing will have a strong impact on prices and competitiveness, as estimated prices for EU-made panels are more than a third higher than their Chinese equivalents.¹³ The EU’s energy transition policies will have to navigate these challenges and carefully ponder the trade-off between security, environmental considerations and preserving a multilateral cooperative framework that supports decarbonisation on a global scale./

12 Quitzow, Rainer; Renn, Ortwin; Zabanova, Yana (2022) “The crisis in Ukraine: another missed opportunity for building a more sustainable economic paradigm”. *GAIA – Ecological Perspectives for Science and Society*. 31, 3: 135–138.

13 Milne, Richard (2021) “European battery makers welcome EU response to US subsidies”, *Financial Times*, 27 March. <https://www.ft.com/content/c0f6150f-e91f-431a-b13d-f6f6e9fb9fd4>. Yang, Yuan; Hancock, Alice; Pitel, Laura (2023) “Solar industry warns EU rules would hamper clean energy transition”, *Financial Times*, 17 March 2023. <https://www.ft.com/content/2f876e67-8aa1-4776-a783-bcf5d5ea76eb>.