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# EU Leadership in International Climate Policy: Achievements and Challenges

Sebastian Oberthür and Claire Roche Kelly

Climate change has taken centre stage in European and international politics. It represents one of the most serious threats to international security and the well-being of human kind, as evidenced in the fourth assessment report released by the Intergovernmental Panel on Climate Change (IPCC) in 2007.<sup>1</sup> At the European level, climate change has become a major agenda item regularly discussed by the European Council of EU heads of state and government. Internationally, the issue has become one of “high politics”. In 2007, it was a top priority of the G-8 Summit, and both the United Nations Security Council and the UN General Assembly placed it high on their agendas. Overall, there is hardly any high-level political encounter in which the issue is not discussed.<sup>2</sup>

This article reviews the phenomenon of EU leadership on climate change. Since the early 1990s, the EU has increasingly established itself as an international leader in global environmental governance in general, including with respect to the protection of the ozone layer, biotechnology, biodiversity and related UN reform.<sup>3</sup> EU leadership has been most prominent in the paradigmatic area of climate change. In the following, it is argued, first, that the EU has, over time, considerably improved its leadership record. This improvement is then linked to advances in EU domestic climate and energy policies and recent shifts in the European and international politics of climate change. The major challenges that the EU needs to address if it wants to remain in the lead during the negotiations on a new international agreement on climate change launched in Bali at the end of 2007 (and beyond) are identified. In conclusion, it is argued that relatively

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<sup>1</sup>Intergovernmental Panel on Climate Change (IPCC), *Fourth Assessment Report*.

<sup>2</sup>Ott, Sterk and Watanabe, “The Bali Roadmap”.

<sup>3</sup>See, for example, Falkner, “The Political Economy of ‘Normative Power’”; Oberthür, “EU as an International Actor”; Vogler, “The European Contribution”; Vogler and Stephan, “European Union in Global Environmental Governance”.

favourable conditions exist for the EU to retain its international leadership on climate change for some time to come.

### EU leadership in international climate policy

Since the negotiations on the Climate Change Convention began in 1991, the EU has provided leadership in international climate policy by pushing for stringent international commitments. Even as early as the Convention negotiations, the EU (unsuccessfully) supported binding emission reduction targets for industrialised countries. In the negotiations on the Kyoto Protocol of 1997, the EU proposed the deepest emission cuts and accepted the highest reduction target among the major industrialised countries (-8 percent). The EU has also championed calls for ensuring the “environmental integrity” of the Protocol by demanding priority for domestic action and limits on the use of forests and other carbon sinks.<sup>4</sup> Finally, based on the European Council’s “independent commitment” of March 2007 to reduce by 2020 the greenhouse gas (GHG) emissions of the EU by 20 percent from the 1990 level, the EU was a major driving force behind the launch of negotiations on a global post-2012 climate agreement that was agreed by the parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Bali in December 2007.<sup>5</sup>

Despite its efforts, the EU had a comparatively limited impact on the UNFCCC and the Kyoto Protocol. The architecture of the Kyoto Protocol, for example, was in fact heavily influenced by the United States.<sup>6</sup> However, the achievements of EU leadership have been more impressive in the twenty-first century. After the Bush Administration declared its opposition to the Kyoto Protocol in March 2001, the Union played a vital role in saving it. In particular, it secured agreement on the so-called Marrakech Accords in 2001 that contain implementing rules for the Protocol, and was instrumental in ensuring the Protocol’s entry into force.<sup>7</sup>

The EU has pursued a “soft” leadership strategy. In addition to relying on its general political and economic weight, the EU has generally exerted “directional leadership”,<sup>8</sup> primarily based on soft power resources, which means “leadership by example”, diplomacy, persuasion and argumentation. This strategy may be a matter of both necessity and preference/choice. On the one hand, the EU does not have the political and economic clout to force others to fight climate change. On the

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<sup>4</sup>Oberthür and Ott, *The Kyoto Protocol*; Damro, “EU-UN Environmental Relations”; Bretherton and Vogler, *European Union as a Global Actor*; Groenleer and van Schaik, “United We Stand?”.

<sup>5</sup>Ott, Sterk and Watanabe, “The Bali Roadmap”.

<sup>6</sup>For example, Oberthür and Ott, *The Kyoto Protocol*; Andresen and Agrawala, “Leaders, pushers and laggards”.

<sup>7</sup>Damro, “EU-UN Environmental Relations”.

<sup>8</sup>Skodvin and Andresen, “Leadership Revisited”; Andresen and Agrawala, “Leaders, pushers and laggards” and further literature given there.

other, this leadership approach correlates well with the notion of the EU as a civilian power in pursuit of a rule-based global governance in keeping with its normative preference for soft measures.

The EU still has a long way to go in its leadership efforts to ensure an adequate international response to the challenge of climate change. While the Kyoto Protocol has slowed down the growth of global GHG emissions, the Council of Environment Ministers acknowledged in 2007 that worldwide reductions of GHG emissions of “up to 50 percent by 2050 compared to 1990” are required.<sup>9</sup> Industrialised countries would consequently have to reduce their emissions by 60–80 percent by 2050. Reductions of this magnitude may, together with substantial contributions to limiting GHG emissions by developing countries, just succeed in keeping the increase in the global average temperature to within two degrees Celsius with respect to the pre-industrial level. With setting the two-degrees target, the EU has operationalised the objective contained in Article 2 of the UNFCCC, which is to prevent dangerous anthropogenic interference with the climate system so as to allow ecosystems to adapt, food production to be maintained and economic development to proceed in a sustainable manner. Even then, adaptation to the impacts of climate change will constitute a major political challenge, especially in developing countries. Furthermore, enabling the necessary contributions to the mitigation of GHG emissions by developing countries will require unprecedented transfers of financial resources and technology.<sup>10</sup>

The remainder of this article will discuss the EU’s enhanced leadership record on climate change and identify the challenges and prospects for the EU to continue and to strengthen its international leadership on this issue. The next two sections review the progress made in the organisation of the EU’s external climate policy and in the development of EU domestic climate policy, respectively, as two major determinants of EU international leadership. This is followed by the identification of three major strategic motivations and several key challenges for continued EU leadership.

### **Becoming an international actor: the organisation of EU external climate policy**

Achieving EU unity in external climate policy constitutes a particular challenge due to the EU’s nature as a multiple actor. Yet EU unity at the international level will be of central importance for the Union to be able to exert directional leadership (persuasion, diplomacy, etc.). EU external policy on climate change falls within the

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<sup>9</sup>Council of the European Union, Environment Ministers Press Release 6272/07 (Presse 25), Brussels, 20 February 2007. [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/envir/92864.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/envir/92864.pdf)

<sup>10</sup>See, for example, Ott, *Climate Policy Post-2012*.

“mixed competence” of both the EU/EC and its member states. Consequently, both the European Community (represented by the European Commission) and the individual member states are represented in international climate negotiations, even though they largely act jointly and are recognised as one unitary actor. The need for close coordination between the Community and its member states to ensure that they speak with one voice is evident.<sup>11</sup>

In response to this, a flexible system of EU coordination and representation has been established with a working group of the Council set up in Brussels in the 1990s. It prepares for international negotiations and agrees on negotiating positions which are then usually reflected in Council conclusions. On this basis, the member states and the European Commission coordinate their strategy at international negotiations. The current EU Presidency represents the EU flanked by the European Commission and the incoming Presidency (together forming the so-called “EU Troika”).<sup>12</sup>

The flexible adaptation of this system has enabled the EU to react to changing needs and to enhance its effectiveness. In response to the expanding negotiating agenda in international climate policy, the EU has gradually diversified the system of expert groups supporting the Council working group and has delegated more authority to them to develop negotiating positions. Furthermore, to enhance the efficient use of expertise existing within the EU and to provide for greater continuity and coherence in negotiations, a system of “lead negotiators” and “issue leaders” was introduced during the Irish EU Presidency in the first half of 2004. Thereby, lead negotiators from various member states other than the current EU Presidency and from the Commission are assigned to represent the EU in various international negotiating groups over longer periods of time (on behalf of the EU Presidency). These negotiators also take a lead in developing the EU position in cooperation with selected “issue leaders”.

This system of EU coordination and representation has delivered important achievements. Firstly, it (together with the progress in domestic EU climate policy – see below) has allowed the EU to achieve, gradually since the early 1990s, a remarkable degree of coherence as an actor in international climate policy.<sup>13</sup> By focusing preparatory work on establishing robust general EU positions and increasingly delegating negotiating authority to lead negotiators and the Presidency, the EU has also been able to streamline EU coordination at international negotiations to help gain capacity for outreach to other countries.

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<sup>11</sup>Damro, “EU-UN Environmental Relations”; van Schaik and Egenhofer, *Improving the Climate*; Lacasta *et al.*, “Articulating a Consensus”.

<sup>12</sup>Van Schaik and Egenhofer, *Improving the Climate*; Groenleer and van Schaik, “United We Stand?”; Lacasta *et al.*, “Articulating a Consensus”. Prior to the Nice Treaty of 2001, the Troika was composed of the current, the previous and the incoming Presidency.

<sup>13</sup>Groenleer and van Schaik, “United We Stand?”.

Finally, internal EU discussions have served as an effective preparation for broader international debates. They have also served to “Europeanise” participants.<sup>14</sup>

Nevertheless, EU actorness in international climate politics still faces significant limitations. Even if streamlined, coordination of EU external climate policy among the member states and the European Commission prior to and during international negotiating sessions takes significant time and effort, which limits the EU’s capacities for outreach. The general diplomatic potential of the EU still has to be fully mobilised in support of EU leadership. Furthermore, the differentiated system of EU expert groups under the Council working group is particularly taxing on smaller member states with limited resources. Finally, EU coherence on the international plane remains fragile, especially where it touches upon sensitive issues for which common internal policies remain underdeveloped (such as energy policy, see below).

### **Addressing the credibility gap: progress in EU domestic climate policy**

The progress made in EU climate policy since the 1990s suggests that the Union may be on its way towards closing the credibility gap between international promises and domestic implementation, which has long been the Achilles’ heel of EU international leadership.<sup>15</sup> Such “leadership by example” is of dual significance for the EU’s international aspirations. First, common and coordinated EU policies and measures tend to strengthen a common EU interest in internationalising the related commitments so as to provide a level playing field globally, and thus support EU unity.<sup>16</sup> Second, EU policies that go beyond existing international standards support the EU’s international credibility and provide an effective basis for the EU’s continued international leadership. As argued below, the climate and energy package proposed by the European Commission in early 2008 has a significant potential in this respect. The discussion focuses on climate policies, while wider issues of energy policy are briefly raised in subsequent sections.

### ***From rhetorical leadership to climate policies (1990–2006)***

In the 1990s, effective domestic EU climate policies were slow to emerge. A mechanism for the monitoring of GHG emissions in the EU member states was agreed in 1993. The proposal of the European Commission for a combined European CO<sub>2</sub>/energy tax failed, however, to receive sufficient support from the

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<sup>14</sup>Groenleer and van Schaik, *ibid.*; van Schaik and Egenhofer, *Improving the Climate*; Lacasta *et al.*, “Articulating a Consensus”.

<sup>15</sup>Gupta and Grubb, *Climate Change and European Leadership*.

<sup>16</sup>For this rationale of regional cooperation nested in broader international agreements, see in general Gehring and Oberthür, “Comparative Empirical Analysis”, 340.

first 12 (until 1995) and then 15 EU member states (EU-15). Two programmes for advancing energy efficiency and renewable energies (SAVE and ALTENER) were dramatically weakened in the EU legislative process. Voluntary agreements with European, Korean and Japanese car manufacturers regarding reduced CO<sub>2</sub> emissions from cars were concluded in 1998 and 1999. While this soft form of regulation was the result of the influential car industry's firm opposition to binding legislation, it has failed to deliver the agreed emission cuts. A limited number of other measures with a positive effect on GHG emissions, such as the Landfill Directive (Directive 1999/31/EC), were in most cases motivated by other considerations. Accordingly, progress made in reducing GHG emissions in the EU-15 in the early 1990s resulted mainly from national political developments unrelated to climate change (the dash from coal to gas in the UK and German reunification). Emissions even increased slightly after 1994 and, at the turn of the century, were projected to increase further by 2010 unless additional measures were taken.<sup>17</sup> Overall, a serious credibility gap existed in the 1990s between the EU's international commitments and positions and its domestic climate policies.

The development of EU climate policy gained momentum after the adoption of the Kyoto Protocol in 1997 and the Marrakech Accords in 2001. The 2003 EU Emissions Trading Directive (2003/87/EC) forms the centrepiece of the EU's new climate policy based on the European Climate Change Programme (ECCP), which was launched by the European Commission in 2000. The Emissions Trading Scheme (ETS) sets limits for the CO<sub>2</sub> emissions of large installations which account for about 40 percent of the EU's CO<sub>2</sub> emissions. An apparent over-allocation of emission allowances for the 2005–07 pilot phase led to more stringent review arrangements for national allocations for 2008–12.<sup>18</sup> Further EU climate policies and measures adopted since 2001 include:<sup>19</sup>

- Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources,
- Directive 2002/91/EC on the energy performance of buildings,
- Directive 2003/30/EC on the promotion of biofuels in transport,
- Directive 2004/101/EC on the linking of the EU ETS with the project mechanisms under the Kyoto Protocol,
- Directive 2004/8/EC on the promotion of cogeneration,
- Directive 2006/32/EC on energy end use efficiency and energy services, and
- Regulation EC 842/2006 and Directive 2006/40/EC on reducing the emission of fluorinated GHGs.

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<sup>17</sup>European Commission, *Third National Communication*.

<sup>18</sup>Delbeke, "EU Greenhouse Gas Emissions Trading Scheme"; Skjærseth and Wettstad, *EU Emissions Trading*.

<sup>19</sup>European Commission, *Progress Towards Achieving the Kyoto Objectives*.

In addition to common and coordinated climate policies, domestic measures by individual EU member states form an essential element of EU climate policy. These measures are guided by the so-called burden-sharing agreement that distributes the effort required to implement the EU's joint emission reduction target of eight percent under the Kyoto Protocol among EU member states. The resulting reduction targets, codified into supranational EU law by means of Council Decision 2002/358/EC, range from minus 28 percent for Luxemburg to plus 27 percent for Portugal. Progress in implementing domestic climate policies in individual EU member states since 2000 has been significant but varied across member states.<sup>20</sup>

The EU has nevertheless remained vulnerable to challenges in this period. By 2005, the GHG emissions of the EU-15 were stagnating at two percent below base year levels. Also, deficits in the implementation of existing measures (e.g. the Renewable Energy Directive, voluntary agreements with car manufacturers) left the emission reduction potential of EU policies and measures vastly under-exploited. The policies and measures enacted by the EU and the member states were projected to reduce GHG emissions to four percent below base year levels by 2010. While this constituted a considerable improvement with respect to the situation at the turn of the millennium, when an increase was projected for 2010, the existing measures would fall short of achieving the Kyoto target, even if the planned use of emission credits from abroad were taken into account. Additional measures would be required for the EU-15 to achieve their Kyoto target.<sup>21</sup>

### ***Developments since 2007: closing the credibility gap?***

2007 could enter the history books as a watershed marking the initiation of EU climate policies that eliminate the credibility gap. In March 2007, EU heads of state and government made an "independent commitment" for the EU to reduce its GHG emissions by 20 percent from the 1990 level by 2020 and declared their intention to commit to a 30 percent reduction in the case of comparable commitments by other industrialised countries and adequate contributions by advanced developing countries. In addition, the European Council agreed to increase the share of renewable energy sources in the EU energy supply to 20 percent and the contribution of biofuels in transport to 10 percent in 2020. It also approved the objective of saving 20 percent on the EU's projected energy consumption for 2020.

Subsequently, the European Commission presented a number of proposals for implementing legislation, including: (1) a revised emissions trading directive;

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<sup>20</sup>European Environment Agency (EEA), *Greenhouse Gas Emission Trends and Projections*.

<sup>21</sup>European Environment Agency (EEA), *ibid.*; European Commission, *Progress Towards Achieving the Kyoto Objectives*.



(2) a new decision on the effort-sharing among EU member states of the 20 percent reduction target by 2020 with respect to the sectors not covered by the EU ETS; and (3) a directive on the promotion of renewable energy, including binding national targets. In addition, a Regulation proposed in December 2007 aims to achieve a nearly 20 percent reduction in CO<sub>2</sub> emissions from new cars by 2012.<sup>22</sup>

The adoption of the proposed measures would go a long way to providing credibility for the EU's international leadership on climate change. The proposed legislative measures would together account for the lion's share of the EU's 20 percent emission reduction commitment by 2020. Since the EU ETS would be based on European level allocation and auctioning of emission allowances, CO<sub>2</sub> emissions from new cars would be limited by means of a Regulation (with penalties applied directly to car manufacturers) and renewable energy targets would become binding in supranational law, EU climate policy would also become far less dependent on EU member states.<sup>23</sup> Furthermore, the policy framework resulting from the new measures would set EU climate policy on a clear path for medium- and long-term evolution. It would put in place a credible infrastructure for strengthening the policies (especially by allowing for the numbers of the emissions trading directive and the effort-sharing decision to be ratcheted up), should the international negotiations result in a stronger EU commitment in the future. Overall, it would provide a firm basis for the further evolution and strengthening of EU climate and energy policies. The realisation of the potential of the proposed measures obviously depends on their fate during the legislative process (see also below).

The new wave of climate measures would also imply a major shift in emphasis and competence from the member states to the European level. Given that EU member states have in recent years become increasingly averse to delegating competence to the EU, it is remarkable that a new "communitarised" policy field with a considerable impact on member states and on the daily life of European citizens, including a significant part of energy policy, appears to be emerging. In line with the rulings of the European Court of Justice, this expansion of the internal competence of the Community will also likely affect the external EU competence.

### Strategic motivations for EU leadership

Both domestic politics and institutional underpinnings have remained relatively stable as driving forces throughout the history of international climate policy and have supported EU leadership on climate change.<sup>24</sup> However, three broad strategic

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<sup>22</sup>European Commission, *Europe's Climate Change Opportunity*; European Commission, *Impact Assessment*; the Commission also proposed to include aviation fully in the ETS by 2012.

<sup>23</sup>Further details on the proposed legislative measures and their impact can be found at [http://ec.europa.eu/environment/climat/home\\_en.htm](http://ec.europa.eu/environment/climat/home_en.htm)

<sup>24</sup>Oberthür, "European Union in International Climate Policy".

motivations that reinforce the EU's aspirations for international leadership on climate change in the twenty-first century and support recent policy advances have grown stronger with the rise of climate change on international and European political agendas.

First, climate policy has become an important driver of European integration in general. At the beginning of the twenty-first century, environmental protection was pushed into the background by the Lisbon Agenda of 2000 which placed particular emphasis on improving the competitiveness of the European economy. After the failure of the Treaty Establishing a Constitution for Europe in 2005, the European institutions were looking for opportunities to reinforce their legitimacy and reinvigorate the European integration process. Environmental protection had constantly received high support in Eurobarometer polls for more than two decades. In addition, the urgency and importance of the issue of climate change was increasing with the finalisation of the IPCC Fourth Assessment Report and public opinion polls showed particularly high support for European-level action in this field.<sup>25</sup> As a result, a window of opportunity opened for advancing both internal and external EU climate policy. The European institutions grasped this opportunity to enhance their legitimacy by moving climate change into the centre of the European integration process (which admittedly does not yet ensure substantive action).

Second, intensifying discussions on the security of future energy supplies to Europe have lent strong support to the development of stringent climate policies. Since 2005, soaring oil and gas prices have highlighted the EU's dependence on energy imports which, without targeted counter-measures, is projected to increase from 50 percent in 2005 to about 70 percent by 2030.<sup>26</sup> At the same time as oil and gas prices have increased, political developments in regions with major reserves, including the Middle East and Russia, have fuelled concern about the security of Europe's energy supplies. The resulting energy security agenda has significantly reinforced the climate agenda, especially regarding policies aimed at increasing energy efficiency and the use of alternative sources of energy (but also with respect to relevant energy market reforms).

Third, the position of the EU in the international system and its strategic orientation in international relations, specifically including its strong support for multilateralism, also support EU leadership on climate change. The EU has for some time pursued the objective of enhancing its role as a global actor. Forming a multilateral microcosm of the international system itself, the EU has also been one

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<sup>25</sup>Eurobarometer Special Public Opinion polls (1972–2008). [http://ec.europa.eu/public\\_opinion/archives/eb\\_special\\_en.htm](http://ec.europa.eu/public_opinion/archives/eb_special_en.htm); and “Tomorrow's Europe” poll (2007). [http://www.tomorrowseurope.eu/IMG/pdf/Final\\_results\\_summary\\_Oct\\_22.pdf](http://www.tomorrowseurope.eu/IMG/pdf/Final_results_summary_Oct_22.pdf); see also IPCC, *Fourth Assessment Report*.

<sup>26</sup>European Commission, *Sustainable, Competitive and Secure Energy*.

of the most fervent supporters of multilateralism and international law as the backbone of global governance.<sup>27</sup> Under these circumstances, climate change is an area particularly well-suited to the EU's pursuit of international leadership. Climate change and the Kyoto Protocol enjoy a high international profile, and leadership in this area can build upon the EU's soft power resources. Furthermore, the UNFCCC and the Kyoto Protocol have already proven their suitability as a multilateral framework for pursuing EU leadership.

Having grown in importance during the last decade, these strategic factors can, on balance, be expected to continue to support EU leadership in international climate policy for some time. Since public concern about the environment has been relatively stable for decades, we can expect public support for EU climate policy to remain high. Bound by their past commitments, European heads of state and government are furthermore likely to continue to use this source of legitimacy. The energy security agenda can be expected to continue to be fuelled by high energy prices, limited European energy reserves and the problematic political situation in supplier countries. Climate governance, finally, can be expected to remain a primary and most suitable forum for the EU's pursuit of a role as a global actor in the context of multilateralism. Overall, these factors should continue to support the development of both external and internal climate policies.

## **Challenges ahead**

Despite the mentioned supporting factors, the EU faces a number of challenges in its aspirations for international leadership on climate change, including: (1) the further development and implementation of domestic policies, (2) the further coordination of the EU's environmental diplomacy; (3) the implications of the EU's enlargement from 15 to 27 member states; (4) the further development of EU policies beyond GHG emission mitigation and, in particular, policies for effectively addressing climate change in developing countries; and (5) ensuring EU unity in the face of recurring centrifugal forces.

## ***Advancing the EU policy framework***

Even though the EU has made important progress in its domestic climate policies, it can and needs to further advance domestic action on climate change in four areas in particular:

- First, realising the potential of the aforementioned legislative proposals presented by the European Commission in 2007 and early 2008 will depend on their early and full implementation. The new legislation would

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<sup>27</sup>European Commission, *European Union and the United Nations*; European Commission, *Making Multilateralism Matter*.

- need to be adopted before the election of a new European Parliament in mid-2009 in order to support EU leadership in the international negotiations on a future climate agreement that are to be concluded by the end of 2009.
- Second, the legislative proposals will need to be strengthened even further in order to meet the EU's objective of keeping the increase in global mean temperature below two degrees Celsius. This limit requires industrialised countries to reduce domestic GHG emissions by up to 40 percent by 2020, and 80 percent by 2050. Even a strengthened EU target of 30 percent by 2020 would, according to the European Commission's proposal, only mean a reduction of emissions inside the EU of about 20 percent, while the remainder could be covered by emission credits acquired from developing countries. With EU member states demanding even more flexibility, the domestic emission reductions would be too low to reach the two-degree target.
  - Third, improving energy efficiency promises multiple dividends (reducing costs, protecting the climate, enhancing energy security). However, the EU-15 only achieved less than half of their target of improving energy efficiency by 20 percent between 1986 and 1995. While several measures have been introduced (including the aforementioned voluntary agreements with car manufacturers and the Directive on the energy performance of buildings), energy efficiency improvement has slowed even further since 2000. The measures taken have not yet succeeded in exploiting the enormous potential for cost-effective energy savings of (another) 20 percent.<sup>28</sup>
  - Finally, the need for enhanced policy coherence persists. Efforts to liberalise energy markets in Europe, for example, have so far largely failed to exploit the potential for synergy with the climate policy agenda. With regard to the EU's external policies, both trade policies and EU development assistance have been slow to integrate climate concerns.<sup>29</sup>

### ***Advancing the EU's environmental diplomacy***

The EU's international performance can be further improved by leveraging its diplomatic potential. Since other resources available to the EU are limited, the Union has to focus its efforts on developing its soft power capabilities. Diplomacy constitutes a prime tool of soft power and of foreign policy in general, and the EU possesses a particular diplomatic potential because of the diverse international contacts of its various member states. However, this potential has to be exploited more fully. Diplomacy has remained the prerogative of the foreign ministries of

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<sup>28</sup>European Commission, *Green Paper on Energy Efficiency*; European Commission, *Action Plan for Energy Efficiency*, European Environment Agency (EEA), *Europe's Environment: Third Assessment Report*, EEA assessment of European energy consumption and intensity. <http://dataservice.eea.europa.eu/atlas/viewdata/viewpub.asp?id=3389>

<sup>29</sup>See also Vogler, "European Contribution to Global Environmental Governance".

individual member states. Apart from the establishment of a loose “green diplomacy network”, coordination of the EU’s diplomatic efforts has remained piecemeal.<sup>30</sup> The EU diplomatic service (External Action Service) to be set up pursuant to the Lisbon Treaty of 2007 may help improve the situation.<sup>31</sup> However, national foreign services are likely to remain at the centre of EU diplomacy, so major benefits will depend especially on improved coordination of the diplomatic efforts of member states.

### ***Coping with enlargement***

The challenges arising from the enlargement of the EU to 27 member states are continuing to unfold. This enlargement has widened internal diversity, making it more difficult to reach agreement, even where there is qualified majority voting, because the options for forming blocking minorities have increased. Pending the entry into force of the Lisbon Treaty and further institutional reform, this is bound to complicate decision-making on internal and external climate policies. The new member states have also been, so far, less enthusiastic and proactive in supporting stringent climate policies at both the international and European levels. Thus, intensified efforts to broaden and deepen a joint European vision of global climate governance might be needed to enhance the “Europeanisation” of this policy area and foster internal coherence. If carried out successfully, enlargement could turn from a challenge to an opportunity for EU leadership as it increases the weight of the EU and its diplomatic potential. If not, enlargement could end up significantly impeding EU unity and progress in the development of internal EU climate policy.

### ***Dealing with a broadening international agenda***

International leadership of the EU faces the challenge of keeping in step with the evolution of the international climate agenda. Effective long-term EU leadership will require actively developing and responding to this agenda. Climate change cannot be countered effectively without major contributions from developing countries and, in particular, from the larger and more advanced ones (China, India, Brazil, South Korea, South Africa and others). To this end, policies must be developed that respond to the particular needs of developing countries and enable them to make the required contributions. Indeed, the international climate agenda has evolved in the twenty-first century to give much more weight to capacitating developing countries to respond effectively to the climate change challenge. Such capacitating will in particular require enhanced and targeted transfers of financial resources and relevant technologies, promoting climate-friendly investments and supporting the development of adequate

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<sup>30</sup> *Ibid.*

<sup>31</sup> Van Schaik and Egenhofer, *Improving the Climate*.

policy frameworks. Consequently, the international climate policy agenda has broadened beyond GHG emission mitigation to include financial assistance and investments, technology transfer, adaptation and equity. This broadening agenda will require the EU to develop its leadership beyond “leadership by example” of domestic climate policies. As a consequence, it will have to intensify its efforts to develop effective internal and external policies addressing the broadening agenda. By implication, this broadening agenda also heightens demands on the EU to enhance the coherence of related policies, including international trade and investment, and development assistance.

### ***Preserving and expanding EU unity***

Finally, EU unity in external climate policy remains precarious (even beyond the aforementioned challenge posed by enlargement). For some time now, EU unity has been facilitated by favourable external circumstances. In particular, the withdrawal of the Bush Administration from the Kyoto process helped unite Europe.<sup>32</sup> Also, EU leadership on climate change has not yet been seriously challenged by developing countries. However, developing countries are engaging increasingly actively in international climate policy and internal US politics suggest an imminent US re-engagement in this field.<sup>33</sup> These international dynamics are likely to hamper efforts to secure EU unity in at least two inter-related ways. First, judging from past experience, the EU’s international partners, once they become more assertive, are likely to try to divide the EU. Second, and as a result, the need for the EU to address potentially divisive issues – such as nuclear energy and external energy policy (see, for example, the conflict between Germany and Poland regarding the planned North Stream gas pipeline through the Baltic Sea) – will intensify. Despite the advancement of domestic climate policies, securing EU unity may thus become more difficult in the future.

### **Conclusion**

Since the beginning of the 1990s, the EU has assumed a clear leadership position on climate change. It has consistently been the force among the major international actors pushing for the most far-reaching measures to mitigate climate change. In 2007, the EU renewed this leadership by unilaterally committing to cutting its GHG emissions by 20 percent by 2020.

Over the years, the EU has been able to improve its leadership record considerably. First of all, the Union has enhanced the organisation and coordination of its external climate policy. Furthermore, progress in the development and implementation of

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<sup>32</sup>Wettestad, “Making of the EU Emissions Trading Directive”.

<sup>33</sup>See also Oberthür, “European Union in International Climate Policy”.

internal climate policies (including the EU Emissions Trading Scheme) has helped to reduce the credibility gap between international promises and domestic action. Further legislative proposals presented by the European Commission in 2007 and early 2008, would, if implemented, not only result in the communitarisation of a large and important policy area, but could also greatly enhance the effectiveness of EU climate policy.

A number of factors have come to support EU leadership on climate change and help explain the progress made. EU leadership has increasingly been driven by the EU's aspirations to enhance its role as a global actor and its pursuit of multilateralism. As a result of high levels of public support for European-level action, climate change has become an important driver of the European integration process and the European Council has committed itself to taking action in this field. Finally, the heightened energy security agenda and concern about rising energy prices support effective EU climate policies. These factors can also be expected to support EU leadership on climate change for some time into the future.

A number of challenges nevertheless remain to be addressed. The legislative proposals need to be enacted and further strengthened, and additional measures will have to be initiated to enhance policy coherence and effectiveness across policy domains (including trade, agriculture and development assistance). Internationally, the role of the EU could be considerably strengthened by improved coordination of EU environmental diplomacy. Yet, enlargement of the Union could make this more difficult. The EU will also have to come to grips with a changing and expanding international climate agenda including capacity building, adaptation, technology transfer, and finance and investment. Ensuring EU unity in the face of increasing external challenges and persistent internal policy divergences (e.g. nuclear energy, external energy policy) will remain a constant and possibly intensifying challenge.

Overall, chances are good that the EU will remain a progressive force in international climate policy for some time to come. The policy changes initiated, if carried through, will improve the EU's basis for working towards the long-term GHG emission reductions required. The conditions for the EU to address the aforementioned challenges effectively are also relatively favourable. Whether the EU retains its international leadership position, however, will depend not only on its own actions but also on other actors such as the US and major developing countries. Their challenge to EU leadership on climate change could grow<sup>34</sup> – and while this could be a problem for the EU, it would be good news for international climate policy.

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