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POLICY BRIEF

DECARBONISATION NATIONS: HOW EU CLIMATE DIPLOMACY CAN SAVE THE WORLD

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SUMMARY

- The EU's decision to quickly decouple from Russian energy in response to the war in Ukraine and the US Inflation Reduction Act have shifted the dynamics around how the EU engages on climate action in its external relations.
- The EU and its member states need a new approach to climate diplomacy to respond to this reality. They should frame this approach around an understanding that decarbonisation is central to their economic security.
- In its relations with Africa, the EU should ensure that all relevant policy tools – including trade, industrial development, and energy deals – reflect the fact that economic security through decarbonisation brings mutual benefits.
- The EU needs to strengthen its climate diplomacy by rapidly putting together an offer for the global south that includes financing and innovation cooperation to counter negative reactions to its current regulation- and carbon pricing-led approach.
- The new European Commission and European Parliament from 2024 provide an opportunity to build the structures for greater coordination of investments and planning through Brussels. The EU will also need to increase its capacity and resources if it is to remain a global leader on climate action.

Introduction

The European Union has long played a leading role in global efforts to address climate change. In today's fraught geopolitical environment, however, there is no inevitable logic of cooperation between global powers – on decarbonisation or on any other issue. Within the United Nations Framework Convention on Climate Change (UNFCCC), each country now assesses its national plans on climate action as part of its wider economic security, and builds alliances accordingly.

Last year's conference of the parties of the UNFCCC (COP27) saw leaders from the global south finally succeed in putting on the agenda financial support from rich countries to address climate change-related loss and damage. Meanwhile, the EU's focus on securing energy supplies from almost any source in the first year of Russia's war on Ukraine underlined its reputation as a global player like any other: one that puts its own economic interests first. A lack of sufficient financing and accusations of double standards have therefore partly undermined the credibility of the EU's claim to green leadership.

The Biden administration's Inflation Reduction Act (IRA) has since put a new model on the table. Instead of the EU's regulation- and carbon pricing-led approach to decarbonisation, it aims to spur investment in green technology mainly through tax breaks and massive subsidisation – resulting in the prospect of increasingly fierce green competition.

The war on Europe's borders has thus enforced some gritty realism in EU member states. But that does not mean the EU has relinquished its ambition to lead on progress towards net zero. Climate change continues to feature prominently in public opinion polling on what most concerns Europeans; European leaders still understand climate security as central to the mission of EU institutions. They also recognise the economic benefits of capturing global market shares of emerging green technologies, something to which the EU can contribute – if its leaders create the right conditions. Even so, tensions have emerged over the past year around the West's prioritisation of Russia's war on Ukraine and the conflict's impact on global supply chains and energy markets – which has made corralling cooperation in the international system far more difficult.

The EU needs an approach to climate leadership which is anchored in the realism that the events of the last year have forced upon the bloc. China's and Russia's economic diplomacy has put them in a competitive position in many of the EU's neighbouring regions. It also gives them the opportunity to conduct the sort of pragmatic diplomacy that has prevented Western powers from pushing through common positions in international institutions – at least, in the way to which they had become accustomed in previous decades. Accordingly, EU climate diplomacy in these regions has also become challenging.

This paper will focus mainly on what a new approach to climate diplomacy could look like for Europeans' relations with their partners in Africa. The new reality is affecting European relationships across the globe, but Africa – as one of the EU's key neighbouring regions – is fundamental both to the external impact of the EU's European Green Deal initiative and to member states' own ability to transition away from carbon dependency. Many African countries, for example, could become sources of alternative energy and critical raw materials to aid Europe's transition.

This research draws on a series of closed-door dialogues organised by the European Council on Foreign Relations between EU and African policymakers to unpack how they view their cooperation on the climate challenge. These discussions, which ran between summer 2022 and early 2023, included representatives from governments and international organisations as well as analysts from various countries on both continents. Drawing on these insights and other sources, the paper argues that, to succeed, the EU and member states need to centre their climate diplomacy in a broader political and economic relationship with African countries and other regions. It then sets out how Europeans should increase institutional capacity and improve collaboration among EU entities, as well as within and between EU member states, to underpin these efforts. Finally, the paper shows how the new European Parliament and European Commission from 2024 could implement structural changes to strengthen the EU's ability to deepen its climate diplomacy worldwide as part of a broader sustainable security.

A decarbonising Europe in a weaponised world

The war in Ukraine has ended Europeans' complacency about an inevitable path towards peace on their continent. Moreover, the hybrid nature of Russian – and Ukrainian and Western – tactics in the context of the war has broadened Europeans' definition of the types of power that can be weaponised: from technology and trade, to energy and narrative. Climate action is unlikely to prove an exception. Just as Russia has held other global goods such as food security hostage in this conflict, there is every reason to assume the fraught international order will see cooperation on climate goals form part of the bargaining around positioning and power in the global system.

European citizens' two biggest concerns are currently their physical security and the rising cost of living. The case within the EU for making the necessary trade-offs to decarbonise the European economy – and bearing the interim cost of investment – needs to form part of a broader narrative on how climate fits into European security. The West's hybrid toolkit to help defeat Russia encompasses not only military and humanitarian aid for Ukraine, but crucially also economic sanctions of many types. This has resulted in a more focused concept of economic security replacing the notion of sovereignty in the way European policymakers speak about defending their interests and values in the international arena. At the heart of this concept is an understanding that the ability to wield economic power, both defensively and to compete with other global players, will be central to how the EU and member states defend their interests in the new global order.

European policymakers cannot and should not separate decarbonisation from their thinking on economic resilience. The urgency of the climate threat is pushing even key global players previously resistant to the idea to further their climate commitments – though implementation remains a challenge. The Biden administration has thrown the United States fully into the game with the IRA. The EU can no longer content itself with having brought to the table the first model for 'whole economy' decarbonisation with the European Green Deal: it now needs to compete with others. But, for European businesses to remain competitive as they decarbonise, they will need to avoid creating unmanageable dependencies on other global actors for the supply chains to support these changes.

This entails a new kind of European climate diplomacy, one which deepens and broadens the dialogues and relations with those countries Europeans depend on to build and sustain green technologies. Current climate diplomacy includes trade, industrial, and investment tools as well as dialogue. But this will fail in its objectives if it continues as a standalone channel of dialogue, and if European policymakers understand development and political reform as competing priorities rather than part and parcel of the same effort.

A new approach to EU climate cooperation with Africa

Building partnerships anchored in mutual economic security

The economic security of EU member states is dependent on their intricately networked trade relationships for critical raw materials and supply chains for goods and energy. For European policymakers, the challenge in the external dimension of the European Green Deal is therefore the need to simultaneously push partners to decarbonise and shore up their own energy supplies, including by using fossil fuels and gas as interim measures. [1]

However, for African interlocutors in ECFR's dialogue series, this framing exposes a misrepresentation, or at least a misunderstanding, of the balance of interests in the EU's relationships with its partner countries. Europeans are not the only ones experiencing a paradigm shift in their thinking on decarbonisation; African policymakers too are well aware of this global trend and their need to be a part of it. And, like Europeans, they are trying to balance decarbonisation with the need to remain or become more competitive during the climate transition. The fundamental problem with the current European approach is that African policymakers often need to deal with different interlocutors from both EU institutions and from member states depending on whether the dialogue focuses on economic cooperation, energy cooperation, or climate cooperation. And African policymakers know that economic conversations are more likely to lead to opportunities for significant investment from the EU.

This implies that incorporating the common decarbonisation agenda into discussions focused on economic development would be more effective than isolated climate dialogue. Indeed, the authors' many conversations with policymakers indicate that, from an African perspective, the very fact that the EU system 'thinks' in terms of climate diplomacy means it not only fails to take into account the primacy of economic development, but that its initiatives on decarbonisation actually run counter to it.

For example, African policymakers express significant concern about the effect of the EU's carbon border adjustment mechanism (CBAM), which will impose higher tariffs on carbon-intensive goods entering the bloc. They also see the Green Deal Industrial Plan, part of the EU's response to the IRA, as a direct threat to the emerging competitiveness of African export businesses – given that it specifically aims to scale up European manufacturing capacity for net zero technologies, as well as shore up supply chains for the green transition.

This compounds the lack of trust that resulted from the global south's struggle to persuade OECD states to provide financial support for climate-change related loss and damage, not to mention the lack of clarity on when that support will appear. To counteract this mistrust, EU member states will have to step up financing at scale and press other OECD countries to do the same. European leaders should understand this as an investment in building partnerships that can genuinely contribute to their economic security.

The economic security narrative changes the dynamic of climate cooperation. European and African participants in ECFR's dialogue series indicated that they understand security of supply and resilience against coercion to be deeply interlinked with confronting climate change. Europeans will therefore need to make explicit in their diplomacy that the economic security imperative is mutual, running through both sides of the discussion around decarbonisation. They can, for example, hone the considerable potential of collaboration on green research, development, and commercialisation to contribute to economic security in Europe, Africa, and beyond.

Moreover, the EU and its member states can learn from initiatives in Africa and the global south. Morocco is a key actor in 'greening' fertiliser production and use in Africa. Kenya and other countries in East Africa are moving quickly and increasing regional cooperation on renewable energy. South Africa is contributing to similar initiatives through its significant influence in the southern and eastern parts of the continent. Indeed, regional and subregional cooperation in Africa offers immense opportunities, for instance by better integrating electricity grids to promote renewables and reliability of supply.

Many developing countries will be paying close attention to Indonesia's efforts to use its nickel resources for domestic industrial development and increase its share in electric battery production. Brazilian lithium production has soared since 2019, and Chile is implementing strong measures to benefit more from its own lithium resources. Regional cooperation is also under way in Latin America to develop value chains for green technologies based on raw materials sourced on the continent. But most African countries wield neither the power on the world market nor the industrial capabilities of Indonesia or Brazil.

The EU can be a partner in creating the conditions for economic development – and it needs to be if it wants to work with African states to develop resilient supply chains, including for energy and raw materials. If correctly designed, EU support can also bring benefits for European companies trying to 'green' their supply chains. But if the EU acts too slowly, others will take its place.

China is strongly promoting an image of itself as the partner of choice for Africa. The way Chinese companies operate has faced significant criticism for failing to create local jobs or add value to local industry, as it instead imports Chinese workers and invests largely in primary sector activity. Still, China's offer of finance, skills, and infrastructure is attractive for several African governments. Turkey, India, Japan, and the Gulf Arab states are other important actors. Russia is aggressively promoting its interest on the continent.

China in Africa

Chinese infrastructure investment in Africa under the Belt and Road Initiative has attracted much attention. The benefits such Chinese-backed projects bring to African countries remains open to debate, but many African governments now see China as an attractive alternative to cooperation with the old colonial powers in Europe. China does not, for instance, impose as many conditions regarding human rights as the EU does. Chinese companies also often bring whole consortia of contractors, equipment, and other supplies – and make investment offers that can be completed in one election cycle. This gives them a crucial edge with many African elites.

China also engages in innovation cooperation and the processing of natural resources. Recent initiatives such as the China-Africa Cooperation Vision 2035 and the latest Dakar 2022-2024 action plan include cooperation on minerals processing, for example. Beijing is also developing specific initiatives with its African partners such as a China-Africa Green Envoys programme and the China-Africa Green Innovation programme, and South Africa and China are engaging in significant research and development cooperation, including joint research institutes financed partly by China.

For several African countries, newly discovered gas resources could provide significant economic opportunities. This has become a point of friction in EU-Africa relations and is a gap that the aforementioned actors are stepping into. On one hand, leaders such as Senegal's president, Macky Sall, have accused the EU of hypocrisy in not providing economic support for gas investments while hunting liquefied natural gas (LNG) contracts and including some categories of gas projects in its green taxonomy framework. On the other hand, European civil servants indicate that, though they recognise all countries' sovereign right to decide their own energy policy, EU investment needs to prioritise renewable energy and electricity transmission because private capital is less readily available in these fields. [2] Europeans will need to demonstrate the value of other aspects of their offer in the coming years if they are to retain leverage in Africa to encourage a preference for clean fuels over gas exploitation.

Real and perceived conflicts of interest are significant here. Vested interests benefit from an 'extractive' approach, both in Europe and in Africa, with several companies (including in the mining and fossil fuels sectors) profiting from the export of raw materials from the African continent. Even so, this varies between countries and sectors and should not put European companies off striving to 'green' their supply chains. There are also obstacles linked to corruption, as with the state-owned South African energy company Escom, and various interest groups in countries such as Senegal benefiting from fossil fuels and complicating agreements on, for example, new Just Energy Transition Partnerships (JETPs) through which rich countries help finance green transitions.

Since the end of the colonial era, European countries and the EU have protected their perceived economic interests in Africa through trade and agricultural policies, based on their power. However, in a changing geopolitical and geo-economic landscape, this becomes more difficult and necessitates a different mindset. Partnerships based on mutual interest and the protection of global public goods such as a stable climate system are in the European self-interest.

Expanding green innovation partnerships for industrial development

As the EU's response to China's Belt and Road initiative, the Global Gateway aims to bring together support for climate, technology, and infrastructure development in third countries. Its existence will help make the European offer in Africa more comprehensive. Now, to provide a convincing alternative to China also in the green transition of industry, the EU needs to intensify its cooperation with African partners on green innovation and industrial development.

Research, development, and commercialisation

The co-development of green technologies should be an important mechanism in European climate diplomacy in Africa. This could help to secure decarbonisation while deepening interdependence in partnerships and increasing competitiveness on both continents. European countries lead in areas such as wind power and power transmission. But Africa has its own emerging green tech industry, and possible synergies exist with Europe. Better cooperation on research, development, and commercialisation could accelerate the climate transitions in both regions.

Such initiatives already exist: for example, the green transition is one of four priorities in the emerging innovation agenda between the African Union (AU) and the EU. This agenda is part of the Global Gateway initiative and aims, among other things, to strengthen innovation ecosystems, improve higher education, and intensify research and innovation partnerships.

However, Europeans will need to invest more to forge true green partnerships that are strong enough to really improve the capabilities for green industrial transitions. For example, the amount the EU has earmarked so far for green cooperation with Africa in its research and development programme, Horizon Europe, is insufficient. The bloc could formulate a long-term strategy to better build green research networks with the global south, including capacity building on the European side.

Through Horizon Europe "missions", the EU coordinates efforts to meet societal challenges by pooling its and member states' resources. These play an important role in current EU research and development policy, but are mainly intra-EU in character. Still, two current missions aim to address "climate neutral and smart cities" and "adaptation to climate change". The European Commission could draw on the lessons and opportunities of these to strengthen the international dimension of research and development missions and better apply this to projects in Africa.

The lack of state capacity is a problem for energy and industry transitions in Africa, including for green research and development – as noted, for example, by the African Development Bank. Industrial research institutes in Africa need to be strengthened, given the important role that the Fraunhofer Institutes and others are playing in Europe. This is mainly an issue for African countries, but the EU and its member states can do more to support cooperation between European research institutes and their African counterparts, for example, by providing financial support to joint ventures such as "test bed" facilities that are open to a range of companies. European and African policymakers can reinforce existing cooperation on capacity building, including institutions, and give it a more significant green component. One such example is the "twinning" of institutions in EU member states with similar organisations in partner countries, which the EU could expand in Africa.

A “Co-innovation and Green Tech Diffusion Fund” would be beneficial to advance financing specifically for innovation cooperation, as the authors advocated in a previous paper. The EU and member states, as part of an external green deal industrial strategy, could also consider creating a similar instrument to the US Development Innovation Venture or France’s Fund for Innovation in Development. Finally, multilateral institutions can play a role in strengthening cooperation. The EU could better support cooperation on technology as part of the implementation of the Paris agreement, for example, through a donor conference for bridging green tech gaps and through a green technology licensing facility in the UNFCCC’s Green Climate Fund. The EU and its member states could also do more to empower the existing Climate Technology Centre and Network under the UNFCCC, and important efforts within the UN Industrial Development Organization, such as the Global Cleantech Innovation Programme. Moreover, the EU should be more flexible in the World Trade Organization on intellectual property rights and local content requirements in developing countries.

Green industrial transformations

Better cooperation on research and development is important, but Europeans could also strengthen partnerships on green industrial transformations more broadly. African countries have legitimate demands for support in combining climate action with economic and social development. The mere export of raw materials such as green hydrogen or critical minerals will not suffice. African countries will benefit more from the climate transition by developing their own manufacturing sectors to produce, for example, electric vehicles, battery cells, solar panels, and low-carbon steel. Improved infrastructure, such as electricity transmission grids and access to renewable energy sources, are important parts of this equation.

The EU should intensify cooperation on such transformations as a central element of its relations with Africa. It will need to implement a number of measures, including direct financing through the EU budget, de-risking of green investments through financial guarantees, and general capacity building (as the authors have outlined in previous papers for ECFR).

It is, for example, crucial for the EU to deliver on its statement at the EU-AU summit in February 2022 in which it set out plans to invest €150 billion in AU member states through the Global Gateway initiative. The initiative has to date suffered a lack of strategic coordination at the EU level. This is leading to post-hoc badging of national and European projects as ‘Global Gateway’ rather than planned coordination [3] – and the initiative is not yet serving the aim of transforming the EU into a competitive, strategic investor.

To improve coordination between member states and EU institutions, the bloc has promoted "Team Europe" initiatives. But these have so far mainly been about bundling existing plans, while bigger projects for strategic long-term change have been lacking.

Existing Team Europe projects mostly address energy transitions. These are important but should now expand to focus more on innovative industrial solutions such as the best use of green hydrogen, sustainable mining, and the refining of raw materials with as few negative environmental effects as possible. They should also turn their attention to electric mobility linked to information and communications technology. National initiatives through Germany's ministry for economic cooperation and development, the Nordic Development Fund, the Austrian Development Agency, AFD in France, and others, such as on electric vehicles, including two- and three-wheelers in East Africa, could serve as inspiration for a more coherent and extensive EU approach, including with financing from the Neighbourhood, Development and International Cooperation Instrument – Global Europe programme and the European Investment Bank (EIB).

Although the EU budget is currently severely restrained because of support to Ukraine, the massive amount of state aid now dispersed to European companies for green technologies shows that more can be done. By pooling financial resources, and strengthening the EIB, the EU can give its green deal industrial strategy a crucial external dimension, countering accusations that climate ambitions are only beneficial to the continent's own companies. Since many European companies rely on supply chains in which African countries have a central role, such partnerships will also bring considerable benefit to EU businesses.

The participants in ECFR's dialogue identified, at least, the following areas as having strong potential for intensified cooperation, in the Team Europe format or through other means:

Renewable energy is a precondition for many green industrial transitions.For development in Africa, better access to affordable energy is a fundamental issue, with the population of sub-Saharan Africa that lacks access to electricity rising slightly to 77 per cent from 74 per cent during the covid-19 pandemic.

A common European-African agenda on expanding access to electricity through renewable sources could be a fruitful way to combine the economic development and climate goals in the relationship. The Africa-EU green energy initiative is one example of current cooperation that, if successful, could inspire future efforts. Many bilateral cooperation agreements and projects are also in place. But huge challenges remain, for example regarding investments in power transmission. Better inter-regional connectivity will be fundamental to bring renewable sources of electricity to consumers and reduce the risk of power shortages. The EU and its member states need to accelerate current programmes to de-risk investments in Africa. They should also support efforts to reform the global financial architecture to make more climate financing available.

Not only is a sufficient amount of renewable energy necessary for greener industrial processes and services, but the supply chains themselves offer opportunities for Africa and Europe. China's renewable energy industry is already deeply involved in the New Africa Renewable Manufacturing Initiative. There are several possibilities for wider economic development in Africa, such as increased manufacturing of solar cells. The EU should supplement its Net-Zero Industry Act, which aims promote green industrial development in Europe, with similar projects in Africa. Otherwise, China will have a more credible offer.

There are clear links between renewable energy, digitalisation, 5G networks, consumer mobile banking, and electrification of transport that can bring competitive advantages to Africa. A previous ECFR policy brief showed how local green innovation ecosystems based on African assets such as abundant solar power and new mobile communication systems contribute to rapidly growing consumer markets. The EU and member states should promote such synergies through increased investments in infrastructure and skills.

Green hydrogen. There is both a 'dash for LNG' from EU countries to compensate for Russian gas, and a longer-term 'dash for green hydrogen'. European and African partners alike seem to recognise the common challenge of hydrogen transport as a fruitful area of cooperation. However, deals with African countries cannot only be about exporting hydrogen to the EU, partly since a lack of commitment to domestic development will undermine trust and make offers from China and others look more attractive.

Producing green hydrogen requires massive amounts of renewable electricity and water. Europeans and their African partners will need to consider how best to manage existing or future water shortages and make difficult choices about how to use a limited amount of renewable electricity. African countries have valid demands for cooperation on the development of high-value products that can be made with green hydrogen, such as greener chemicals and low-carbon steel. Just exporting lower-priced green hydrogen or derivates such as ammonia would not permit enough development in Africa.

The EU and member states have already launched several projects to address these issues, and many more are under way, but they need to scale them up and improve their coherence. For example, the EU now has agreements with Egypt, Morocco, and Namibia on promoting green hydrogen, but so far the bloc has not made enough concrete commitments for innovation cooperation and investments in hydrogen-based steel production or similar full-scale industrial development projects.

Europeans will also need to manage conflicts of interests: ministries of industry in EU member states are already facing threats from energy-intensive domestic businesses that they will relocate abroad; at the same time, the ministries sometimes see promoting industrial development in Africa as counterproductive. For example, they may view support for the use of green hydrogen for low-carbon steel-making in Morocco or other parts of Africa as detrimental to similar production in Italy or Spain.

Yet, the EU and member states spend billions of euros to subsidise the production of low-carbon products in the EU, for example through the Hy2Tech scheme. Reasonable climate policies would require that multinational companies receiving such support present plans to 'green' their global activities, including through supporting skills development and research and development in developing countries. The use of green hydrogen in the steel sector is one such example.

Electrification of transport. For several African countries, the motor vehicles sector is important to economic development. One example is South Africa, where international companies such as Ford and Volkswagen have production facilities, including for exports to Europe. But the switch to electric vehicles requires skills, supply chains, and infrastructure. It is not clear that these major producers will continue to invest in South Africa unless there is a sufficient ecosystem to facilitate electrification. The government in Pretoria is an economic giant in Africa, but it does not have access to funds to match the massive investments now under way in the US and Europe. Rich countries need to scale up their rather weak commitments in JETPs, for example, through more direct grants for skills development and local infrastructure such as research institutes and testing facilities. Currently, components and products often have to be sent to laboratories abroad to check if they fulfil requirements from customers or authorities.

In East Africa, there are successful examples of cooperation on the electrification of transport, including promising local development of two- and three-wheelers. Some EU member states have contributed to this through their development agencies, as noted above. They should expand this cooperation, including through more EU support for regional east African cooperation on green transitions.

Critical raw materials. In addition to the hunt for LNG and green hydrogen contracts, European countries and the US are also engaged in intense efforts to secure the supplies of minerals necessary for low-carbon technologies. African countries are looking to develop their own refining and processing capacity and analysing if this can be linked to parts of battery value chains

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In its recent Critical Raw Materials Act and communication, the European Commission emphasises both a need to increase self-sufficiency in Europe and for stronger partnerships with African countries and other parts of the world. This comes against the backdrop of strong Chinese dominance of global supply chains, including the refining of minerals.

Some agreements with partners are already in place, including with Namibia on increased production of raw materials and the development of value chains (as well as green hydrogen). But the EU and member states will need to transform such statements and agreements into many more concrete projects to build local capabilities. The Critical Raw Materials Act could become counterproductive for Africa if support for refining capacities in Europe is substantially higher than cooperation programmes with partnership countries: "The EU will never be self-sufficient in supply of critical raw materials," notes the European Commission. Europe still has a long way to go to convince its African partners that the commitment to joint development is real. If this is not successful, it will be more difficult for the EU to reduce its dependency on China.

It is crucial to avoid capital flight from Africa on minerals and other natural resources. The EU and its member states should engage more in ongoing efforts to ensure income is used for productive investments in Africa and does not end up in secret bank accounts in tax havens.

Low-carbon and climate-resilient food production. Agriculture is a key economic sector in Africa, producing around one-third of the continent's total GDP. Climate change severely affects food production in many places and ways. By contributing better to low-carbon and climate-resilient food production, the EU and member states can support both adaptation and new economic opportunities in key partner countries. Examples include synergies between solar power and agro-industrial processes, more resilient crops, and better weather forecasting.

Recommendations for a stronger European climate diplomacy

The lessons from Africa apply also to other parts of the world. Emissions of greenhouse gases are rising rapidly in fast-growing Asian economies. Latin America encompasses important carbon sinks such as the Amazon and several potential partners for stronger cooperation with the EU. The US remains a key partner, and Canada a progressive G7 country. The Western Balkans and Europe's eastern neighbourhood should also be part of the EU's external climate and energy strategies.

Spain's EU presidency in the second half of 2023 presents an opportunity to move forward on several of the issues discussed in this paper. The Spanish government has good knowledge of and extensive networks in Africa and in other parts of the world, and is already preparing important initiatives. It is, for example, moving forward on the EU-Latin America relations agenda, which could help build green partnerships with resource-rich countries such as Brazil, Chile, Argentina, and Columbia.

But stronger European climate diplomacy will be necessary for the bloc to rise to the significant challenges ahead. In particular, the EU needs to make good on its promise at COP27 of a loss and damage fund to demonstrate to vulnerable countries in the global south that it is serious. Moreover, for the EU to build partnerships – in particular on low-carbon energy and industrial transitions – it will need to improve the institutional structures that underpin its climate diplomacy.

Bring the climate financing promise to life

The EU needs to rapidly put together an offer to the global south on financing and innovation cooperation to counter negative reactions to CBAM, the Net-Zero Industry Act, and the current energy, food, and debt crises. As discussed with reference to Africa, support for green industrial transitions should be an important element of that offer. The EU could launch an "EU-global south partnership for green industrial transitions", reinforcing existing measures and developing new initiatives. This should involve building institutional capacity on green industrial transitions in EU delegations, national development agencies, and banks. The bloc should also mainstream other parts of the ecosystem for partnerships on green industrial transformations in development cooperation programmes (as with renewable energy). Moreover, the EU should be flexible in its current multi-annual indicative programmes, in which it has defined its priority areas and specific objectives for the period 2021-2027 with each partner country and region, and the next phase of these programmes should contain more extensive strategies for 'greening' industry.

The EU also needs to better analyse how climate and energy proposals (including compromises that result from deliberations in the European Parliament and Council of the European Union) affect third countries. This should result in improved strategies for early dialogue with countries affected by new EU policies, which the bloc will then need to implement. Implementation will require sufficient resources in relevant directorates-general and in the European External Action Service (EEAS), and discussion in Council of the European Union working groups.

Several multilateral institutions and OECD governments provide economic support to developing countries so they can benefit from international trade through Aid-for-Trade programmes. One important component of these programmes is strengthening developing countries' abilities to analyse and comply with legislation in other parts of the world, such as the EU. However, policymakers and experts in the global south have criticised aid-for-trade measures for often coming too late, when EU legislation is already in force. [4] Both climate action and mutual trust would benefit from the EU accelerating this support as it relates to 'green' legislation, and better coordinating efforts in a Team Europe approach. For instance, the EU could assist developing countries in capacity building for the reporting of carbon emissions, which is required to avoid punitive default values in the CBAM regulations.

To balance China's influence, instead of today's frequently piecemeal approaches, the EU and member states need to invest in economic development that contributes to decarbonisation in 'package deals' with partner countries worldwide. This will require the bloc to improve its country strategies and develop a more systematic approach to identifying joint interests between member states to facilitate the Team Europe approach.

The EU has undertaken important initiatives such as the Global Gateway; it now needs to make them deliver and operate as strategic tools. This will help to ensure the EU's predictability as an economic actor – and as a competitor in the new international order. In addition, EU and member state policymakers on climate and development who are negotiating with third countries need to have more influence on financing decisions. Ministries of foreign affairs have the necessary understanding of the geopolitical dimension, but they do not always have levers on financing, and those with whom they are in climate dialogue know this.

National governments need to be more involved in the management of the Global Gateway initiative, and member states themselves should commit to more joint work instead of competing with one another in partner countries.

Improve institutional set-up and capacity

The EU's Foreign Affairs Council has published several promising conclusions on climate diplomacy. But to make such ambitions a reality, the bloc needs to improve its institutional set-up and toolbox, including after the 2024 elections to the European Parliament and in connection with the formation of a new European Commission.

One key reform would be to strengthen international outreach at the political level by appointing an international climate relations commissioner. Such a member of the European Commission could focus on building political alliances at the highest levels, negotiating on behalf of the EU; another commissioner would then be responsible for internal EU climate policy (as, for example, the Biden administration has with Gina McCarthy for domestic policy and John Kerry for external relations). If a system with an executive vice-president in the European Commission remains after 2024, the international climate commissioner could report both to an executive vice-president for the green deal and to the high representative for foreign and security policy.

The international climate relations commissioner could, with the European climate law as a basis, be mandated to produce a multi-year global climate strategy aligned with the nationally determined contributions cycle under the UNFCCC process. The commissioner would also develop annual plans of action that would cut across the institutions and bring in the external dimensions of the sectoral policies and regulations, including for example energy, transport, and agriculture.

The new commissioner would be supported by current international climate diplomacy staff in the EEAS and the directorate-general for climate action (DG CLIMA), and chair an inter-agency working party to produce the multi-year strategy and annual plans, including monitoring their implementation. A small inter-agency secretariat could support this work, responsible for ensuring coherence between climate, energy, trade, and development in external relations. The international climate relations commissioner would have the authority to instruct EU delegations and work with member states on climate diplomacy and strategy by these means, both at the global level and in support of the negotiations.

At the same time, the leadership of the European Commission and the EEAS will need to ensure that responsibility for climate action is mainstreamed and understood as part of the key performance indicators of all externally facing commissioners. They will also need to ensure that all necessary stakeholders – including businesses, philanthropic actors, and civil society representatives – are engaged in the process.

There has been much discussion on how best to organise the European Commission with 27 members. One aspect is the role international outreach could play in that context. In the current organisation, some portfolios are rather small and not very significant. Since geo-economics and geopolitics are growing ever more significant, one option could be to give some members of the commission specific tasks for international outreach. A solution of this nature was discussed when the Juncker commission was formed in 2014 but never materialised.[5] An international climate commissioner would fit well in such an approach. Other members could have external responsibilities within sectors such as energy, transport, and industrial policy.

Moreover, EU institutions and member states need to improve cooperation to make the Team Europe approach the default working method. This is unlikely to happen without sufficient commitment from member states (especially the biggest ones). Stronger European climate diplomacy therefore starts in the capitals, where joint EU approaches should be priorities.

The EU should create a Council of the European Union working group for climate diplomacy. If combined with strong links to energy diplomats, such a working group could reduce the need for existing networks and groups and make the structure more transparent. The international climate commissioner could participate in regular debates in the Foreign Affairs Council at least twice a year, in addition to producing yearly conclusions on climate diplomacy.

The EU will need to expand the current staffing of the EEAS. The EEAS and the climate ambassador have succeeded in bringing more coherence to EU diplomacy with other countries, but they need more resources and horizontal integration. Regional green deal ambassadors could assist the climate ambassador.

In addition, the EEAS leadership should strengthen climate competence in EU delegations, including heads of mission, and pool resources more systematically with member states to increase expert staffing in key non-Western powers such as Indonesia, South Africa, Vietnam, and Brazil. These leaders should also insist on regular climate diplomacy reports from heads of missions and ensure they are discussed in the council's relevant geographical working groups.

The aim should be not only to reach climate policymakers in a narrow sense but also, for example, finance and industry ministries in other countries. This will require the EU to involve domestic ministries and develop the external aspects of, for example, EU industrial policies. Within the European Commission, the directorates-general for internal market, industry, entrepreneurship, and small and medium enterprises (DG GROW); financial stability, financial services, and capital markets union (DG FISMA); and research and innovation (DG RTD) are among those that need to develop their international role for green transitions.

To counter misperceptions about the purpose of EU policies and to influence attitudes toward climate change policies, the bloc needs to improve public diplomacy towards partner countries. This will require a significant increase in public diplomacy staff, and mechanisms for better dialogue and listening on the EU side. EU institutions need to mainstream climate change into wider organisational public diplomacy thinking. They should aim to more clearly demonstrate the co-benefits of climate and environmental policies. Green deal diplomacy for water, air pollution, waste, and other issues that improve living conditions in the here and now can help build support.

Conclusion

Next year will be decisive for EU climate relations with other parts of the world. Trust in the global multilateral system will be in danger if there is not enough progress in the UNFCCC and in the run-up to the UN Summit of the Future in September 2024. Moreover, other parts of the world will be watching closely as a new European Parliament and European Commission are elected to see whether the European Green Deal survives into the new institutional cycle. If the new leadership does not reinforce the climate agenda, this will be understood outside the EU as a signal that the bloc has deprioritised climate in the face of other challenges. However, as this paper has set out, the new institutional cycle opens possibilities for reform.

Decarbonisation is part of the EU's economic security agenda. European and African countries as well as partners further afield will benefit if this understanding feeds through into the way that the EU engages as a global actor. The EU is responsible for a small and diminishing proportion of global emissions; to lead and contribute constructively to the path to net zero it needs to make climate action central to its external relationships. The EU's ability to lead on global climate action is in uncertain territory. But the debate in the run-up to the European Parliament elections in 2024 can pave the way for a new European Commission to reverse this. To do so, however, European leaders need to acknowledge that their current approach to climate diplomacy is not fit for purpose in the new geopolitical environment and take forward radical lessons in developing a new approach.

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[1] ECFR dialogue series and authors' discussions with European policymakers, Brussels and digital, 2022-2023.

[2] Authors' discussions with European policymakers, Brussels and digital, 2022-2023.

[3] Authors' interviews with member state officials, digital, 2023.

[4] Authors' interview with trade experts, Geneva, February 2023.

[5] Authors' interview with a former commission official, Brussels, 2022.

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