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Europe Wavers on Reaching their Decarbonization Targets

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Since the Russian invasion of Ukraine, global policy emphasis has been placed on energy security, or specifically, securing energy supply and responding to rising prices. Various nations in Europe have been aiming to move away from fossil fuels sourced from Russia, while tackling the rising energy prices by implementing such measures as reducing energy related taxes, regulating retail pricing, and adding windfall taxes. Despite this situation, the EU and the UK have been maintaining their long-term decarbonization goals (to achieve climate neutrality by 2050), and in Europe specifically, the revision of regulations and directives for achieving their 2030 greenhouse gas emission targets (a minimum 55% reduction over 1990 levels by 2030) has largely been enacted. However, dissatisfaction and concern over rising prices (increased economic burden) among citizens, industry, and farmers are simultaneously rising. Consequently, the content of policy geared towards decarbonization targets is being reviewed in each country in light of that dissatisfaction and concern.

Examples of this trend include the UK and Germany. Prime Minister Sunak in the UK announced in September 2023 that policy for achieving Net Zero by 2050 would be revised in order to reduce the economic burden to families.¹ The revisions included such changes as a five-year delay of the ban on sales of new gasoline and diesel automobiles, the delay of the ban on new installations of oil and LPG boilers and coal heating for off-gas-grid homes until 2035 (but with phase-out from 2026), and the establishment of exemptions to the phase-out of fossil fuel boilers, including gas boilers, beginning in 2035. The UK achieved a 49% reduction in greenhouse gas emissions over 1990 levels in 2022, and the Prime Minister decided to revise policy from the standpoint of economic burden, which is of great interest to citizens, after determining that the UK would still be able to comply with international commitments.²

¹ Prime Minister's Office, "PM re-commits UK to Net Zero by 2050 and pledges a "fairer" path to achieving target to ease the financial burden on British families", 20 September 2023, <<https://www.gov.uk/government/news/pm-recommits-uk-to-net-zero-by-2050-and-pledges-a-fairer-path-to-achieving-target-to-ease-the-financial-burden-on-british-families>>.

² Office for National Statistics, "Measuring UK greenhouse gas emissions", Last revised on 4 Decem

However, regarding this policy change, the UK Climate Change Committee has pointed out that no evidence to back the Government's assurance has been offered that the 2030 reduction goals in particular (a 68% reduction over 1990 levels) will be met, and that there is a major policy gap in terms of achieving that goal.³

Meanwhile, in Germany, revisions to the Building Energy Act passed the Bundestag in September 2023, but there was great difficulty during the process from the proposed amendment in April to its passing. The original proposal called for the elimination of fossil fuel-based boilers in 2024, and a mandate that new heating installation must use 65% or more renewable energy from January 1, 2024. However, due to partisan conflict, including within the coalition government, over the cost of heating equipment, the end, it was decided to extend that deadline to 2028 pending the preparation of municipal heating plans for existing buildings and new construction outside new development regions (with specific deadlines set to the end of June 2026 or the end of June 2028 depending on the size of the municipality), and to allow the installation of heating systems that do not meet the 65% requirement until that deadline.⁴

In addition to this, protests by farmers have recently been spreading throughout the EU member states⁵, in both the east and west, and the impact thereof is garnering attention. While the focus of protests varies depending on the country, issues include cheap imports from outside the region (the influx of Ukrainian agricultural products thanks to the establishment of alternative export routes and the move toward the Southern Common Market free trade agreement with southern South America, or MERCOSUR), excessive regulations and bureaucracy at the EU level, and rising energy prices (including the reduction of subsidies for diesel fuel). For example, the federal government in Germany proposed the immediate elimination of tax incentives for agricultural diesel fuel during the review of the

ber 2023, <<https://www.ons.gov.uk/economy/environmentalaccounts/methodologies/measuringukgreenhousegasemissions>>.

³ Climate Change Committee, "CCC assessment of recent announcements and developments on Net Zero", 12 October 2023, <<https://www.theccc.org.uk/2023/10/12/ccc-assessment-of-recent-announcements-and-developments-on-net-zero/>>.

⁴ Bundesministerium für Wirtschaft und Klimaschutz, "Startschuss für klimafreundliches Heizen: Bundestag beschließt Novelle des Gebäudeenergiegesetzes", 8 September 2023, <<https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2023/09/20230908-bundestag-beschliesst-novelle-des-gebäudeenergiegesetzes.html>>.

⁵ Countries including Belgium, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Netherlands, Poland, Spain, and Romania.

2024 budget⁶, but shifted to a phased reduction and elimination by 2026 after fierce opposition. Meanwhile, the French government withdrew a proposal to reduce subsidies for agricultural fuel at the end of January 2024.

Protests by farmers resulted in the withdrawal or revision of policy proposals not only at the member state level, but at the EU level as well. The European Commission proposed a one-year extension to the temporary suspension of import duties on Ukrainian agricultural products in January 2024, but with the assumption of an emergency brake to stabilize imports of chicken, eggs, and sugar, products particularly affecting member states, at the average import volume from Ukraine in 2022 and 2023.⁷ On the same day, the European Commission proposed an exemption from the Common Agriculture Policy (CAP). The CAP is a comprehensive policy common to the EU region that aims to achieve a stable food supply, assurance of farmer income, environmental protection, and rural development. The existing CAP (covering 2023 through 2027) mandates that 4% of farmland must remain fallow, but the European Commission proposed a one-year exemption to that mandate beginning at the start of 2024.⁸ The requirement would be met by using 7% of farmland for growing nitrogen-fixing crops and/or intercrops.

Meanwhile, in February 2024, the European Commission announced the withdrawal of the Sustainable Use Regulation (SUR) aimed at reducing the use of chemical pesticides by half by 2030.⁹ The SUR was proposed by the European Commission in June 2022 as part of the Farm to Fork strategy under the European Green Deal. Designed to build a more sustainable food system, it would have been a change from the existing directive on the sustainable use of pesticides to a regulation and included the imposition of binding reduction targets for member

⁶ The Federal Constitutional Court determined in November 2023 that the application of an unused amount of 60 billion euros, left over from the budget for measures against COVID-19, for use as a climate change fund, was unconstitutional. As a result, the federal government was forced to revise its 2024 budget. The Bundestag and the Bundesrat ultimately passed the 2024 budget in February 2024.

⁷ European Commission, “EU reaffirms trade support for Ukraine and Moldova”, 31 January 2024, <https://ec.europa.eu/commission/presscorner/detail/en/IP_24_562>.

⁸ European Commission, “Commission proposes to allow EU farmers to derogate for one year from certain agricultural rules”, 31 January 2024, <https://ec.europa.eu/commission/presscorner/detail/en/ip_24_582>.

⁹ Olivia Gyapong, “EU Commission chief to withdraw the contested pesticide regulation”, EURACTIV, 6 February 2024, <<https://www.euractiv.com/section/agriculture-food/news/von-der-leyen-to-withdraw-the-contested-pesticide-regulation/>>.

states. However, the draft regulation was rejected¹⁰ by the European Parliament in November 2023, and ultimately withdrawn when no progress was made in discussions by the Council of the European Union. The Agriculture and Fisheries Council confirmed the political will to effectively respond to the concerns of farmers when they met at the end of February 2024. They welcomed the recent agriculture related decisions by the European Commission and reached agreement on short-term responses, including the simplification of complicated requirements and testing methods previously proposed by the Commission, while offering political guidance on the mid- to long-term approach.¹¹

Furthermore, in February 2024, the European Commission recommended¹² a target of 90% reduction in greenhouse gasses over 1990 levels by 2040 and expressed that one of the requirements for achieving that target was strategic dialog on a post-2030 framework, including the industrial and agricultural sectors. However, the recommendation only called for the agricultural sector to play a role in the green transition like other sectors¹³, and no specific numerical target was expressed in light of the farmer protests.

2024 will be an important election year for Europe (both EU and UK). EU Parliament elections are expected for June 2024, while a general election is expected to be held in the UK in the latter half of the same year. In the Netherlands, the Farmer–Citizen Movement (BoerBurgerBeweging or BBB) gained the support of farmers in the provincial elections in 2023 by criticizing the government’s climate change policy (the reduction of nitrogen emissions by half by 2030), becoming the leading party in almost every province and in the Senate. Meanwhile, it has been reported that far-right forces have been taking advantage of the spread of farmer protests. One example of this is the AfD in Germany. According to a report published in February 2024 by the European Committee of the Regions (CoR), there is a strong tendency for rural voters to support and drive Euroskeptic parties in countries that tend to vote for Euroskeptics (particularly Hungary, Poland, and Italy), and their anti-EU rhetoric has succeeded in reflecting their concerns and priorities during major national

¹⁰ European Parliament, “No majority in Parliament for legislation to curb use of pesticides”, 22 November 2023, <<https://www.europarl.europa.eu/news/en/press-room/20231117IPR12215/no-majority-in-parliament-for-legislation-to-curb-use-of-pesticides>>.

¹¹ Council of the EU, “Agriculture and Fisheries Council, 26 February 2024”, <<https://www.consilium.europa.eu/en/meetings/agrifish/2024/02/26/>>.

¹² European Commission, “Commission presents recommendation for 2040 emissions reduction target to set the path to climate neutrality in 2050”, 6 February 2024, <https://ec.europa.eu/commission/presscorner/detail/en/ip_24_588>.

¹³ European Commission, “Securing our future Europe's 2040 climate target and path to climate neutrality by 2050 building a sustainable, just and prosperous society”, COM/2024/63 final.

elections.¹⁴ It is yet unclear to what extent the far-right will expand their influence in the European Parliament election, but it is highly likely that far-right activities to obtain the support of farmers will intensify.

According to the Special Eurobarometer (Climate Change), one of the surveys on specific themes that are part of the Eurobarometer series of surveys run by the European Commission, climate change shifted from first place in the previous survey (March - April 2021), in terms of the ranking of severe problems faced by the world¹⁵, to third place in the most recent survey (May - June 2023), being replaced in first place by poverty, famine, and water shortage, with armed conflict in second place. This change can be analyzed to represent the impact of the invasion of Ukraine and the conflict in Gaza. At the same time, however, 77% of respondents continued to answer that “Climate change is an extremely serious problem,” a figure which has not changed significantly from the past two surveys (in 2019 and 2021).

Furthermore, comparing the results for the Standard Eurobarometer survey from the past five years¹⁶, the ratio of respondents who consider “Rising prices, inflation, and the cost of living” to be the most serious problem faced in each country has been rising since 2021 (with an increase from 16% in winter 2020 to 41% in winter 2021 and 44% in winter 2023.) It is likely that the rising cost of living beginning in late 2021 has had a strong influence on these answers. While the interest of EU citizens in climate change remains high, the increasing interest in rising prices in recent years has been clearly emerging, and it is becoming difficult to ignore its influence, particularly before elections.

¹⁴ Jennifer McGuinn et al., *Rural areas and the geography of discontent*, 2024, European Committee of the Region.

¹⁵ The question was, “Which of the following do you consider to be the single most serious problem facing the world as whole?”, with possible answer choices of, “Climate change / International terrorism / Poverty, hunger and lack of drinking water / Spread of infectious diseases / The economic situation / Health problems due to pollution / Proliferation of nuclear weapons / Armed conflicts / The increasing global population / Deterioration of nature / Deterioration of democracy and rule of law / Other / None / Don’t know”

¹⁶ The Standard Eurobarometer survey is held twice annually (in summer and winter). It is designed with a focus on monitoring trends regarding the EU as a whole, the European Commission’s priorities, and contemporary social and political events. This paper utilized the results from the winter Standard Eurobarometer.

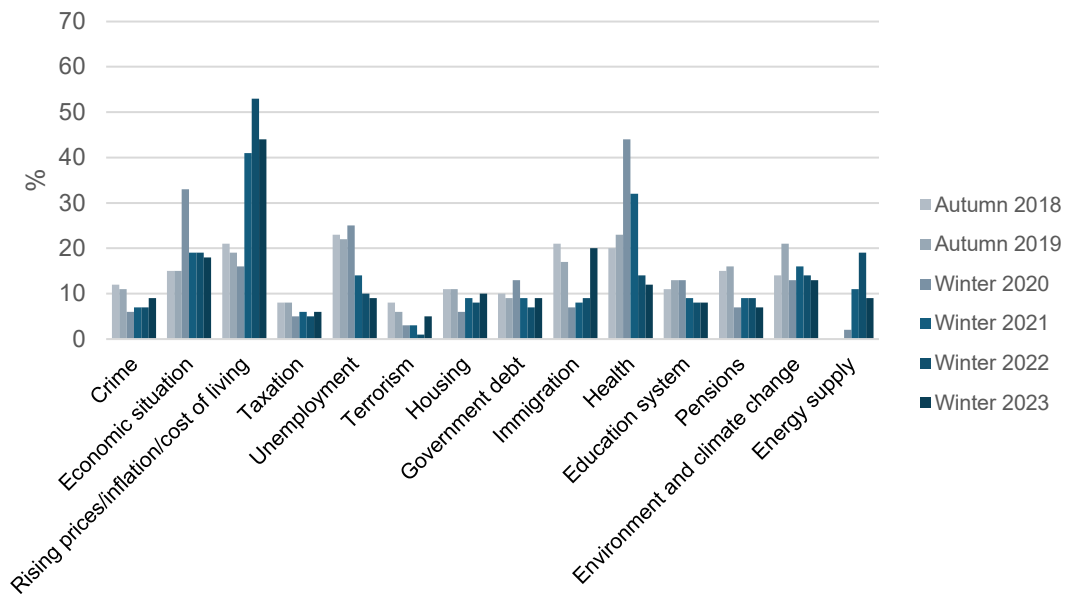


Fig.: Changes in Standard Eurobarometer Responses

Note: Answer to the question, “What do you think are the two most important issues facing (OUR COUNTRY) at the moment?” (MAX. 2 ANSWERS)

Source: Standard Eurobarometer 90, 92, 94, 96, 98, 100

Countries in Europe are rethinking their policy in light of the expanding dissatisfaction and concern with the rising economic burden, but at the same time, there has been additional criticism to the effect that policy changes lower the predictability of policy for companies. In the EU, the 2040 reduction targets will be proposed as legislation by the next European Commission after the coming European Parliament elections. While the center-right European People's Party (EPP) and center-left Progressive Alliance of Socialists and Democrats (S&D) are expected to take first and second place in the coming European Parliament elections, it remains unclear whether the far-right will reach third place or otherwise achieve a position of influence over EU policy issues. Accordingly, an even more difficult balancing act will be required in Europe between the ambitious targets on the one hand versus the agricultural and industrial sector on the other for achieving the goal of climate neutrality by 2050.

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