SUMMARY

- Russia’s war on Ukraine has weakened European governments’ commitment to EU climate goals.

- European leaders should intensify their efforts to build clean, sustainable energy security in practice – not just in theory.

- They should also address the climate challenge as a matter of EU – rather than national – energy sovereignty.

- Europeans will be locked into longer-term carbon dependency and unable to benefit from economies of scale if they only operate nationally.

- Strong thought leadership will be needed to achieve this change of mindset.

- France has an opportunity to build bridges between groups of member states, working alongside the upcoming presidencies of the EU.

- Denmark, Italy, Spain, the Netherlands, Portugal, and Austria are all willing partners in this, as they are already cooperating to implement the European Green Deal.
Introduction

The European Union’s climate agenda hangs in the balance. In this policy area, as in many others, Russia’s full-scale invasion of Ukraine on 24 February 2022 changed everything for Europeans.

There is now a risk that the EU’s transition away from dependence on Russian energy will continue to eclipse its transition to clean energy sources. The bloc’s leaders face three main challenges in this: rapidly reducing energy dependence on Russia, which would allow member states to embargo imports of Russian oil and, possibly, gas; building new partnerships with third countries to protect European energy security in the long term; and implementing the Fit for 55 package to bring the European Green Deal to life. Their efforts in all three areas have contributed to a spike in energy prices in Europe. And they require significant investment in infrastructure, welfare support for struggling households and businesses, and political and diplomatic capital.

Some member states believe that a turn to clean and renewable sources would not reduce energy prices quickly enough. This is why Austria, Germany, Greece, the Netherlands, Poland, and the Czech Republic have recently extended the life of their coal-fired power plants. Member states are also shifting their long-term focus back to infrastructure for what, prior to Russia’s war on Ukraine, they saw as transition fuels. Germany is exploring the possibility of building liquefied natural gas (LNG) import terminals to replace Russian gas pipelines; France and Spain have restarted talks to build the Midi-Catalonia Pipeline; and Bulgaria and Greece have recommitted to plans to build a gas pipeline, too. France currently plans to construct 14 new nuclear power plants by 2050. EU governments are climbing over one another to deepen their relationships with gas providers other than Russia, ranging from Algeria to Qatar.

Nonetheless, one could see the paradigm shift that occurred on 24 February as the geopolitical push the EU needed to accelerate its transition away from dependence on fossil fuels. From this perspective, the EU now has an opportunity to focus minds on the climate challenge in the medium term and to accept as inevitable what might have otherwise been daunting political costs. This is the narrative the EU has promoted in its recent communications – including that on the REPowerEU plan in May 2022 – even if the measures it proposes do not necessarily add up to such an ambition.

The development of the EU’s energy transition will largely depend on national politics in its member states, as well as national governments’ leadership, to navigate a painful dual energy transition – away from dependency on both Russia and fossil fuels. In early June 2022, the European Parliament rejected key parts of the Fit for 55 package, sending its proposals on changes to credits under the Emissions Trading System, the carbon border tax, and the Social Climate Fund back to the committee.
to be reworked. This showed how different member states and political groups favour different solutions to the EU’s energy trilemma. It will be difficult to find a balance between them. And, while MEPs voted on 22 June to approve a compromise deal, parties have merely papered over their disagreements. As a consequence, they have reduced their climate ambitions in the last six months.

To understand member states’ perspectives on the energy transition and their capacity to engage with it, the European Council on Foreign Relations’ network of associate researchers conducted in March 2022 a survey of policymakers and analysts. The study explored the ways in which member states influenced one another’s views, worked towards common goals, and hoped to expand these cooperative relationships. The study’s findings suggest that member states accept the logic of placing clean energy sources at the centre of the EU’s transition away from dependence on Russia – and that some are already cooperating to do so. However, they will need to strengthen this effort at every turn through political leadership, mutual peer pressure, the pooling of resources (to create economies of scale), and statements of support for investment in energy efficiency and in renewable and clean energy.

**Europe’s fault lines**

The REPowerEU plan sets the goal of “rapidly reducing our dependence on Russian fossil fuels by fast-forwarding the clean transition and joining forces to achieve a more resilient energy system”. Member states may all agree that Russia’s war on Ukraine calls for a transition in the types and suppliers of their energy imports, but they have different approaches to the challenge.

Europeans’ work on climate issues in the past decade has seen the emergence of the green progressives – a grouping that broadly comprises the Nordic states, the Netherlands, and Germany. In a letter to the European Commission’s president in mid-June, a wider alliance of these states – Austria, Denmark, Germany, Luxembourg, Ireland, Sweden, Slovenia, the Netherlands, Finland, and Spain – voiced concerns about the EU’s direction of travel on the Fit for 55 package. They also pointed to the risk that the EU’s current focus on short-term energy needs would cause it to miss its 2030 interim targets in the transition to net-zero carbon emissions – which would have knock-on effects for the decarbonisation process.

France is generally perceived to be a bridge between this grouping and other member states. Seen from the outside, as ECFR's Spanish researcher argued, the green progressives were not always able to drive collective action on climate, because they seemed to set unattainable standards. Therefore, France – whose national climate standards are less ambitious – can be an important link between the green progressives and other member states. However, recent geopolitical developments have created
three other new divisions that overlay these established groupings.

Currently, the most prominent division between member states concerns the role of oil and gas sanctions in their efforts to counter Russia, along with the speed at which they can end their dependence on Russian energy. Member states showed impressive unity in the first phase of their economic response to the war in Ukraine. But, as energy prices continue to rise across Europe, the cracks between them are starting to show – with a group led by Hungary seeking carve-outs and delays to the EU’s sixth package of sanctions on Russia. Tensions between member states in their discussions on these issues threaten to limit their efforts to cooperate across other fault lines.

The second division concerns the definition of clean energy. Throughout 2021 and January 2022, member states heatedly disputed whether the EU should accept nuclear energy and gas as part of its drive to reach net-zero carbon emissions by 2050. The European Commission proposed a compromise taxonomy that would include both nuclear and gas in the EU’s transitional energy mix, but this did not resolve the dispute. The Commission’s proposal to include nuclear in the mix drew threats of a legal challenge from Austria and Luxembourg, as well as criticism from Spain, Portugal, and parts of the German government. Meanwhile, climate policy experts in many member states condemned the inclusion of gas.

In May 2022, the French EU presidency asked all member states to indicate how they would vote on the Commission’s proposal, given that the plan could only be blocked in the Council or the European Parliament by a supermajority of at least two-thirds of member states, representing at least 65 per cent of EU citizens. Germany publicly indicated that it would vote against the proposal at that point. According to ECFR’s researchers, other member states such as Italy – knowing that the compromise deal was particularly important to France – reportedly chose not to reject the proposal.

Member states have now effectively accepted the proposal. But there is still a lot of bad feeling between them – particularly in light of the energy implications of Russia’s war on Ukraine, and despite European companies’ subsequent efforts to diversify gas supplies. And the camps that formed around the taxonomy question remain an obstacle to cooperation on other elements of the climate and energy agenda.
How does your country's government see the European Commission's recent proposal on the green taxonomy?

- Supportive
- Opposed
- Neither

Source: ECFR-commissioned analysis conducted by national researchers
ECFR - ecf.eu
The final division between member states concerns the domestic response to rising energy prices. As this author argued in 2021, their main reservation about decarbonisation was the management of the socioeconomic consequences of the European Green Deal. The current geopolitical environment – in which energy prices are rising sharply even before the EU has implemented the Fit for 55 package – has only heightened their anxiety about these consequences. However, member states have different solutions to this problem too.

Countries such as France, Poland, and Germany currently seem committed to subsidising energy for consumers – as problems with production and supply chains, along with Western sanctions on Russia, contribute to a sharp rise in the cost of living. This seems likely to filter through into subsidies designed to offset the negative effects of the European Green Deal, given that consumers are primarily concerned about the overall cost of living rather than which government policies increase their energy bills. States such as Poland already have explicit plans for such subsidies. But those such as Italy and Austria are suggesting that a more sustainable approach would be to adopt greater openness about the likelihood of rises after 2025, which would allow households and businesses to plan ahead.

### Table: How does your country's government see the European Commission’s recent proposal on the green taxonomy, and why?

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Supportive</th>
<th>Opposed</th>
<th>Neither/both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Because it is a compromise proposal</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Because it includes nuclear energy and natural gas</td>
<td>9</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Because it includes natural gas</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Because it includes nuclear energy</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: ECFR-commissioned analysis conducted by national researchers

ECFR - ecf.eu
These different approaches (shown in the map below) are incompatible: one government’s narrative that citizens need to weather higher prices will not be credible if, in a neighbouring member state, another maintains that they deserve subsidies and other forms of compensation to deal with the challenge. One necessary response to this is a common EU narrative on decarbonisation – one that is based on a collective approach to building a new kind of energy security. Member states should pool their resources to maintain energy supplies across the EU, facilitate collective or coordinated energy deals, and establish broad guidelines on managing the socioeconomic consequences of the European Green Deal.

Another vital aspect of the response is for national capitals and Brussels to more explicitly acknowledge that – in this moment of crisis, as in the early days of the covid-19 crisis – there is a need to “do whatever it takes” to address the challenge. This should include further borrowing to finance investment in rapidly scaling up the clean energy industry, as foreseen in the RePowerEU plan. None of this will be easy in a political climate in which citizens are fearful about the economy, the cost of living, and their basic security in a crumbling global order, on a rapidly warming planet. Decisive political leadership will be needed to convince member states to operate collectively and in solidarity with one another if they are to restore the EU’s climate ambitions.
What policies is your government implementing to compensate for economic losses linked to the EU’s Fit for 55 package?

- Various social transfers linked to electricity prices, taxes, and funding
- A carbon tax
- Some additional financial aid
- Existing instruments and funding sources
- Unclear
- None

Source: ECFR-commissioned analysis conducted by national researchers
ECFR - ecfr.eu
The absence of EU climate leadership

France has made a considerable investment in global climate diplomacy since its COP21 presidency in 2015. For example, during the years of the Trump administration, President Emmanuel Macron worked to dissuade his American counterpart from withdrawing the United States from the Paris climate accords – to no avail. But, in its dealings with other EU member states on energy issues, France is mainly associated with its efforts to champion nuclear power as part of the decarbonisation mix.

As shown by a public opinion poll ECFR conducted in February 2022, the policy of accepting nuclear energy as a clean fuel aroused slightly more suspicion among respondents who were told that it was a French-backed initiative than those who were told it was an EU initiative. Nuclear energy was the only policy area in the survey that was affected by this dynamic – which was also apparent in ECFR researchers’ interviews with policymakers. For instance, policymakers in the Netherlands regard France as too “opportunistic” in promoting its national interests, such as the nuclear energy agenda. And policymakers in Germany reportedly believe that “France’s reputation as a credible leader on climate has been severely damaged by the taxonomy dispute”. Policymakers in countries such as Austria and, to a lesser extent, Belgium and Spain also see nuclear energy as a no-go area, because of the unresolved issue of nuclear waste disposal and safety concerns sparked by the Fukushima disaster. Therefore, they believe that it would be complicated to cooperate with France on the issue.

However, ECFR’s recent survey suggests that France also has untapped potential to forge agreements between member states on climate action, providing leadership that strengthens their collective resolve to address the challenge. France’s friends on nuclear issues include – to varying degrees – Bulgaria, Croatia, the Czech Republic, Estonia, Finland, Hungary, Poland, Romania, Slovakia, Slovenia, and Estonia. All these countries are comfortable with the inclusion of nuclear energy in the taxonomy proposal, even though they are aware that Germany – which has a huge economic and political influence on them – opposes it. France could begin a trust-building exercise that uses these countries’ like-mindedness on nuclear issues to push them to implement the Fit for 55 package.

Many members of the group, particularly central and eastern European countries, are increasingly eager to prioritise short-term energy security above decarbonisation. France could also provide leadership in this area, by pushing them to accept the need for immediate investment in the development of clean energy security in Europe. To facilitate this essential investment, France would need to broker negotiations between member states on a collective financing mechanism. As ECFR’s Spanish researcher reported, member states generally view France as being somewhere between a net
contributor and a net recipient of EU funding – which gives it an understanding of both sides.

Russia’s war on Ukraine has changed the energy policy of all member states – perhaps none more than Germany. When the German government came into office in late 2021, climate policymakers and analysts generally expected that the Greens – now part of the ruling coalition – would do away with some of the sacred cows of Germany’s energy policy, such as its reliance on Russian gas. The government has taken major steps since then, with Chancellor Olaf Scholz’s announcement of a Zeitenwende (turning point) that has involved the suspension of the certification of the Nord Stream 2 pipeline and support for EU sanctions on Russia, including on energy. But, despite this, ECFR’s survey shows that some member states still see the turnaround as too slow.

Sixty per cent of member states view Germany as a climate leader, while 50 per cent see France in this role. The German government has found creative solutions to short-term energy challenges, such as regulatory reforms that will allow it to build new LNG terminals in months rather than years. Nonetheless, there has been no clear message from Germany on the right balance between clean energy and the continuity of energy supply. This has sent mixed signals to member states that opposed the inclusion of gas in the taxonomy proposal, such as the Netherlands and Austria. Judging by ECFR’s recent survey, many European policymakers regard Germany as failing to provide the thought leadership that meets the urgent need for climate action. Such leadership is defined by not just the intellectual framing of the right balance between short- and long-term clean energy security, but also by efforts to bring member states together within this framing. The Greens may have senior roles in the German government but, due to compromises with their coalition partners, their approach to energy policy has been characterised more by pragmatism.

Moreover, some policymakers perceive Berlin as hypocritical in its attempts to project an image of climate leadership in the EU. For example, because Germany imports coal-intensive electricity and exports surplus electricity from its offshore wind farms to the Czech Republic, the Czechs have a somewhat negative view of Berlin’s climate credentials. As ECFR’s Polish researcher reported, policymakers in Warsaw sense that Russia’s war has moved German and Polish thinking closer together. Those in smaller member states, including Cyprus and Portugal, believe that Germany’s thinking on how to manage the energy transition strongly focuses on industry rather than consumers, despite the dramatic energy-price increases that households and small businesses face.
French policymakers seem to partially share this view of Germany. ECFR’s French researcher reports that, while they believe that Germany under Angela Merkel was probably too cautious in investing in the energy transition, its messaging on energy issues was clearer. The current German government seems less predictable on these issues – which could make Germany a more problematic partner in the long run (regardless of the course of the war in Ukraine).

Finally, Germany continues to align with fiscally conservative EU member states on some issues, albeit less so than under Merkel. Berlin may be deeply concerned about the socioeconomic consequences of the energy transition at home, but its instincts are to avoid further commitments to financial solidarity – and certainly further borrowing – within the EU. The current battle over the Climate Social Fund, which Germany and Sweden have blocked in the Fit for 55 negotiations, is a case in point.

In the short term, these characteristics of the German coalition government explain why Germany appears to be unable to provide the thought leadership that would allow the EU to move towards
energy sovereignty, end its dependence on Russian energy, and accelerate the transition to clean energy. Such leadership is sorely needed: as ECFR’s survey shows, member states are deeply preoccupied with these challenges. There is a danger that the divisions outlined in this paper will lead them to adopt different approaches to the challenge. But they cannot hope to swim in these choppy waters individually; they need to share their resources if they are to protect their energy security in a sustainable fashion.

Given Macron’s success in driving the debate on the need for EU sovereignty during his first term, this situation could provide an opening for him. He could forge a kind of intra-EU Paris agreement to ensure that Russia’s war on Ukraine does not reverse the progress towards climate sovereignty Europeans have made in recent years. He could convene a high-level task force to bind member states into a cooperative effort on long-term energy security rather than national approaches to short-term supply problems – and to protect their capacity to decide how and when to decarbonise. As Prime Minister Mario Draghi recently indicated with his statement that Italians need to choose between “peace” and “air conditioning”, Rome might be a willing partner of Paris in this endeavour.

Implementation of the EU’s climate agenda

Given the fault lines that run across Europe on climate issues, thought leadership is necessary but not sufficient to ensure that the EU sustains its climate agenda. The union’s institutions and member states will also need to commit to implementing the agenda. In this, as ECFR’s survey indicates, the bloc’s two largest member states are far from being the only relevant players.

Policymakers in member states generally see the European Commission as effective at coordinating the climate agenda. As ECFR’s researchers found, most of them responded positively to the publication of the first draft of the REpowerEU plan.

However, Italian policymakers appear to have a more nuanced view of EU institutions’ role. Some of them are reportedly disappointed with the way in which these institutions have implemented the external dimension of the European Green Deal – which, as set out in two papers ECFR published last year, will have a significant impact on the bloc’s relationships with third countries. Italian policymakers seem uncomfortable with Brussels’ lack of engagement in the climate diplomacy required to drive this effort. Most importantly, they are disappointed with EU institutions’ work on climate partnerships with African countries, which will be crucial to the energy transition.

Public perceptions of EU institutions broadly align with national governments’ relationships with the EU. For example, in states with relatively high levels of Euroscepticism, such as Bulgaria, there is
some suspicion of the European Green Deal as having been imposed by Brussels. Conversely, in historically pro-EU Portugal, there is a great deal of media coverage of investments enabled by the European Green Deal. And this coverage usually casts the coordinating role of European institutions in a positive light. Nonetheless, in generally pro-EU Sweden, the media provides little coverage of the European Green Deal, in line with the prevailing view among Swedish voters that member states are responsible for climate action.

The results of ECFR’s survey of policymakers reflect the fact that member states engage in a wealth of practical climate cooperation – often through public-private partnerships. The table below includes select examples of this, but there are many others that could reinforce the political narrative the EU needs to promote on cooperation for economies of scale, progress on decarbonisation, and energy diversification.

Of course, more such cooperation would be beneficial. ECFR’s survey shows that there are particularly important roles in this for member states such as France, Germany, Denmark, Spain, Poland, Finland, and Sweden. These are the countries with which policymakers in other member states would most like to strengthen their climate diplomacy.
Policymakers often cite Denmark and Spain, which are engaged in cooperation projects to pool resources on research and development, as potential suppliers of clean energy to other parts of the EU – Spain for solar energy and hydroelectric plants, and Denmark largely for wind power. Spanish and
Italian policymakers regard Denmark as showing leadership on climate issues, having set the challenging target of reducing its carbon emissions by 70 per cent compared to 1990 levels by 2030. Italian policymakers report that they have learnt much from dialogue with their Danish counterparts about cooperation with public and private actors on decarbonisation.

**Conclusion**

Europeans have many good ideas on how to decarbonise, but they lack the political courage to meet their pre-war climate commitments – which are more necessary than ever. To address this shortcoming, they should adopt a definition of energy security that encompasses clean energy and a set of sustainable partnerships – with countries in the EU’s neighbourhood and beyond – for the supply of raw materials needed for green technologies.

In a sense, it is natural for some member states to revert to national approaches to the immediate challenge at the cost of longer-term energy security. After all, citizens look first to their national leaders to help them cope with the soaring cost of living. And, since the late 2000s, national responses have often dominated in financial, migration, and global health crises. But member states need to resist this instinct. European political leaders should view the challenge as one of EU – rather than national – energy sovereignty. Europeans will not make brave choices or benefit from economies of scale if they operate nationally. EU governments should steel themselves for the difficult choices ahead by acknowledging that, in the coming years, voters will perceive them as having failed if the measures they take do little more than tide Europe through the winter of 2022-2023. In the long term, astute political leadership will be vital to persuading citizens to accept the necessary personal sacrifices in terms of energy consumption and costs.

This shift to a mindset of European – rather than national – energy sovereignty will have structural implications, requiring the movement of some competencies to the EU level. The Commission’s proposals for pan-EU legislation on gas storage, solar panels, and renovation of public buildings are cases in point. In the wake of the Conference on the Future of Europe, member states’ current discussion of such issues underlines the need for a more coordinated approach to the EU’s external diplomacy on climate, energy, and security. They should develop this dialogue with a view to the formation of the next European Commission in 2024 and the need for greater cooperation between EU institutions and external delegations, as well as national diplomatic services.

If the main challenge the EU currently faces concerns how Russia’s actions affect European climate and energy sovereignty, the one it will face in the coming decades concerns how to engage with major players that are shaping the climate agenda and have many of the critical raw materials and
technologies needed for the energy transition – particularly China, India, and South Africa. The first step in addressing both challenges is for member states to speak with one voice as they create a vision of European energy sovereignty.

As ECFR’s recent survey underlines, the German government has not provided the visionary leadership on energy issues many Europeans hoped for – so far, at least. Therefore, France now has an opportunity to build bridges between member states in partnership with the upcoming EU presidencies, bringing them together on the most important dimensions of the sovereignty agenda that Macron championed in his first term: climate and energy. In this, France has willing partners in countries such as Denmark, Italy, Spain, the Netherlands, Portugal, and Austria.

**Acknowledgements**

The author is grateful to the amazing network of ECFR associate researchers across the EU’s 27 member states who carried out the interviews and research that underpin this analysis. Mats Engström, Rafael Loss, Jenny Söderström, and Tara Varma all made thoughtful comments on early drafts of this paper that improved it greatly. Gosia Piaskowska and Marlene Riedel’s data analysis and work on the graphics brought the quantitative dimension of the story to life. Any mistakes remain the author’s own.

**About the author**

**Susi Dennison** is a senior policy fellow at the European Council on Foreign Relations and the director of ECFR’s European Power programme. In this role, she explores issues relating to strategy, cohesion, and politics to achieve a collective EU foreign and security policy. Her most recent publications at ECFR include ‘A certain idea of Europe: How the next French President can lead’, with Tara Varma (March 2022); ‘Climate of cooperation: How the EU can help deliver a green grand bargain’, with Alex Clark and Mats Engstrom (October 2021); the climate chapter of ‘The Power Atlas’, with Alex Clark (December 2021); and the migration section of ‘The Sovereignty Index’, with various authors (June 2022).
ABOUT ECFR

The European Council on Foreign Relations (ECFR) is the first pan-European think-tank. Launched in October 2007, its objective is to conduct research and promote informed debate across Europe on the development of coherent, effective and values-based European foreign policy. ECFR has developed a strategy with three distinctive elements that define its activities:

- A pan-European Council. ECFR has brought together a distinguished Council of over two hundred Members – politicians, decision makers, thinkers and business people from the EU’s member states and candidate countries – which meets once a year as a full body. Through geographical and thematic task forces, members provide ECFR staff with advice and feedback on policy ideas and help with ECFR’s activities within their own countries. The Council is chaired by Carl Bildt, Lykke Friis, and Norbert Röttgen.

- A physical presence in the main EU member states. ECFR, uniquely among European think-tanks, has offices in Berlin, London, Madrid, Paris, Rome, Sofia and Warsaw. Our offices are platforms for research, debate, advocacy and communications.

- Developing contagious ideas that get people talking. ECFR has brought together a team of distinguished researchers and practitioners from all over Europe to carry out innovative research and policy development projects with a pan-European focus. ECFR produces original research; publishes policy reports; hosts private meetings, public debates, and “friends of ECFR” gatherings in EU capitals; and reaches out to strategic media outlets.

ECFR is a registered charity funded by the Open Society Foundations and other generous foundations, individuals and corporate entities. These donors allow us to publish our ideas and advocate for a values-based EU foreign policy. ECFR works in partnership with other think tanks and organisations but does not make grants to individuals or institutions. ecf.eu

The European Council on Foreign Relations does not take collective positions. This paper, like all publications of the European Council on Foreign Relations, represents only the views of its authors. Copyright of this publication is held by the European Council on Foreign Relations. You may not copy, reproduce, republish or circulate in any way the content from this publication except for your own personal and non-commercial use. Any other use requires the prior written permission of the European Council on Foreign Relations. © ECFR June 2022. ISBN: 978-1-914572-54-8. Published by the European Council on Foreign Relations (ECFR), 4th Floor, Tennyson House, 159-165 Great Portland Street, London W1W 5PA, United Kingdom.