



## The External Dimension of the EU Green Deal

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On 25 January 2021, the Foreign Affairs Council of the EU adopted formal conclusions on *Climate and energy diplomacy: delivering on the external dimension of the European Green Deal*. They were anticipated by the previous *Climate Change and Defence Roadmap* of the EEAS of 9 November 2020 and followed by great enthusiasm for their rich and ambitious goals. This contribution wishes to shed a light on their content and to put them within their broader context.

First of all, the competence of the EU in all areas of environmental policy is legally based on Articles 11 and 191 to 194 of the TFEU. The need for a common environmental action officially dates back to 1987<sup>1</sup> and it was further strengthened by the Lisbon Treaty, which in 2009 explicitly added “combating climate change” as a specific goal of the EU (Art. 191, TFEU).

Concerning this last objective, in 2018 the EU managed to cut GHG emissions by 23% compared to 1990 levels and it further committed to cut 40% emissions by 2030. Moreover, on 11 December 2019 the Commission adopted the well-known “Communication on the European Green Deal”<sup>2</sup> to set out its roadmap towards a new growth policy for Europe. The GHG emission reduction target for 2030 has been raised to 55% and the objective for 2050 is now to make the EU the first climate-neutral region in the world. These enhanced objectives have been especially triggered by the *United Nations Framework Convention on Climate Change* (UNFCCC) in Paris in December 2015. After two decades of negotiations, governments finally adopted the first universal agreement to combat climate change by keeping the increase in global average temperature to “well-below” 2°C.

The EU, which received full legal personality to conclude international agreements in all areas of attributed powers with the Lisbon Treaty (Art. 47 TEU), is also entitled to work on sustainable development with third countries<sup>3</sup>. Clearly, external and internal action on climate change are just two sides of the same coin. With the Conclusions of 25 January 2021, the Council made clear that the success of the EU Green Deal crucially relies on the external policy on climate (para. 17). Apparently, EU emissions represent only 8% of total emissions on the Earth and the global energy production causes 90% of biodiversity loss (para. 17). That means that any internal

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<sup>1</sup> At that time, the Single European Act introduced a new title on the environment in the Treaty and the subsequent Maastricht Treaty of 1993 made the environment an official EU policy area under the co-decision procedure.

<sup>2</sup> The Communication is accessible here: [https://ec.europa.eu/info/publications/communication-european-green-deal\\_en](https://ec.europa.eu/info/publications/communication-european-green-deal_en)

<sup>3</sup> With “third countries” we refer to all countries that are not EU Member States or whose citizens do not enjoy the right to free movement under the Schengen Borders Code (Art. 2 Regulation (EU) n. 2016/399).

policy will not be able to effectively achieve climate neutrality if it is not coupled with external climate action<sup>4</sup>. But, what does that imply?

The road to climate neutrality through third countries' relationships is not a simple one. For this reason, the Council opened its conclusions by first calling on parties to increase the clarity of their Nationally Determined Contributions (NDCs). Just to be clear, the NDCs are the long-term goals on emission reduction that are at the heart of the Paris Agreement<sup>5</sup>. In addition to that, parties have been invited to set up short and medium-term pathways to reach the international long-term goals, including climate sensitive recovery policies from COVID-19. Among all possible ways to achieve international climate goals, trade, finance and foreign investments seem to play a major role. Yet, the landscape is quite colorful and ambitious.

**Security and defense.** – The first trajectory for external action dealing with climate is the one addressing international stability and security. In fact, environmental degradation (e.g., biodiversity loss) can result in severe food and water security challenges, especially in developing countries. There, human rights of vulnerable communities might be critically affected by ecosystem disasters, hence raising further need of humanitarian need. For this reason, the Council invited the EU Member States both to support nature-based solutions and to work with the UN to develop conflict prevention measures, such as early warning systems. Further support of UN activities will be ensured by taking part to the new informal expert group of UN Security Council Member States on Climate and Security<sup>6</sup>.

**International climate finance.** – The second trajectory of external climate action is the mobilization of international climate finance. Admittedly, the EU is the largest contributor (100 billion US dollars per year until 2025) and the share of external funding instruments was increased through the “Neighbourhood Development and International Cooperation Instrument”<sup>7</sup>. With its Conclusions, the Council urged Member States to follow the EU by scaling up their contributions to adaptation, notably for the benefit of developing countries where fighting against climate change turns out to be too financially burdensome. Further instruments to enhance the role of sustainable

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<sup>4</sup> The Vice-President of the Commission as of 1<sup>st</sup> January 2019 (and High Representative of the EU for Foreign Affairs and Security Policy under Art.18, TUE) Josep Borrell Fontelles stated that «the urgency of the climate crisis demands the EU to turn its climate agenda into foreign policy» (<https://www.project-syndicate.org/commentary/eu-climate-policy-is-foreign-policy-by-josep-borrell-and-werner-hoyer-2021-01?barrier=accesspaylog>).

<sup>5</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs/ndc-synthesis-report>.

<sup>6</sup> <https://unfoundation.org/blog/post/climate-change-a-un-security-council-seeking-peace-warming-world/>.

<sup>7</sup> Proposal for a Regulation of the European Parliament and the Council, establishing the Neighbourhood, Development and International Cooperation Instrument, COM(2018) 460 final. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A460%3AFIN>.

finance are represented by the EU taxonomy for sustainable activities<sup>8</sup>, the 2019 “International Platform for Sustainable Finance the Coalition of Finance Ministries for Climate Action”<sup>9</sup> and development banks (on the model of the European Investment Bank) specifically aimed at supporting a green recovery.

**Socially inclusive energy transition.** – The third trajectory highlighted by the Council regards the transition of the energy sector. In this domain, the Council mentioned various initiatives intended to reduce global greenhouse gas emissions. They can be broadly grouped in two main categories: deployment of low-carbon technologies, including those based on renewable energy, on one hand, and promotion of efficiency and security in traditional energy production, on the other hand. As to the former, the EU external action especially supports technological innovation. As to the latter, the EU energy diplomacy wishes to discourage further investments into fossil fuel energy infrastructure projects in third countries (para. 10) to phase out unabated coal in energy production. Particularly, the Arctic region has been identified as a specific target area for international initiatives on which cooperation needs to be strengthened. Moreover, the Commission’s 2020 Methane Strategy<sup>10</sup> could be enhanced by participating to the International Methane Observatory. This was set up to measuring and reporting data on methane emissions around the globe.

With the term “energy security”, the Council did not refer anymore to securing access to fossil fuels at affordable prices. The term is undergoing a change and it now refers more precisely to the need to secure access to critical raw materials, technologies and resilient supply chains in the most critical industrial sectors (para. 12). This objective goes in hand with the digital transformation, the Single Market and a competitive industrial system. For this reason, the Council recalled its previous Conclusions of 16 November 2020 to restate that the energy sector is only one specific example within the whole path of transition towards a more dynamic, resilient and competitive European industry (para. 12).

In line with the well-known option for a social market economy within the States (Art. 3 TEU), the EU Energy Diplomacy does not focus only on profits, but it also pays attention to distributive goals. Considering that most neighbor countries strongly base their economies on the export of fossil fuel, a further goal of the EU external action is to foster socially inclusive energy transitions everywhere. The *Coal Regions in Transition Initiative*<sup>11</sup> and the *Just Transition Mechanism*<sup>12</sup> have been specifically set up to help

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<sup>8</sup> The *Taxonomy Regulation* has been recently approved in 2020 to implement the *EU Green Deal*. For more information: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en).

<sup>9</sup> [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/international-platform-sustainable-finance_en).

<sup>10</sup> [https://ec.europa.eu/energy/sites/ener/files/eu\\_methane\\_strategy.pdf](https://ec.europa.eu/energy/sites/ener/files/eu_methane_strategy.pdf).

<sup>11</sup> The Initiative is an open forum that since 2017 gathers all interested parties: national governments, businesses, trade unions, NGOs, academia to trigger the dialogue and the exchange of experiences between EU coal regions.

the most affected economies undergoing coal shifts (those that will suffer an irreversible decline in employment levels).

**Trade policy and agreement.** – The fourth trajectory of the external climate action concerns trade agreements and the need to align them to climate ambition, according to the Commission’s proposal of 2019<sup>13</sup>. This means that trade and businesses in third countries should ensure fair access to resources and green technologies and strategic research partnerships with technology leaders (like *Mission Innovation*<sup>14</sup>) will play a key role in this regard.

**Poverty.** – The fifth trajectory consists of addressing poverty by ensuring universal access to safe and affordable energy. For this purpose, the Council advocated the launch of an *African Union-EU Green Energy Initiative* to support sustainable energy access in Africa, but also a special initiative (*NaturAfrica*) to promote nature conservation and tackle the illegal exploitation of natural resources and participation to the implementation of the *Great Green Wall*<sup>15</sup>.

**External action and sovereignty.** – The Council did not forget that third country interests might interfere with Member States’ sovereign decisions over their energy policies. To avoid that, disinformation campaigns against the energy transition and renewed partnership for the *Southern Neighborhood*, through a *Joint Communication on Eastern Partnership policy beyond 2020* would probably help strengthen the EU’s energy *acquis* and the interconnectivity outside the EU.

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<sup>12</sup> In addition to the substantial contribution of the EU’s budget through the European Regional Development Fund (ERDF) and the European Social Fund Plus (ESF+), the *Just Transition Mechanism* (including the *Just Transition Fund*) has been proposed by the *Green Deal* to provide grants to the areas that will be most affected by structural changes of their economies due to the high dependency on fossil fuels. The Proposal is accessible here: <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1579099555315&uri=COM:2020:22:FIN>.

<sup>13</sup> With the European Green Deal Communication of 11 December 2019, the Commission proposed to base all future trade agreements on the respect of the Paris Agreement.

<sup>14</sup> Mission Innovation is a global initiative born on 2015 from a mix of public and private funding to accelerate energy innovation. For more details, see <http://www.cleanenergyministerial.org/partners-clean-energy-ministerial/mission-innovation>.

<sup>15</sup> The Great Green Wall is an African-led initiative adopted in 2012 and originally intended to build a 8000-km line (100-million hectares) of new trees from East to West of the Sahara borders. The aim was to combat desertification and drought while bringing economic, social and ecological benefits. The EU and the UN started cooperating to the project in 2014. For more information: <https://www.greatgreenwall.org/about-great-green-wall>

**Energy Community.** - Furthermore, the Council mentioned the *Energy Community Treaty* to be completed soon. The Energy Community<sup>16</sup> is the international organization established between the EU and a certain number of third countries with the aim of creating a Pan-European energy market with South East Europe (a unique liberalized area with a common regulatory framework). By signing the Treaty, third countries committed themselves to establish a domestic electricity and gas market that operates under the rules of the EU energy market. The implementation of the Treaty is still on its way, since it requires the gradual transposition of the whole EU energy *acquis* (directives and regulations on electricity, gas, renewable energies, energy efficiency). Yet, in 2013 the Treaty has been extended for additional ten years.

Last but not least, the Council referred to additional concrete tools to pursue all the above-mentioned goals. The multilateral framework of the Paris Agreement surely represents the crucial «multilateral framework governing global climate action» (para. 2). However, it needs to be complemented by closer cooperation on biodiversity, water, energy either by UN initiatives<sup>17</sup> or by other international and regional conventions. Particularly, the Council expressed again its favor for the Commission's Proposal for a "Global Alliance for Circular Economy and Resource Efficiency" as a crucial step towards the implementation of the Paris Agreement's goals of climate neutrality<sup>18</sup>.

Secondly, the approach needs to be tailor-made, meaning that cooperation with third countries should be favored to the extent that a concrete transition to a more sustainable economy is achievable as well as socially balanced<sup>19</sup>. From this point of view, previous experiences of EU Member States on bilateral agreements with third countries should be shared when they successfully stroke a balance between efficiency and cohesiveness. Moreover, a new strategy for international cooperation on energy has to be prepared while taking into account the peculiarities of partner countries (para. 18).

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<sup>16</sup> <https://www.energy-community.org/legal/treaty.html>. For an updated overview of challenges in terms of sustainability and geopolitical consequences, see S. Manolkidis, *Geopolitical Challenges and Cooperation in the European Energy Sector: The Case of SE Europe and the Western Balkan Six Initiative*, in M. Mathioulakis (ed.), *Aspects of the Energy Union. Energy, Climate and the Environment*, Cham, 2021 ([https://link.springer.com/chapter/10.1007/978-3-030-55981-6\\_5](https://link.springer.com/chapter/10.1007/978-3-030-55981-6_5)).

<sup>17</sup> On 26 February 2021, a new agreement has been signed between the European Commission and the UN to enhance cooperation in this field. The agreement is represented by a new Annex to the 2014 Memorandum of Understanding between the EC and UNEP. For more information, see: <https://www.unep.org/news-and-stories/blogpost/european-commission-and-un-environment-programme-agree-reinforce>

<sup>18</sup> The Global Alliance has been officially launched on 22 February 2021 and it was supported by the EU, the UN and eleven countries with the declared aim to boost initiatives related to the circular economy transition: <https://www.unido.org/news/launch-global-alliance-circular-economy-and-resource-efficiency-0#:~:text=22%20February%202021%20%E2%80%93%20Bringing%20together,efficiency%2C%20sustainable%20consumption%20and%20production.>

<sup>19</sup> The need of a "tailor-made approach" in cooperation with third countries was already mentioned in the Council's Conclusions on Climate Diplomacy of 20 January 2021 (para. 8). The Conclusions are accessible here: <https://data.consilium.europa.eu/doc/document/ST-5033-2020-INIT/en/pdf>.

Thirdly, climate action should be effectively integrated in bilateral and multilateral declarations during 2020<sup>20</sup>, including meetings of Development Banks and the International Financial Institutions to support a green recovery from COVID-19.

Fourthly, the implementation of the external dimension of the EU Green Deal requires further support from the High Representative and the Commission (para. 20), in terms of capacity available and information exchange between the EU Green Diplomacy Network<sup>21</sup> and the Energy Diplomacy Expert Group<sup>22</sup>. Particularly, the Council invited Member States to increase their cooperation through a TEAM Europe approach<sup>23</sup> in view of scaling up the EU leadership within the COP26<sup>24</sup>.

Fifthly, stocktaking and reporting under the “Governance of the Energy Union and Climate” received a final but not less relevant mention in the Conclusions. The Governance is a regulatory framework (set down with a Regulation in 2018)<sup>25</sup> that established common rules for drafting, reporting and monitoring. It serves to track progress in climate action and help countries align their national policies on energy and climate with the common goals under the Paris Agreement<sup>26</sup>.

In conclusion, while the Green Deal laid the ground for a prosperous climate-neutral society by 2050, cooperation with third countries seems to be the key for its real achievement. The latest agreement<sup>27</sup> signed by the European Commission on 26 February 2021 stepped up engagement with the UN Environment Programme on various areas of cooperation, including circular economy and healthy ecosystems. This additional step in cooperation just came after the Fifth Session of the UN Environment Assembly (UNEA-5)<sup>28</sup> which catalyzed intergovernmental action to pursue the SDGs (Sustainable Development Goals). On 23 February 2021, the ministers of environment and leaders of more than 150 countries concluded the meeting warning that the world

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<sup>20</sup> The obligation to integrate environmental policies in all EU areas of policy has been first established with the Amsterdam Treaty in 1999.

<sup>21</sup> The network consists of environmental experts together with foreign ministries and it was launched as one of the elements of integration of the environment into external relations. It is specifically aimed at increasing consistency and effectiveness of the EU actions in the domain of the environment. [https://eeas.europa.eu/archives/docs/environment/gdn/docs/gdn\\_more\\_en.pdf](https://eeas.europa.eu/archives/docs/environment/gdn/docs/gdn_more_en.pdf).

<sup>22</sup> The importance of the external dimension of the EU energy diplomacy was already recognized by the European Council in 2015, with the launch of an *EU Energy Diplomacy Action Plan*. For more information, see: [https://eeas.europa.eu/topics/energy-diplomacy/406/eu-energy-diplomacy\\_en](https://eeas.europa.eu/topics/energy-diplomacy/406/eu-energy-diplomacy_en).

<sup>23</sup> The TEAM Europe package has been launched in April 2020 to support partner countries against the consequences of the pandemic. See: [https://eeas.europa.eu/headquarters/headquarters-homepage/77326/coronavirus-european-union-launches-%E2%80%9Cteam-europe%E2%80%9D-package-support-partner-countries-more-%E2%82%AC20\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/77326/coronavirus-european-union-launches-%E2%80%9Cteam-europe%E2%80%9D-package-support-partner-countries-more-%E2%82%AC20_en).

<sup>24</sup> All updates about the next COP26 can be followed on the official website: <https://sdg.iisd.org/tag/unfccc-cop-26/>.

<sup>25</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action.

<sup>26</sup> Member States will report on the implementation of their climate plans for the first time in March 2023: [https://ec.europa.eu/clima/policies/strategies/progress/governance\\_en](https://ec.europa.eu/clima/policies/strategies/progress/governance_en).

<sup>27</sup> See above, footnote 17.

<sup>28</sup> [https://www.unep.org/environmentassembly/unea5?\\_ga=2.116024901.2123992645.1614600882-1754762088.1614096626](https://www.unep.org/environmentassembly/unea5?_ga=2.116024901.2123992645.1614600882-1754762088.1614096626)

risks new pandemics if States don't change how they protect nature. Awareness of the three current planetary crises (climate crisis, biodiversity crisis and waste crisis), close link between human health and nature<sup>29</sup>, role of the UNEP as leading global environmental authority and multilateral cooperation to successfully address global challenges are all key messages of the last UNEP Assembly<sup>30</sup>.

The external action of the EU, with its multifold programme, shines within the global march towards what seems to be “a radical shift in the way we think about nature”<sup>31</sup> and it scales up the same scope of the Green Deal. Existing synergies with partner countries have been reinforced and new areas of cooperation introduced (like those in the Memorandum of Understanding between the EC and the UNEP of 26 February 2021). The upcoming years will be therefore crucial to determine whether the internal and external action in the fields of energy and environment are sufficient to achieve the EU's climate objectives for 2030 and 2050.

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<sup>29</sup> <https://www.unep.org/resources/e-learning/universal-recognition-right-healthy-environment-video-message-ms-inger>

<sup>30</sup> The Assembly meets biennially to set priorities for the development of international environmental policies.

<sup>31</sup> <https://edition.cnn.com/2021/02/18/americas/un-report-climate-making-peace-intl/index.html>