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POLICY BRIEF

WINDS OF CHANGE: THE EU'S GREEN AGENDA AFTER THE EUROPEAN PARLIAMENT ELECTION

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SUMMARY

- The next European Commission and Parliament are likely to place security and competitiveness at the centre of their quest for a more geopolitical Europe.
- With concerns about the costs of the green transition, growing trade tensions between the US and China, and uncertainty surrounding the outcome of the US presidential election and Russia's war on Ukraine, the EU will probably find it much harder to make further progress on climate action over the next five years.
- These geopolitical developments – and the way the EU responds to them – will have far-reaching consequences for the EU's trade and technology decisions, fossil fuel phase-out, and climate diplomacy.
- The case for climate action remains clear, including its role in European security and competitiveness. In this challenging context, climate progressives will have to deploy compelling narratives, strategic resourcing, and diplomatic engagement to advance the best possible climate agenda during the EU's next institutional cycle.

In the 2019 European Parliament election, the centre right and centre left lost votes in multiple directions. There was a surge in support for the far right and for the liberal parties that make up the Renew Europe (RE) group in the European Parliament, as well as for parties campaigning on a climate and environmental protection platform – the so-called green wave. The European public's support for the climate agenda not only strengthened the Greens/European Free Alliance (Greens/EFA) group in the parliament, it also moved the green transition up the list of priorities for mainstream parties.

This paved the way for a European Commission which put the green transition at the centre of its mandate. During its term it launched the European Green Deal in 2019, spearheaded by its newly elected president Ursula von der Leyen; adopted the European Climate Law in 2021, making the European Union's target of net-zero greenhouse gas emissions by 2050 legally binding and setting an emissions target for 2030; and approved the Fit-for-55 package of measures to work towards these targets.

There are several factors that could support further climate action in the coming years, such as the lower costs of green technologies, public awareness of extreme weather events, and efforts to reduce energy dependency on authoritarian regimes. But progress during the EU's next institutional cycle will likely be more difficult than in 2019-2024.

Ahead of the 2024 European Parliament election, the continued implementation of the European Green Deal is hanging in the balance for four main reasons.

Firstly, following their gains in 2019 and in many national elections since then, far-right parties – which are typically anti-climate policy action – look set to increase their share of seats in the European Parliament after this summer's election, making new ambitious EU climate and environmental legislation more difficult.

Secondly, the populist right is capitalising on cost-of-living concerns among the population and framing the climate agenda as the latest imposition on member state governments by an internationalist conspiracy. This is making governments around the EU more wary of supporting new European Green Deal measures, a trend which could worsen given that the deal's next phase – with its focus on the housing and transport sectors – is set to affect individuals and families more visibly than the first phase.

Thirdly, although many European companies support low-carbon transitions, resistance to regulations is increasing, in particular among business organisations, with calls for a stronger, narrow focus on competitiveness.

Finally, the broader geopolitical environment – with the upcoming presidential election in the

United States; major trade tensions between China and the West; the evolution of Russia's war on Ukraine – and Europe's response to it will affect not only the EU's political bandwidth to prioritise the climate file, but also the effectiveness of its own climate measures. For example, should the situation in Ukraine deteriorate radically, including because of a possible withdrawal of support by the next US administration, the EU could face an existential crisis, leading to either a push for more integration or strong internal conflicts obstructing cooperation. This would affect climate policies in ways that are difficult to fully grasp today.

This paper will explore how such developments could affect the EU's climate policy under its next mandate, considering the consequences of a more right-leaning EU and of the various geopolitical scenarios that could unfold over the coming years. Based on these scenarios, it will then set out how European policymakers can best make progress on climate and environmental action despite these adverse conditions.

There are many uncertainties about how external factors will develop, as well as about the actual results of the European Parliament election and the choices incoming policymakers will make. The scenarios described later in this paper should be seen as a basis for discussions, not as projections of what will happen, and serve to prepare policymakers to nonetheless advance the EU's climate and environmental policy.

The EU's climate forecast

Current forecasts suggest that the parties in the political centre of the European Parliament – the European People's Party (EPP), RE, and the Progressive Alliance of Socialists and Democrats (S&D) – that approved von der Leyen as president of the European Commission in 2019 will retain a majority, albeit smaller than their current one, after the election in June, with the EPP likely remaining the largest political group in parliament.

It is likely that this weakened "super grand coalition" of the three centrist parties will continue to set the agenda and approve the next commission president according to political guidelines that contain most of the ambition of the green deal – though they are likely to need the support of the Brothers of Italy or the Greens/EFA to do so. As the EPP's candidate for president, and with a relatively solid campaign – notwithstanding queries over recent appointments and investments – von der Leyen currently stands a good chance at winning a second term. Given that the green deal has been a centrepiece of von der Leyen's agenda during her first mandate, and indeed seems to have secured her the support of the European Greens for her second term, it is tempting to expect more of the same from the next commission if she is reappointed. But exactly what this set-up would imply will depend on an array of factors ranging from relations between the three parties to the internal dynamics of the EPP group. If the next commission includes an ambitious executive vice-president with a strong mandate for climate action, there could be compromises between EPP, Renew, and S&D on the most important climate files. This could result in only minor step-backs on the Fit-for-55 measures, even if new advancements on agriculture and forestry become difficult.

But these three party groups and some others could also approve a new commission with less climate ambition. The signs of backlash against the EU's green agenda, most notably from farmers but also from some business organisations and parts of the EPP, seem to have already taken their toll on von der Leyen's willingness to push the green deal through in recent months. The commission's recent communication on reducing greenhouse gas emissions by 90 per cent compared to 1990 levels by 2040 only contained relatively muted calls on the agricultural sector. The "land, food and bioeconomy" section of the plan was buried on page 20 of the 27-page document. In this scenario, climate responsibility could be rolled into a focus on competitiveness – which prioritises empowering European industry above all – reflected by only a strong executive vice-president tasked with competitiveness. Ambitions for post-2030 could be scaled down and reviews of existing regulation result in a softening of requirements.

With the EPP framing much of the debate in Brussels and EPP member parties in government in approximately ten out of 27 member states – more than those of any other political group – the competitiveness agenda is likely to be central to the next commission whichever scenario unfolds. The competitiveness argument has already affected the current commission's climate action in recent months. Negotiations on the commission's proposed 2040 target for a 90 per cent greenhouse gas reduction compared to 1990 levels (on which the next commission will make a legislative proposal) saw the final communication's wording weakened to make it conditional on several factors, including protecting industrial competitiveness and the existence of a "level playing field with international partners". And while the EPP does not yet have a position on the EU's 2040 target, some EPP members of the European Parliament have proposed a slow-down of new EU regulation in order to protect businesses.

In the negotiations on the European Climate Law in 2021, the EPP also advocated a somewhat lower target for 2030 than the 55 per cent reduction that was agreed, though it claimed that the result was closer to its position than that of S&D and the Greens. And though it initially pushed for a greater use of forests and agricultural land as natural carbon sinks to reduce greenhouse gas in negotiations on the Fit-for-55 package, some EPP parties in government in member states with influential forest industries, such as Finland and Sweden, are now pushing back against this. Furthermore, the EPP has already tried to appease farmers by opposing the nature restoration law and the sustainable use of pesticides regulation. The focus on agriculture in the next phase could also test the EPP's cohesion on post-2030 climate policy instruments.

Relations between the three centrist party groups will also be important, including in negotiations this summer for approving the commission president and, later in the autumn, the individual commissioners. Many of the Fit-for-55 legislative acts passed so far, such as the carbon border adjustment mechanism (CBAM) and the reform of the Emissions Trading System (ETS) were adopted by a broad majority in the parliament after discussions between mainly EPP, S&D, and RE, and were championed by an alliance of parties on the left and the Greens/EFA, which is set to be smaller after the elections as well. Some parts of the political groups in the centre which are not campaigning on a green agenda are also wary about the 'greenlash' underway in Europe and the consequences of being too closely associated with the green agenda in an environment in which it may not be voters' primary concern.

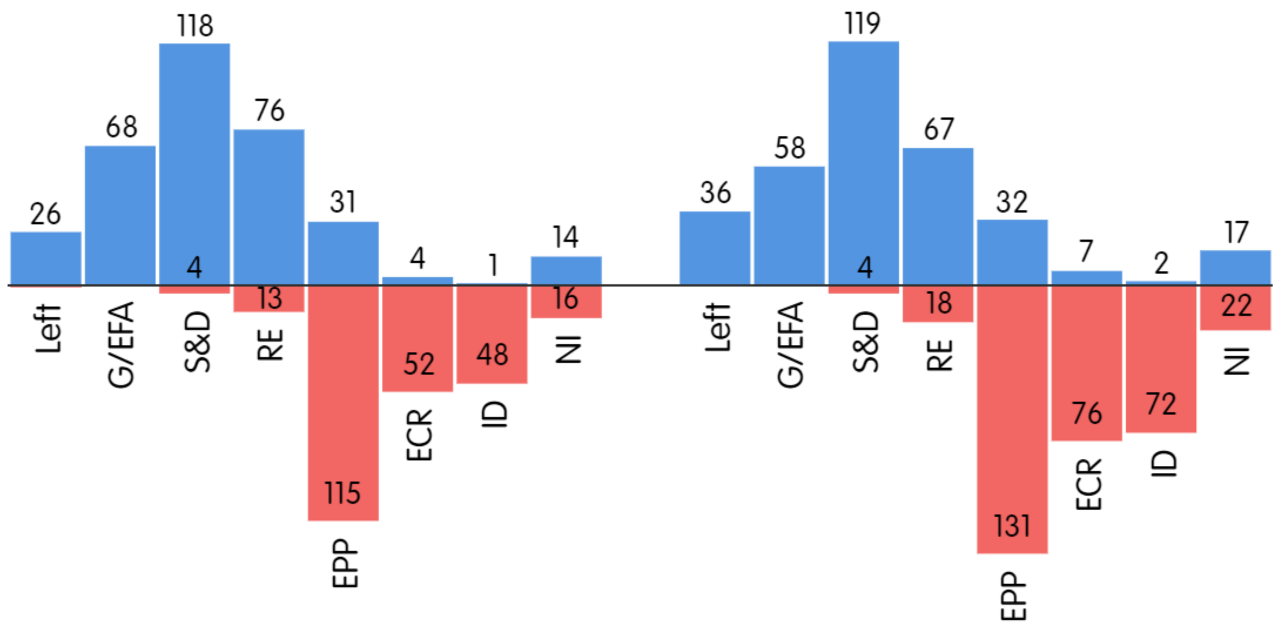
Furthermore, if the far right is, as predicted, a major winner in this election, it could lower the next European Parliament's climate ambitions in votes on specific legislation. At the beginning of this year, ECFR published a forecast of the composition of the next European Parliament, which concluded that the radical right Identity and Democracy (ID) group could win a large number of seats in this election and emerge as the third largest group in the new parliament. The same study tested how this projected parliament would vote on a key piece of existing climate legislation – the proposal to strengthen car CO2 emission performance standards – if national parties were to vote in the same way as they did when the legislation was passed but with their projected allocations of MEPs after the election in June 2024. It found that the proposal, which was successfully adopted in June 2022, would have only passed with a very narrow majority.

Panel A: Result of vote on 8 June 2022

Total in favour of the proposal: 338
Total against the proposal: 249

Panel B: Result using predicted party sizes after June 2024

Total in favour of the proposal: 338
Total against the proposal: 323



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Growing greenlash

Yet despite political fears of a widespread greenlash, many European voters are in fact still very worried about climate change. Public opinion polls consistently show that Europeans are not just concerned about climate change, but that they see it as a priority for the EU. In a recent paper, our colleagues Ivan Krastev and Mark Leonard explored the European public's relationship and reactions to the five major crises that Europe has experienced over the last 15 years: the climate crisis, the covid-19 pandemic, the global financial crisis, the migration crisis, and Russia's war on Ukraine. They asked voters in September and October 2023 in nine EU countries which crisis has most changed the way they look at their future and found that the climate crisis was selected the second most often, after the covid-19 pandemic. Indeed, the climate agenda and migration have been particularly visible topics in the early weeks of the European Parliament election debates in many countries and seem set to be influential in the way people vote. Other polls have similarly shown that there still is support for climate action, but that public opinion varies depending on the particular climate measures in question.

However, this does not automatically amount to a permissive consensus from the European public for the EU institutions to prioritise the implementation of the green deal in their next mandate. ECFR's public opinion polling has also shown that if confronted with a hypothetical trade-off between low energy prices and climate action – as the debate is often framed – more people would prioritise paying less in energy bills than reducing greenhouse gas emissions. It seems that while Europeans want action to be taken on the climate crisis, they do not want to bear significant costs of the green transition themselves.

This trend could worsen in the next phase of implementing the European Green Deal if not carefully handled. European leaders are already very nervous about the political cost of prioritising environmental and climate measures in the face of protests about the economic situation – French president Emmanuel Macron's decision to swiftly backtrack on the EU-Mercosur free trade deal in February when farmers took to the streets in France was a case in point. The European Commission's 90 per cent greenhouse gas reduction target for 2040 also caused some concern in capitals, with several member states doubting its feasibility. The discussions about the legislative package to implement this – which will have to cover politically sensitive sectors including agriculture which the first phase of the European Green Deal implementation has largely avoided – due to be brought forward after the European Parliament election will also likely be met with certain resistance, especially if the debate around climate ahead of the election is fierce.

Political priorities

Given the concerns about the cost of climate action, one decisive factor in terms of how this next legislative package will be received is the extent to which there is a serious social offer on the table to ease the burden of the transition for families and small businesses. And yet, investing more in this through the EU's budget is not easy in the current political climate as it comes up against other competing – but also vital – pressures such as supporting Ukraine and the costs of EU enlargement. It will require increasing the size of the overall EU budget and could therefore also be linked to current discussions on borrowing in order to finance the disbursement of such support.

The increase in energy prices following Russia's invasion of Ukraine added extra impetus to the green transition, encouraging countries to reduce their reliance on fossil fuels. The recent decrease in energy prices could, accordingly, diminish the political urgency surrounding a further reduction and reduce the importance placed on the clean energy transition as a means of alleviating such concerns. In this context, green investments could become the adjustment budget variable, reduced as needed to cater for other budget priorities such as defence and resilience spending.

A second – structural – factor which will come into play in terms of the prioritisation of an ambitious legislative package passing through a more right-leaning set of institutions after the election is the leadership of the new EU institutions. The further implementation of the European Green Deal is much more likely to succeed if member states, the commission president, and the European Parliament put experienced, influential people in leading roles – such as that of the EU climate commissioner or the European External Action Service's climate ambassador – who have the political clout among other commissioners to drive forward climate policy. Doing so could also be a strategic move, providing member state governments with some domestic political cover for the green agenda in an adverse political environment. Unfortunately ongoing tensions between France and Germany around key aspects of the future of the European project from security, to enlargement or the economy, may restrict the scope for a strategic approach such as this.

Geopolitical factors for the EU's climate policy

There is every reason to expect that the EU institutions – and the European Parliament in particular – will remain a deals-based set of institutions as has been the case during previous administrations. In this regard, the evolution of other key dividing lines within the EU will affect the willingness of different parties within the EU institutions, and their political bandwidth, to come to an agreement on the approach towards the implementation of the European Green Deal.

The following matrix unpacks various geopolitical factors that will fundamentally influence EU climate action and the implementation of the European Green Deal: the outcome of the upcoming US presidential election in November, the evolution of the EU's support for Ukraine and EU enlargement, and the EU's capacity – or lack thereof – to develop a strong China policy. The matrix explores the potential effect of these scenarios on the key fields of green trade and technology, the fossil fuel phase-out, and climate diplomacy.

US election

Biden 2.0

Transatlantic tensions over trade and subsidies continue.

The EU continues to collaborate with the US on green technology innovation through the US-EU Trade and Technology Council.

EU policymakers eventually pursue more "Europe first" policies influenced by Joe Biden's "America first" policies to champion European green technology but with different kinds of measures, together complicating the international landscape for climate policy.

The US continues to apply pressure on the EU to align with it in its competition with China. Cooperation on climate measures linked to the US conflict with China, such as anti-dumping, nonetheless continues.

The US-EU Critical Minerals Agreement is finally signed, permitting enhanced supply chain cooperation on critical raw materials though continued tensions and a lack of agreement is also possible.

The stalemate surrounding negotiations on the Global Arrangement on Sustainable Steel and Aluminium (GASSA) finally ends, with agreement on steel and aluminium trade reached, and progress towards creating a 'steel club' is made. However, continued tensions and a lack of agreement is also possible.

Trump 2.0

Donald Trump instigates trade conflicts or an outright trade war with the EU.

The US-EU Trade and Technology Council is suspended or severely hollowed out.

The US introduces export controls on green technologies independent of the EU, with the Trump administration prioritising competition with China over the green transition.

The US places increased pressure on the EU to take a clearer stance in the US-China conflict, likely as a quid pro quo for US cooperation on other files including climate. Cooperation on climate measures linked to the US conflict with China, such as anti-dumping, nonetheless continues.

Relations between the US and the EU suffer because of perceived insufficient EU action in countering Chinese dominance in green technologies.

The EU struggles to broaden the scope of CBAM to other industrial sectors at risk of carbon leakage or is even forced to soften the existing CBAM. If CBAM becomes difficult to implement as planned because of trade conflicts with the US and others, the phase-out of free emission permits for energy-intensive industry might then be delayed. This would be partly due to concerns over European exports of carbon-intensive products, an issue that the EPP has pushed in the past, and over sectors not yet covered by CBAM such as chemicals. Delays could also be triggered by a revision of CBAM given that the phase-out of free allowances is conditional on the full implementation of CBAM under the current regulations.

Ukraine and EU enlargement

Increased support for Ukraine and EU enlargement

Candidate countries support the EU's climate goals in various ways, such as hydrogen generation, energy storage, and providing critical raw materials.

The uptake of the green agenda in candidate countries facilitates their trade with the EU. Candidate countries expand the EU's power market and its market for green technologies, in turn encouraging investment and growth and driving economies of scale.

The integration of supply chains with candidate countries contributes to the production and assembly of green technologies.

Support for Ukraine and the EU enlargement process nevertheless diverts financial resources from the EU's green transition, curbing its capacity to innovate and invest in the green technology sector and potentially provoking further resistance to the green deal from member states if the EU is unable to alleviate associated costs.

Decreased support for Ukraine and EU enlargement

The EU's budget is less constrained given reduced financial support for Ukraine and for candidate countries. This could mean that EU resources can more comfortably be dedicated to green industrialisation and investments in green technologies.

The diminished cooperation at the EU level that led to a decrease in support for Ukraine and EU enlargement reduces the likelihood of agreeing on a collective approach to investment in the green transition. "

China

Clear EU China strategy

The EU pushes to curb China's green technology market lead, reversing its open-door policy and scaling up anti-subsidy and anti-dumping probes in a bid to boost European competitiveness.

EU member states introduce coordinated green eligibility rules for electric vehicle (EV) subsidies similar to those in France, which are conditioned on full carbon footprints. This incentive scheme preserves opportunities for innovative European companies and makes Chinese EVs less competitive. However, the resulting increased costs for green technologies in Europe undermine public support for the green deal and fuel the greenlash given ongoing cost-of-living concerns.

Pan-EU projects in green technology innovation bolster the supply of green technology components within the EU, bringing costs down more quickly and strengthening the economic case for the energy transition.

The EU pushes for a level playing field for European businesses operating in the green technology field in China.

The EU scales up its technology export controls to prevent China acquiring new EU technology and clamps down on European companies operating in China to circumvent them. "

Increasing bilateralism in EU member states' approaches towards China

Member states take divergent approaches towards Chinese green technology according to their varying degrees of economic reliance on China. Germany continues to be an outlier, with trade relations between Berlin and Beijing remaining close and German investments in China increasing.

In the absence of a cohesive strategy to address China's green industrial overcapacity, Chinese EVs, wind turbines, and other clean technologies flood the EU market – a key target market for Beijing given others such as the US market remain closed.

European policymakers struggle to manage the conflict between preventing imports from China and lowering the costs for consumers to buy cleaner technologies, such as EVs. Intra-EU tensions arise over future industrial and climate policy, and perhaps even some obstacles to the free movement of goods in the internal market.

The EU's competitiveness in green technologies is undermined, although member states that rank high on innovation, such as Germany, the Netherlands, and Sweden suffer less from the competition than other EU countries. This increases conflicts within the EU, including on climate policy.

EU member states have to continue to accept high costs to purchase green technology components from China, meaning a slower uptake of clean technologies in Europe.

The significant trade imbalance between China and the EU as a whole worsens as individual member states ramp up their trade relations with Beijing.

US election

Biden 2.0

The US and EU continue to cooperate on the energy transition. Biden maintains his pragmatic focus on boosting renewable energies over phasing out fossil fuels. A more right-leaning European Parliament may mirror this approach.

Despite this, the fossil fuel phase-out in the US and the EU continues, perhaps with a somewhat longer period of gas usage.

The lower cost of green technology means that targets for 2030 remain in reach.

Trump 2.0

There is no cooperation on the energy transition between the US and the EU, or limited cooperation if the Trump administration sees the competitive advantage of exporting US renewable energy.

The US promotes the export of liquefied natural gas to Europe and further gas investments in the EU, potentially prolonging the use of fossil gas in Europe.

Trump seeks to divide the EU, striking bilateral deals with different member states as he did during his first mandate.

Ukraine and EU enlargement

Increased support for Ukraine and EU enlargement

Candidate countries are encouraged to transition towards cleaner and more sustainable energy sources in alignment with EU energy and climate policies as part of the accession process. The transition funding and EU assistance helps mitigate the socio-economic impact of reducing fossil fuel dependence in candidate countries.

Increased connectivity and collaboration among member states and candidate countries facilitates the development of cross-border renewable energy projects and enhances energy security, potentially reducing reliance on imported fossil fuels.\

Decreased support for Ukraine and EU enlargement

Candidate countries continue to rely heavily on fossil fuels, slowing the global transition to clean energy.

If enlargement stalls altogether, some likely resistance to EU-wide climate policies from newer member states that would prioritise economic growth over environmental concerns may be averted.

Potential delays to reaching consensus and decision-making linked to enlargement are removed, facilitating consensus on climate-related issues.

China

Clear EU China strategy

The EU diversifies its clean energy supply chains as part of coordinated de-risking efforts, reducing its dependence on China for its fossil fuel phase-out.

The EU leverages its market access, trade agreements with China, and diplomatic muscle to continue pushing China to ramp up its fossil fuel phase-out.

Increasing bilateralism in EU member states' approaches towards China

EU dependence on China increases in its bid to phase out fossil fuels. The EU's clean energy supply chain vulnerabilities and risks are aggravated through over-exposure to China.

The EU fails to deploy its limited leverage to push China to reduce emissions and advance its fossil fuel phase-out. The global phase-out of coal progresses at a slower pace, with China and other Asian countries opting for 'clean coal' projects to decrease carbon emissions while still using coal.

US election

Biden 2.0

The US and the EU cooperate in multilateral forums such as the United Nations Climate Change Conference and the Climate Club to encourage other countries to raise their ambitions and to create a more level playing field for industry.

The US and the EU conduct joint outreach to third countries to establish partnerships to secure resources (such as through the forum for transatlantic outreach to resource-rich nations created at the April 2024 Trade and Technology Council).

The US maintains its current levels of climate financing (depending on elections to Congress).

Trump 2.0

There is limited or no cooperation between the US and the EU in multilateral forums. The US withdraws from the Paris agreement.

The US actively aligns with Saudi Arabia and other fossil fuel producers in multilateral forums to obstruct international climate negotiations.

With transatlantic cooperation undermined, the EU and other Western allies find it harder to deal with an increasingly assertive China.

The US decision to roll back climate policies and ramp up fossil fuel production provokes a domino effect among other leading and middle powers, making climate diplomacy more challenging for the EU.

The EU instead enhances its climate cooperation with third countries such as Mexico.

US climate diplomacy is limited to pointing the finger at other major emitters such as India and China.

The US reneges on its climate financing, including the $3-billion pledge to the Green Climate Fund, placing greater financial pressure on the EU and others.

Ukraine and EU enlargement

Increased support for Ukraine and EU enlargement

The EU actively supports its immediate neighbours in advancing the green transition and in effectively addressing the implications of CBAM.

Close cooperation with candidate countries on the green deal helps counter Russian influence in these countries, much of which is underpinned by energy dependencies. Candidate countries can therefore align more closely with the EU's environmental standards.

Decreased support for Ukraine and EU enlargement

Reduced EU support for Ukraine undermines the bloc's credibility on the global stage, weakening its ability to build coalitions and alliances to address climate change, among other issues.

Several candidate countries remain dependent on Russia for energy, leaving them in Moscow's sphere of influence. The EU is unable to collaborate with these countries and loses opportunities to encourage their green transitions.

Reduced support leads to a conclusion of Russia's war on Ukraine on Moscow's terms, reconfiguring global energy geopolitics again, and forcing the EU to adapt.

China

Clear EU China strategy

The EU pursues a proactive approach to countering Chinese dominance in green investments overseas, cultivating mutually beneficial green partnerships with third countries and regions.

The EU collaborates with allies – such as the US in the instance of Biden winning re-election – to pressure China in multilateral forums to meet its climate targets.

Increasing bilateralism in EU member states' approaches towards China

The EU fails to leverage China's current economic vulnerability to gain concessions and a stronger hand in negotiating with Beijing.

The EU is unable to articulate a comprehensive and attractive offer to third countries and regions to compete with China's green investments.

The EU makes a lukewarm contribution to efforts by allies in multilateral forums to encourage China to revisit its climate goals and contribute towards climate aid.

Advancing decarbonisation

As outlined above, there is no doubt that the next EU administration will have limited political bandwidth to champion climate action, not only as a result of the rightward shift in the European Parliament but also because of several other pressing issues, ranging from ongoing wars in the EU's neighbourhood to the outcome of the US election. The EU's cohesion and ambition in handling these challenges, with the backing of member states, will fundamentally affect all climate policy areas and the EU's response to each of the scenarios. Below, we unpack the implications of this strategic choice, the key challenges in advancing decarbonisation, and where there might be room for progress.

The EU's strategic choice

While a rightward shift in the European Parliament is almost guaranteed following the June election, the shape and strength of the EU is not. The EU institutions will have to make a series of strategic decisions ranging from top appointments to determining the size and allocation of the EU budget, establishing political priorities, and creating the necessary structures to operationalise them. These strategic decisions will leave no policy area untouched, not least climate given its political prominence, and will fundamentally affect the EU's domestic and global ambitions.

A "weak EU", one in which member states do not support an adequate budget and which lacks political leadership in Brussels – would likely preside over a watering down and fragmentation of the EU's green trade and technology policy, fossil fuel phase-out, and climate diplomacy. Such an EU would be far less equipped to effectively respond to challenges emanating from China or from a possible Trump 2.0 scenario, in addition to other external factors outlined in the matrix.

Meanwhile, a "strong EU", in which member states delegate sufficient authority to Brussels – including through the appointment of heavyweight political figures in key positions, as well as the financial and political clout to act – would be able to pursue a more coordinated and strategic approach to climate policies, albeit in the significantly different context of a European Parliament that has shifted to the right. In this scenario, despite a possible reduction in climate ambition, there would still be much room for advancing decarbonisation, including as part of broader agendas on competitiveness and security.

Key challenges

EU climate action would suffer significantly should a "weak EU" emerge during the next EU institutional cycle. With regards to green trade and technology policy, while support for industry and a "competitiveness deal" will be likely regardless of the EU's strategic choice, a "weak EU" could pursue an outdated and narrow view of competitiveness, in which climate policies and economic development are seen as inherently opposed. Even if Brussels were to attempt to financially rally member states behind green industrial policies through more common investment in infrastructure and low-carbon technologies, its lack of clout may lead it to fail, prompting a reliance on an insufficient EU budget. With inadequate funding available under the revised Multiannual Financial Framework (MFF) to facilitate just transitions across EU member states, lesser-resourced countries may fall behind while EU-wide European Green Deal implementation would be hindered.

In such a context, divisions between member states would likely be aggravated. Indeed, in the absence of a strong EU referee, current tensions surrounding green state aid may worsen, potentially spiralling into a subsidy war. Those able to deploy larger subsidies may dwarf countries with fewer financial resources in what would become an unlevel playing field. This could well prompt a fragmentation of the internal market with better-resourced member states potentially implementing "nation first" policies. Internationally, countries such as France and Germany may become more competitive in green technologies while EU countries with fewer resources simply fall behind.

Concerning the fossil fuel phase-out, it is likely that under a weaker EU, climate laws would be watered down including changes made to the Emissions Trading System for buildings and transport (ETS2) if prices are perceived to be too high. This would prompt higher emissions than the maximum permitted to meet the 2030 climate target and could lead member states – which would find it more complicated to fulfil their obligations under the Effort Sharing Regulation (ESR) – to demand a review of their ESR targets. Meanwhile, lacking political grit in Brussels would stymie progress in the agricultural sector, with opposition from some farmers continuing to dictate decision-making and preventing the introduction of environmental targets. In this scenario, it is likely, for instance, that tax exemptions for fossils fuels used in agriculture would remain in place. Generally, there would most probably be a tendency towards longer-term gas usage in Europe, though coal consumption is unlikely to increase, primarily as it has become more costly.

If there is a global economic downturn, the EU's climate target for 2030 might be easier to reach due to less industrial activity. However, this could be offset by decreased support for climate action. Waning domestic support for ambitious climate action may prompt decision-makers to change their position on carbon offsets from investments in other countries, making it possible to count such reductions towards the EU targets. This was controversial in the past, but some business organisations are now advocating it.

Even with a diminished EU at the helm, climate diplomacy will likely remain a priority for EU policymakers although in a different context to the 2019-2024 administration. Indeed, the previous commission presidents José Durão Barroso and Jean-Claude Juncker were criticised for their low domestic green ambitions but were nevertheless supportive of active international climate engagement. However, the international credibility of a weaker EU would be undermined by its failure to meet domestic targets and its watering down of ambitions at home. While the bloc may continue to pressure fossil fuel producers to agree on a phase-out date, such efforts would be seen as less credible. This would be exacerbated by a potential scaling down of the EU's contributions towards international climate financing, an eventuality that cannot be ruled out in a "weak EU" scenario given that Brussels may buckle under the pressure exerted by far-right parties at home.

Finally, the EU would struggle to respond effectively to the geopolitical challenges outlined in the matrix. For instance, with regards to the US elections, if re-elected, Donald Trump is likely to promote exports of liquefied natural gas to Europe by striking bilateral deals with certain member states and investing in further gas projects in Europe. This would not only exacerbate divisions between member states, it could also prolong the use of fossil gas in Europe. Similarly, concerning China, a weaker EU would likely witness increasing bilateralism in member states' approaches towards Beijing, with all the ensuing negative implications for European climate action outlined in the above matrix.

Room for progress

However, if member states equip the EU institutions with sufficient financial resources and political leadership, and if negotiations in the European Parliament result in ambitious political guidelines, there will be numerous opportunities for progress on climate action albeit within a different framework and agenda to that of the last EU institutional cycle.

While the incoming institutions would still be likely to prioritise industry and a "competitiveness deal" in their green trade and technology policy, strong political leadership could take a more strategic approach which acknowledges that green policies can contribute to competitiveness. There may be a call for more "Europe first" policies, which would likely advance national security or anti-dumping arguments as opposed to advocating a full break with World Trade Organization rules. Member states could be encouraged to mobilise funds from their national budgets in support of green industrial policies, with the promise that these would be complemented by EU funds and strategic investments in clean technologies to enable the EU to innovate and compete in green markets and standard setting. Green state aid could continue to be leveraged to boost European competitiveness vis-à-vis China and others, if the EU institutions monitor its use carefully to prevent a subsidy war between member states unfolding. Finally, with a sufficient budget, the EU could still harness EU financial instruments to partly support just transitions across member states and regional development, even with the competing pressures emanating from the war in Ukraine and enlargement.

With regards to the fossil fuel phase-out, strong EU leadership with a firm strategy for competitive sustainability could encourage member states to pursue a uniform approach despite occasional setbacks and deviations driven by political considerations. If ambitious European political leaders invest in energy efficiency and other measures that reduce costs for citizens, they could successfully facilitate transitions in member states. More companies would then make non-reversible investment decisions for decarbonisation. Climate laws would likely be somewhat watered down amid a deregulatory drive, though to a lesser extent than they would be under a less united EU. Potential changes may still be made to the ETS2 should member states perceive prices to be too high and demand to review their ESR targets. However, this would be less likely in this scenario, as the EU would be better placed to help countries support the parts of their population most sensitive to energy costs.

While climate diplomacy would likely, as previously mentioned, remain a priority regardless of what kind of EU administration emerges, a strong EU would be better positioned to engage in strategic partnerships with third countries and regions, including on climate and economic development, as opposed to seeing individual member states building relations that are sometimes contradictory. A strong EU would still risk finding its credibility eroded internationally in light of its diluted domestic legislation and commitments, unless it is able to strengthen public diplomacy to show that Europe would remain the most ambitious continent when it comes to climate action even with a reduction of ambitions. This may reduce its leverage when pressing fossil fuel producers to agree on a phase-out date through the Paris agreement and other mechanisms such as the G20. While international climate financing could come under increased scrutiny of far-right parties at home, a strong EU could nonetheless maintain its contributions.

Finally, a more cohesive and strategic EU would be better positioned to effectively tackle the geopolitical challenges presented by a Trump 2.0 scenario and to develop a coherent China strategy that pushes to curb Beijing’s green technology lead and the EU’s dependence on Chinese technology. Such an EU would also better leverage EU enlargement as a means to facilitate the green transition in both candidate countries and the EU, with positive implications – as outlined in the above matrix.

Recommendations for European climate progressives

Climate progressives will undoubtedly operate in a more challenging context than before over the coming years. Regardless of the strength of the EU that emerges after the election, they will have to deploy a mixture of compelling narratives, strategic resourcing, and diplomatic engagement if they hope to advance the best possible climate agenda during the next EU institutional cycle.

Compelling narratives

It is evident that after the European Parliament election in 2024, advocating decarbonisation as a goal in and of itself will hold less traction than it currently does. Climate progressives will need to use different narratives that link climate action to the key policy priorities of the incoming institutional cycle to maintain political momentum for climate action or, at the very least, prevent backsliding. In addition to arguing for the need to protect the climate and the environment, policymakers should reinforce the link between climate action and competitiveness as well as leverage security and resilience concerns to advocate enhanced energy sovereignty.

With regards to European competitiveness – set to be a defining priority for the next EU institutional cycle – climate progressives should champion a narrative that frames decarbonisation as an intrinsic part of the EU's economic agenda. They should stress that the EU's capacity to compete in a decarbonising world hinges on the implementation of the European Green Deal and that European businesses will be disadvantaged should they fail to embrace green competition and capture global market shares of emerging clean technologies. Secondly, with European security and defence likely to rank prominently among policymaker and public concerns, climate progressives should make the case for enhanced energy resilience based on clean, efficiently deployed, and strategically sourced energy. Under the umbrella of this narrative, they could advance concrete proposals, such as the revision of the energy governance framework and the implementation of the eco-design regulation, which obliges manufacturers of products to reduce the energy and resource consumption and negative environmental impacts of the product throughout its life cycle.

Additionally, to ensure public support for the green transition and subsequently a sense among European leaders that they have the political bandwidth to pursue it, climate progressives should showcase the widespread, visible benefits of the European Green Deal for citizens. They need to make the link from the macro-level competitiveness argument to the personal, framing the broader benefits for citizens' well-being, satisfaction, and happiness. These range from health benefits such as improved air quality following a coal phase-out – a key issue in large parts of central and eastern Europe – to quality-of-life advantages stemming from the reduction of the extreme weather events that have become a regular feature of European summers. Furthermore, policymakers could highlight the employment benefits of the green transition were the EU to adopt a similar approach to the US under Joe Biden and link green state aid to skills development and decent jobs. Such a narrative could help offset cost-of-living concerns of citizens linked to green policies.

Strategic resourcing

To further offset these cost-of-living concerns and maintain and boost support for green policies across publics, sectors, and member states, it will be essential to ensure just transitions and the fair distribution of the short-term costs for the European Green Deal. For this, it will be vital to avoid a subsidy war between EU member states in which only those countries with financial firepower can leverage state aid rules to promote green investments. While such green investments should continue to be promoted, the EU will need to carefully exercise state aid control to ensure the internal market is not unfairly distorted and momentum behind climate action is not lost in sectors and member states that are unable to compete.

Beyond state aid control, climate progressives will need to encourage investments through EU financial instruments – including the MFF – to support regional cohesion and vulnerable sectors, by arguing that such investments are vital for European resilience and for the health of the internal market. In a shrinking macro-economic space, it will be challenging for progressives to push for the increased EU budget required to resource this and wider European Green Deal implementation. They will therefore need to consider creative ways of securing funds, such as through new EU joint borrowing (including deploying green bonds and increasing the capital and mandate of the European Investment Bank) and through better coordinating and leveraging the state revenues from emissions trading.

Other avenues for securing funding include prolonging the Next Generation EU fund after 2026 if the funding has not all been spent. Progressives could also seek to exploit synergies between different policy areas to financially support the green transition via instruments traditionally destined for other priorities ranging from the more obvious such as industrial and digital policies to lesser considered ones such as EU accession. Such an approach would also break down silos between different policy areas that are often considered in isolation, facilitating more ambitious, innovative, and integrated investments and solutions. Progressives would also do well to advance solid, tangible proposals for achieving 'competitive sustainability' – combining ambitious policies with well-designed support schemes – and outlining a clear financial case for them and against deregulation and backsliding on the Fit-for-55-package.

Steering the European Green Deal through the challenging times ahead will also require a strong, well-resourced, EU institutional set-up. Like the comprehensive funding packages mentioned above, such a structure should seek to integrate climate and environment alongside geoeconomic resilience and competitiveness. An executive vice-president for a green and social deal could cater towards this, as could a senior member of the European Commission specifically responsible for international climate and energy action – which would bolster the EU's external climate action.

Diplomatic engagement

International climate action remains fundamental, and progressives should find ways to support enhanced EU climate diplomacy. A key focus of such efforts should be to engage with so-called middle powers, which are significant to the green transition not only as leading economies – often critical in supply chains for delivering the EU's own transition – and polluters, but also in their capacity to influence other countries, particularly in the global south. Countries such as Brazil, Indonesia, and South Africa have strong agency and willingness to shape the future global order and are unwilling to take sides in the US-China conflict. Should the US renege upon its climate commitments following a Trump win, the EU would need to work hard to prevent a domino effect taking place among middle powers, persuading them that despite the inaction of some wealthy emitters, they should nonetheless double down on their green transitions and international climate action.

This is a challenging argument to make to a close ally, let alone to a country with whom the EU has a trust deficit. Many middle powers and other countries around the world have been frustrated and disappointed by Western failures to deliver on climate finance promises, as well as by the negative impact of CBAM and other trade-related regulation in addition to EU (and US) green subsidies. Views of the West among countries of the global south have also suffered because of its perceived double standards on the energy transition and, more broadly, on its dissonant positions towards the Israel-Hamas war versus the Russia-Ukraine war.

In this context, progressives will need to encourage the EU to bridge the current trust gap between the global south and OECD countries and develop a convincing offer for them that includes financing and innovation cooperation to mitigate the impact of its climate instruments and develop strong partnerships on green industrial development. This could be partly resourced by Global Gateway which, in its next phase, should be designed for more strategic programming. The EU should also make the case for scaled-up financing for countries in the global south, building on the positive impetus of the Loss and Damage Fund to increase the capital available to build their renewable energy systems and to facilitate their just transitions.

By establishing such partnerships, the EU would not only help advance global climate action significantly but would also facilitate much needed "strategic interdependence" on climate. Yet its climate diplomacy efforts cannot end there. Progressives will also need to encourage the EU to tackle the even more complex matter of adopting strategic, coordinated, and coherent approaches towards China and, in the case of a Trump win, the US, and towards managing escalating tensions between the two which will inevitably spill over into the climate domain.

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Even if climate progressives are successful in implementing these recommendations and securing the maximum possible climate agenda for an EU that has shifted towards the right, they are likely to find the EU's performance severely wanting regarding its own climate targets over the next few years. The goal of being net zero by 2050 looks severely challenged; the European Scientific Advisory Board on Climate Change warned in January that more action was needed to keep this goal within reach. However, the agenda this paper sets out may be enough to maintain the EU's role as a player in the global effort towards decarbonisation and contribute to global momentum. The political commitment in Europe for climate action has fluctuated since the early 1990s. But the increasing frequency of climate-related disasters and the global race to lead the development of green technologies could speed up action. In the end, it is the choices that politicians, companies, and citizens make that decide which course the EU will take.

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