The purpose of this outlook is to summarise and explore the central tenants of an ambitious, signature, and transformative set of initiatives compiled by the European Commission and known collectively as the ‘Green Deal’. The aim is to introduce the reader to the breadth and depth of the plan and outline any major challenges and critiques that have emerged thus far. Though the Covid-19 pandemic has given the world a sense of what a global crisis looks like, raising comparisons with the potentially far more consequential threat of global climate change that the Green Deal seeks to mitigate, the far-reaching details and implications of the European Union’s (EU) Green Deal still make it a worthwhile endeavour to examine in a distinct manner. Presented first in December 2019, the various policy mechanisms the Green Deal entails (including that of a wide-ranging industrial policy), and the challenges that each member state’s unique circumstances present, all together displays a complex endeavour that, if successful, may serve to drive what has come to be referred to as the global energy transition.
Introduction

In 2018, Dr. Fatih Birol – the International Energy Agency’s (IEA) Executive Director – underscored that “the world’s energy destiny lies with government decisions”. With acute awareness of the existential threat posed by climate change and environmental degradation, the Green Deal is a comprehensive set of 47 key actions that fundamentally alters the prevailing relationship between economic growth and resource exploitation. The aim is to transition into a net carbon neutral economy across the European Union by 2050 (and reduce greenhouse gas emissions up to 55% by 2030), a process that has been indelibly intertwined into a bloc-wide economic growth strategy, one that engages with all member states together with a stated desire to ensure a ‘just and inclusive’ transition for all, and curtail any possible divisions. A wide-ranging set of policy measures and legislative instruments are to be used to drive forward a roadmap of action across all member states. By any measure of success, the Green Deal with undoubtedly entail significant shifts in the EU’s energy and industrial policy, including internal and external market measures, with possible ramifications for foreign policy and the world of energy geopolitics as well.

Much has been made of the brave new post-Covid-19 world supposedly nigh on the horizon. A flurry of articles and counter-articles continue to be generated on the matter, as writers deliberate a range of potential futures prophesied post-crisis. Rightly or wrongly, understandably or excessively, there has been an abundance of relational thinking that has sought to account for both the emergence of the pandemic and the toll it has exacted, as well as the various social, political, and economic changes required to respond to the crisis. In the wake of the pandemic, discussions have been driven by the various evident shortfalls identified in various domains – most prominently that of the public health sector, but also future apprehensions related to political and economic exploitation. On a grander scale, the coronavirus pandemic has incited further calls for greater action against the inescapable challenge of climate change by highlighting the similar, if not the more, destructive consequences that global climate change may incur (as well as the present effects), if the world is caught in a similar state of unpreparedness.

The mitigation strategy against the adverse effects tied to global climate change raises a necessity for the so-called ‘energy transition’. Though the costs of climate change (the range of which is subject to debate), the potential price to be paid for inaction, and the slew of hazardous outcomes that await have all been well-documented, the Covid-19 pandemic seems to have given the world a forlorn taste of a global-scale is like, one that impacts all walks of life and with evidently tragic outcomes as witnessed today.

Beyond the conceptual parallels found between the current global pandemic and the crisis encapsulated in unchecked climate change, and as part of the need to rebuild and regenerate the global economy, environmentally-friendly methods of job creation have been called for, especially in light of the environmental upside of the outbreak (which includes the many lives now saved as a result of reduced emissions). The changes called for in response to Covid-19, however, should not overshadow (especially at this stage), or solely drive the changes that have long been sought for and have now been conglomerated as part of Europe’s Green Deal. Nor should the Green Deal be relied upon whilst inaction reigns elsewhere, as the EU’s greenhouse gas emissions now are said to account for 9% of the global total. Still, the incubation period of the Green Deal has been far longer than that of the current pandemic, emerging in response, not to a shorter-term public health crisis and the collateral damage thereof, but a longer-term environmental crisis with potentially more profound and enduring consequences across all walks of life, one that cannot simply be vaccinated-away. European Environment Commissioner Virginijus Sinkevičius recently shared a similar line of reasoning, asserting that ‘we’re always going to face different crises, but the climate emergency isn’t going anywhere’.

The threatening long-term implications of climate change, as aptly worded in this opinion piece in the New York Times, remain “the backdrop against which modernity now plays out”, and against which the International Energy Agency (IEA) has also recently advocated for the seizure of the opportunity to stimulate the future economy via clean energy transitions post-pandemic. The Global Managing Partner of McKinsey, for instance, speaks of a ‘post-coronavirus economy’. But even if a ‘business as usual’ scenario is returned to, slowly but surely the economic and environmental case for both the Green Deal in Europe and the ‘New Green Deal’ in the U.S., are both becoming all the more apparent in the public sphere. The manner in which the Covid-19 crisis has been coupled together with the Green Deal is not all one-way traffic, with some (perhaps premature) suggestions that the initiative should be abandoned altogether, precisely because of the pandemic itself.
The Economic Case

The economic, the political, and the social domains of life are anything but mutually exclusive, which makes the nature of the transition entailed in the Green Deal all the more comprehensive, and therefore all the more complex. The move seeks to ally the necessary political initiatives in lock-step with an industrial policy that would result in an overall growth strategy for the EU, but one that within the next decade is set to require an investment of €1 tn (£852bn), with financial resources marshalled from the EU budget itself, national governments through applicable contributions, and the private sector. An enhanced stability of cashflows from underlying assets, distinct from both the present but also perhaps even the history of price volatility discerned in global oil and gas markets, is part and parcel of the economic case for any green or clean energy transition. Net positive benefits in terms of GDP growth and job creation are promised, with a mechanism of another €100 bn to help the most affected regions, presumably coal-mining regions in Poland being the most popular reference point here, the country also having raised significant concerns regarding timeline and implementation. On the whole, the application of circular economy principles nevertheless should lead to an additional 0.5% of GDP growth by 2030 with 700,000 jobs created.

Concrete details are understandably sparse at this early stage, with the think-tank Bruegel ominously warning of a trillion reasons the Green Deal can be scrutinised. In essence a climate-neutral ‘circular economy’ is foreseen, one that includes the necessity of investments and innovations that will need to occur, Executive Vice-President for the European Green Deal, Frans Timmermans, juxtaposed that desire for a fully circular economy to that of a linear economy that the European economy heavily displays, referring in particularly to the need for sustainability, and the current dearth of recycling, repairing and re-usability of resources and materials. The move against single-use products is relatable to an earlier directive that banned single-use plastics, which has itself stimulated similar plastic bans across the world, and also that of products designed by manufactures for obsolescence seen in electronics such as mobile phones. Consumer choice is to be informed by information on repairability and reliability in order to encourage more environmentally friendly and sustainable purchases, amongst other measures detailed here. The behavioural change encouraged is one against that of throwaway culture, but one that will in tandem entail a shift in business models.

A ‘European Climate Law’ has also been proposed, where the desire for the transition entailed in the Green Deal is translated into legal obligations meant to trigger the necessary financial investment. Without leaving large-scale planning to prevailing market dynamics, the idea is to bring on-side both market forces and the private sector to benefit from opportunities envisaged to occur in accordance with an industrial policy that seeks wide-scale, socially-democratic, economic transformation. The dynamics of this debate on industrial policy bear great similarities to those raised in connection with the proposed Green New Deal in the U.S., with eyebrows similarly raised at the prospect of a centrally planned economy. How exactly the European Central Bank (ECB) and European Investment Bank (EIB) will operate under the new directive has also been questioned by others. The plan has also been framed as a midpoint between a limited U.S.-style industrial approach with that of an expansive but wasteful strategy characterised as a Chinese-style tactic.

Apprehensions regarding a greater involvement of the state are at play in light of the various responses to the Covid-19 crisis too and may merely reflect the seriousness of the necessary responses to combat the pandemic. In contrast to any ephemeral measures in a short-term crisis, the more fundamental changes sought in the Green Deal naturally raise concern too. A particularly pertinent critique has been that the plan amounts to subsidised ‘greenwashing’ that ostensibly fails on size, composition, and scope, especially as it concerns the Just Transition Fund. Hopes are said to rest on private investment de-risked by the public sector, potentially abused by the more authoritarian and right-wing governments of the 27-member bloc, which in any case may even constitute the spearhead of populist critique fuelled by climate scepticism. Still, Ursula von der Leyen, President of the European Commission, has been adamant that the transition must work for all or it will not work at all. As such, within the auspices of the Green Deal, concerns would need to be addressed about the potential of financiers ‘gaming’ carbon regulations. In tandem, a possible carbon tax on imports to the EU has also been raised if necessary to bolster economic competitiveness, perhaps in the event of a trade war. Separately, as a result of the current pandemic, Poland has also called for a linear economy characterised as a Chinese-style tactic.

For the future, ‘it would be pointless’, French Finance Minister Bruno Le Maire noted, ‘to reduce carbon emissions inside Europe, to then import them from outside’. A great deal of discourse exists on the successfulness of taxing carbon emissions in light of wider environmental goals, particularly as it concerns the global oil and gas sector, combined with an especially interesting discussion on carbon prices and prospects of coal-to-gas switching before the greater penetration of renewables. Perhaps a sign of global trends to come, as recently reported by Bloomberg as a world-first, in April an LNG (Liquified Natural Gas) supply tender with pollution credits was issued, with the buyer requesting the quantification of greenhouse gas emissions associated with each LNG cargo produced, transported, and imported – a statement of emissions – as well as the encouragement of carbon offsets as part of the deal. How
changes within the EU go on to interact with any broader trends to be seen in the oil and gas sector, perhaps incen-
tivating the latter, is another area of fruitful discussion beyond the remit of this paper.

Geopolitics of the Energy Transition?

From each member state’s own energy mix to a cross-cut-
ting industrial policy, from an ethical commitment to a ‘Just Transition’ to repercussions on the notion of ‘energy geo-
politics’, the Green Deal strikes at the heart of a range of dif-
f erent issues. On the inter-relationship between member states, the predicament and potential dislocations each country may face remain to be seen. Beyond any internal repercussions, a great deal of discourse already exists on the possible implications that a comprehensive energy transformation or transition, driven by a greater penetra-
tion of renewable resources (and not the complete ejection of fossil fuels), energy efficiency measures, and carbon control, may have in terms of international energy geopol-
itics. With the ultimate goal of combating climate change, the transition to low-carbon or carbon-neutral economies around the world is expected to entail profound changes to the contemporary nature of the world’s energy system, which in turn will inevitably challenge the primacy of fossil fuel exploitation (with oil and then natural gas being the most prominent and popularised resources subjected to geopolitical thought).

The logic of energy geopolitics, which has for a long time been heavily conditioned by the notion ‘dependency’ upon external supplies of fossil fuels, seen then as a mere tool or thoroughfare utilised to exert political influence, exact concessions, build alliances, or perhaps from a more classical geopolitical perspective, simply project power, may itself undergo significant change. Though the materials infused in geopolitical calculation may change, beyond re-
writing the rules of global geopolitics, the underlying geo-
political philosophies may remain as the age-old modes of thought that history demonstrates, with the same understand-

In any case, with such potential stakes deemed to be at play, the international component of the Green Deal be-
comes of further interest. This point has unsurprisingly not been lost advocates of the Green Deal, with Commissioner Kadri Simson recently having referred to a ‘strong geopolitical dimension’ to the initiative, where the EU will seek to uphold what has been referred to as ‘energy sovereignty’. This presumably pertains to ideas of energy security and efforts at supply diversification to combat any possible states of dependency on external actors to come, even in what will presumably remain an interdependent and glo-
balised world. Of some concern, however, is the nature of the association drawn between natural resources and human conflict, with the Commissioner having referred to how the “root causes of migration and conflicts” may be addressed by economic opportunity and “reducing pressures on natural resources”. On this latter point, a danger-
ous assumption exists whereby commodity or environ-
mental determinism is almost off-handily recognised. On the contrary, the nature of the association between natural resource exploitation and human conflict is far more com-
p lex and a fiercely contested academic domain far from consensus. The key danger is that attention is drawn away from human agency in order to explain the emergence of violent conflict, in essence blaming nature rather than hu-
man action. Proponents of the Syrian Regime, for example, have curiously attributed the civil war there to environ-
mental factors, namely drought. Such a line of reasoning wholly ignores the nature of the regime itself, belittling both the legitimacy and the suffering of the millions who rose up courageously against the Assad regime.

Conclusion

The Covid-19 pandemic has sparked a flurry of wide-rang-
ing discussions on the nature of government responses, the continuity of measures taken now post-pandemic, but also the potential opportunities to remake the global economic order in a more environmentally friendly and sustainable manner. The current state of affairs is said to present a microcosm of the potentially more disastrous im-
 pacts that another global crisis on the horizon, in the form
of anthropogenically-induced climate change, is projected to have. The breadth and depth of the plans and policies encapsulated in Europe’s Green Deal, as well as the challenges faced in such a monumental task, are worthy of discussion in their own right, decoupled from the current global public health crisis.

The European Green Deal, with its initial presentation conducted in December 2019 before the present pandemic gripped the world, has emerged as a comprehensive and ambitious set of modifications that seeks to tackle climate change whilst at the same time engineering future economic growth. The aim of a carbon-neutral Europe by 2050 will entail extensive changes in the bloc’s industrial policies, energy policies, consumer behaviour and modes of state planning, but perhaps also foreign policy as related to the world of energy geopolitics. The success of the comprehensive changes the Green Deal seeks to achieve is necessarily tied to multiple walks of life, all of which come together to establish the efficacy of the plan but, at the same, constitute the sources of the various challenges the venture may face. A lot of the changes may be seen as the acceleration of known trends (such as but certainly not limited to the greater use of renewable resources), but all-together in a more profound way that pulls a multitude of different political, economic, and social, factors towards a well-specified goal.

As always, existing divisions and points of friction may also escalate in lockstep, presenting an unavoidably tough balancing act loaded with the hard decisions needed now for a potentially greener future. The Green Deal is of course in its infancy, and though the plan has somewhat unexpectedly caused a great deal of discussion and debate at its onset, Europe’s ‘man on the moon moment’ is an audacious flagship project that may lay the foundations of a much broader and, perhaps even global, accelerated transition into patterns of greener energy production and consumption, one that may finally inhibit some of the adverse effects of global climate change expected to come.