

“This crisis confronts us with a deep ethical question: do we choose nationalism, or solidarity at the global level?”

Take-aways of the third #FlorenceLive conversation about a post-corona world

#FlorenceLive 3 on Climate, 1 June

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The STG webcast series continued with a discussion on how the Covid-19 crisis will affect emissions of greenhouse gases as well as action against climate change. The hour-long livestreamed panel-debate featured Brigitte Knopf (Secretary-General of the Mercator Research Institute on Global Commons and Climate Change) and Harald Winkler (Director of the Energy Research Centre at University of Cape Town and coordinating lead author for the Intergovernmental Panel on Climate Change), with the participation of Peter Vis (Senior Advisor at Rud Pederson Public Affairs and former Chief of Staff of European Commissioner for Climate Action Connie Hedegaard), was moderated by Jos Delbeke (Professor at the EUI and former Director-General for Climate at the European Commission), and addressed the following themes:

- Lockdowns have brought the economy to a near-standstill, and greenhouse gas emissions have reduced, but for how long?
- What policy responses are being implemented nationally (or regionally for the EU) to head off a looming recession or depression while keeping climate action goals on track?
- What international cooperation with a climate perspective is being maintained and strengthened as a “new reality” for international trade and finance is emerging?

9 key take-aways:

Analysis

1. **Emissions drop... and bounce?** Measures taken to reduce the spread of Coronavirus have reduced greenhouse gas emissions by an estimated at 4-7%, mainly due to diminished surface transport and industrial output overall (though numbers differ by country). Even at this rate, it would take 10 years of lockdown to achieve emissions targets leading to +1.5°C of global warming, the most ambitious climate scenario. Worse, past crises show that emissions quickly return to their previous path with no sustained drop: pent-up demand may contribute to emissions to rise quickly after lockdowns end.

2. **To recovery, and beyond:** Recovery programmes face a triple threat: badly designed policies with perverse incentives, bad implementation of policies with no complementarity, and “greenwashing”. They will have a huge macroeconomic impact as countries, many with already little to no fiscal space, will take on large amounts of debt to finance them.
3. **A Green, European, recovering machine?** The EU’s proposed recovery package takes on debt in its own name and is discussing expanding its own resources to repay it, possibly by a share of auctioning revenues from its Emissions Trading System or a carbon border adjustment mechanism. This is an undeniable step forward in integration for the EU, but further steps will have to follow, such as an expansion of carbon pricing to sectors not currently covered. It remains to be seen how the ambition for a European Green Deal and its Corona recovery will dovetail.
4. **The dirty elephant in the room:** Coal use is still one of the biggest global problems. While there is a long phaseout planned in some countries (like Germany), others (like South Africa) remain very dependent on it. China is significantly increasing its use of coal in power generation, sending a very negative signal, while the introduction of a national carbon pricing system is likely to be slow and possibly inadequate.
5. **“COPout” to Corona?** International cooperation on climate change is under severe strain: the US had already announced its withdrawal from the Paris Agreement in 2017, and now this year’s COP26 has been postponed. It was meant to be the first review of Nationally Determined Contributions for emissions reductions mandated by the Paris Agreement. The crisis has demonstrated once again the propensity of States to act selfishly, which, unfortunately, can be a selfishly “winning” strategy as free-riders still benefit from the efforts of others: the collective action problem remains difficult to solve, even in the face of extraordinary events.

Recommendations

1. **Seize the (green) day:** Governments need to seize the opportunity with a firm political will to make recovery packages truly green and not bend to established interests, like the automobile or airline industries. This is the time to think of recovery programmes as laying the groundwork for a “just transition”, mobilising green finance for investments in clean electricity generation, electromobility and infrastructure, in order to make reductions in greenhouse gas emissions sustainable. Carbon pricing will be key to steering these investments.
2. **It’s more than just a transition...** It is simple enough to phase out coal-produced energy, as renewable energy technologies are mature enough to be financed by the private sector; it is much more difficult and expensive to reorient coal-dependent communities, as the examples of Germany or the Netherlands show. Phasing-out coal will require a carefully designed, multifaceted and sequenced just transition.
3. **Getting it right:** Stronger international cooperation must be pursued. Postponing the COP26 is an occasion to prepare for it more thoroughly, and a measure of certainty will be provided as the next US elections will be over. Debt relief is already on the table for developing

countries; developed countries' recovery programmes must take into account their effects on global inequality, which has been exacerbated by the crisis.

4. **Talking green to the world:** The EU should strengthen its recovery proposals in both their green and international dimensions. It could introduce carbon pricing on imports of energy intensive goods, as well as extend its help to developing countries for green projects. While the EU-China summit desired by Germany during its Council presidency has been postponed, the EU should continue to solicit constructive engagement with China. Commission President von der Leyen declared the EU's engagement with Africa a priority: this year's EU-African Union summit should be maintained in some form in order to coordinate over the ongoing Corona crisis and the looming climate crisis.

Online reactions: On Facebook a global audience followed the livestream with viewers tuning in from across Europe, the US, India, Kenya, to name but a few. Over 20 comments were posted before, during or after the event including about a dozen questions addressed to the panel. In total, the video has been viewed over 1000 times as of 5 June.

(Re)watch the conversation at stg.eui.eu/events/FlorenceLive