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# POLICY BRIEF

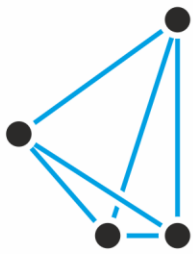
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Think Visegrad in Brussels

## EU Climate Policy as a challenge for Central Europe

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## The European Green Deal as the priority for the current institutional cycle

The EU has continuously increased its level of ambition in the climate policy and is committed to being a leader in global efforts, compliant with the Paris Agreement commitments. In November 2018, the European Commission unveiled its long-term strategic vision for the European economy by 2050, envisaging the ambition to become climate-neutral within this time-span. As a consequence of the rising awareness in the European societies and the successes of Green parties in the European Election in May 2019, the EU institutions have begun to prepare qualitative breakthrough with regard to the climate issue. This development was also connected with insufficient progress at the international level and in particular the US withdrawal from the Paris Agreement. The climate agenda was made a priority by Ursula von der Leyen, who had been elected the new President of the European Commission in July 2019. The concept of the European Green Deal was presented on December 11th 2019 as soon as the new College composition was approved on November 27th and could take office<sup>1</sup>. The core announcement concerned drafting the European climate law until March 2020. This legislation should entail climate neutrality by 2050 as a legally binding objective<sup>2</sup>. Subsequently, the European Council endorsed the ambition of achieving a climate-neutral EU by 2050 on December 12-13th 2019<sup>3</sup>. However, this decision was accompanied by the reservation that Poland cannot commit to implementing this objective at this stage<sup>4</sup>.

The European Parliament is increasingly putting pressure on the EU institutions as well as on the Member States to take decisive steps towards a more ambitious action and adoption of the renewed comprehensive climate policy. Two resolutions adopted on 28 November 2019 aptly illustrate this pressure: one on the climate and environment emergency and another on the 2019 UN Climate Change Conference in Madrid (COP 25)<sup>5</sup>.

The increased level of the EU ambition with regard to the climate policy has become a serious challenge for Central-European countries as far as the long-term economic and societal implications of such a development are concerned.

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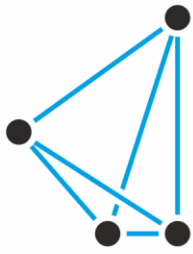
<sup>1</sup> European Commission, Communication The European Green Deal, COM/2019/640 final, Brussels, 11.12.2019.

<sup>2</sup> Ibidem p. 4.

<sup>3</sup> European Council conclusions, 12 December 2019, p. 1, <https://www.consilium.europa.eu/en/press/press-releases/2019/12/12/european-council-conclusions-12-december-2019/>.

<sup>4</sup> Ibidem.

<sup>5</sup> The European Parliament declares climate emergency, Press Release, <https://www.europarl.europa.eu/news/en/press-room/20191121IPR67110/the-european-parliament-declares-climate-emergency>.



Nevertheless, the V4 has not been able to develop a common position due to the different starting points in terms of energy mix. It manifested clearly on the occasion of the European Council in June when Slovakia decided to join the supporters of a more stringent climate policy shortly before the summit. At that time, Poland, Czechia and Hungary, accompanied by Estonia, opposed the agreement on carbon neutrality by 2050. Further shifts in position occurred at the European Council in December when Hungary and Czechia received confirmation that nuclear energy will remain in the national energy mix. In the upcoming months of negotiations of the detailed regulations, all Visegrad countries will be confronted again with the question of the long-term impact on their economies and societies.

The aim of this paper is to present selected societal and economic aspects that contribute to the cautious position of these countries towards the new European climate agenda, and in particular to Poland's request for more time with regards to climate neutrality by 2050.

## The attitude of the societies towards the action against climate change

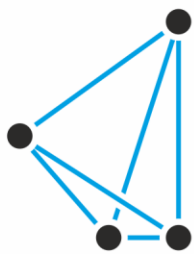
### *Out of range of the political "green wave" in Europe*

While analyzing the stance towards the EU climate policy in Central Europe, one should keep in mind the previous weakness of the Green parties in the region. It was expressly visible in the elections to the European Parliament in May 2019, when representatives of this political family considerably improved their results in Western Europe while their counterparts in Central Europe performed poorly<sup>6</sup>.

Consequently, the political ownership of the climate change issue in terms of political strength and creditability is largely missing. These features of the political landscape are reflected in the policy making as well as in the public debate. However, one should not infer from the weakness of the Green political forces that the interest in the climate related issues is missing. There are specific issues which enjoy high societal attention, for example the air pollution in Poland or scarcity of water resources in Czechia and increasingly in Poland, too. More broadly, the environmental topics are relevant in the party competition in Slovakia.

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<sup>6</sup> Jakub Groszkowski, Central Europe in the European Parliament elections, 2019-05-29, <https://www.osw.waw.pl/en/publikacje/analyses/2019-05-29/central-europe-european-parliament-elections>



## *Rising recognition of the climate change as a serious problem*

As the recent Eurobarometer survey has proven, awareness of climate change and the need for action is increasingly widespread within the EU<sup>7</sup>. This also applies to Central Europe. The clear majority of respondents in the Visegrad countries consider climate change to be a “very serious” problem: 70% in Poland, 71% in Czechia, 70% in Slovakia and even 85% in Hungary, which is above the EU average of 79%. It is noteworthy that since the previous survey conducted in 2017<sup>8</sup>, the result has increased by 14 percentage points in Czechia, by 12 percentage points – in Poland, and by 11 percentage points in Slovakia.

Generally, almost one quarter (23%) of respondents in the EU believe that climate change is the single most serious problem facing the world, which is only below the result for the poverty, hunger and lack of drinking water (27%)<sup>9</sup>. Most importantly, there was an 11 p.p. increase for the climate change and parallel nine p.p. decline for the international terrorism, which was mentioned by 15% of the respondents<sup>10</sup>. In the Visegrad countries, the proportion of those who consider climate change to be the single most serious problem facing the world is below EU average (ranging from 13% in Slovakia, 15% in Czechia and in Poland to 17% in Hungary). Nevertheless, this is still a remarkable increase since the last survey in 2017. With regard to this question, Poland stands out because of the most numerous mentions of international terrorism (23%) and armed conflicts (16%) and Slovak respondents also pointed at the economic situation (14%).

Moreover, one should highlight the positive attitude towards the aim of building a climate-neutral economy in the EU by 2050 with 87% respondents supporting this aim in Poland, 89% in Czechia, 91% in Slovakia and 95% in Hungary, which is again even above the EU average of 92%<sup>11</sup>.

## *Expectations towards the EU actions*

An interesting picture was painted by analyzing the answers to the question of who within the EU is responsible for tackling the climate change. While respondents in Czechia and in Poland perceive first the national governments in charge, the Slovaks and Hungarians attribute the main responsibility to business and industry. The result of 32% for business and industry in Poland was the lowest EU-wide, while

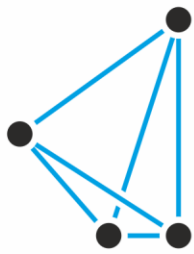
<sup>7</sup> Special Eurobarometer 490 Climate Change, Report, [https://ec.europa.eu/clima/citizens/support\\_en](https://ec.europa.eu/clima/citizens/support_en), hereinafter referred to as Eurobarometer 490.

<sup>8</sup> Special Eurobarometer 459, Climate Change, Report, [https://ec.europa.eu/clima/sites/clima/files/support/docs/report\\_2017\\_en.pdf](https://ec.europa.eu/clima/sites/clima/files/support/docs/report_2017_en.pdf).

<sup>9</sup> Eurobarometer 490, p. 5 ff.

<sup>10</sup> Eurobarometer 490, p. 5.

<sup>11</sup> Eurobarometer 490, p. 90 ff.



the average was 51%. The EU has been mentioned by 49% in Slovakia, 43% in Czechia, 37% in Poland and 34% in Hungary vs. the EU average of 49%<sup>12</sup>.

According to the conclusions of the December European Council, the European leaders are convinced that the transition to climate neutrality will bring significant opportunities, in particular a potential for economic growth, for new business models and markets, for technological development and – most importantly – for new jobs<sup>13</sup>. The expectations whether the EU action will have a positive boost on the economy has also been subject of the above mentioned Eurobarometer survey.

The proportion of respondents who believe that adapting to the adverse impacts of climate change can have positive outcomes for citizens is above the EU average of 70% in Hungary, Slovakia and Poland (respectively 77%, 75%, 71%). Only the Czech respondents are more skeptical, with the result being 52%<sup>14</sup>.

Almost eight in ten (79%) respondents in the EU agree that taking action on climate change will result in innovation leading to greater competitiveness of EU companies. The Czech respondents were also less optimistic (63%) in comparison to the other Visegrad countries (77% in Hungary, 78% in Poland, 80% in Slovakia)<sup>15</sup>.

A large majority of respondents in Slovakia (89%), Poland (87%), and Czechia (83%) agree that their national government should set ambitious targets to increase the use of renewable energy. Moreover, the Hungarian respondents are more likely to support this view than the EU average (92%). The support for the increased energy efficiency measures by 2030 are at the level of 82% in Czechia, 87% in Poland, 88% in Slovakia, and even 93% in Hungary vs. the EU average of 89%<sup>16</sup>.

The opinion that more public financial support should be given to the transition to clean energies, even if it means reduction of subsidies to fossil fuels, is shared by 89% of respondents in Hungary (above the EU average of 84%), 83% in Slovakia, 80% in Poland and 74% in Czechia<sup>17</sup>.

In conclusion, it can be stated that the Eurobarometer survey indicates that awareness of the climate issues is rising in Central Europe. These results should be compared with more detailed studies, adopted to the domestic circumstances. It can generally be assumed that the societies in the region provide sufficient support for increased effort in the EU climate policy. However, this attitude will be seriously tested when the impact on the economic situation affects everyday lives.

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<sup>12</sup> Eurobarometer 490, p. 28 ff.

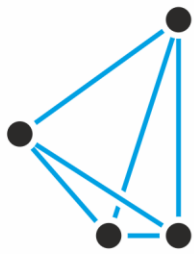
<sup>13</sup> See Footnote 3.

<sup>14</sup> Eurobarometer 490, p. 74 ff.

<sup>15</sup> Eurobarometer 490, p. 55 ff.

<sup>16</sup> Eurobarometer 490, p. 78 ff.

<sup>17</sup> Eurobarometer 490, p. 69 ff.



## *The scale of the challenge*

The EU commitment to the climate neutrality by 2050 will inevitably be followed by raising emissions targets for 2030. According to the roadmap presented by the European Commission, the comprehensive plan to increase the EU 2030 climate target to at least 50% and towards 55% in a responsible way will be delivered by summer 2020<sup>18</sup>. Most of the member states will be cautious about entering new obligations because emission cuts of 40% by 2030 already require a significant effort. As it was stated in the recent report by the European Environment Agency, aggregated projections from member states indicate that the EU is currently not on track for the 2030 reduction target of 40%. Although there are some improvements in comparison with last year's projection, meeting the 2030 target will demand further efforts<sup>19</sup>.

All four Visegrad countries are among the 12 EU member states where coal is still mined. They also belong to the group of the 21 member states in which coal-fired power plants still operate. The number of jobs in coal power plants and coal mines at country level is respectively: 13,000 / 95,000 in Poland, 3,600 / 24,700 in Czechia, 500 / 2,200 in Slovakia, and 900 / 1,700 in Hungary<sup>20</sup>. The demanding task of structural changes in the coal-producing regions creates a serious challenge not only for Poland, which will be extremely affected due to its dependence on coal<sup>21</sup>.

All these factors contribute to the high significance for the Visegrad Countries of the Just Transition Fund. Although the instrument has been announced, there is still lack of clarity about its final shape and the rules defining the priorities in its distribution within the EU. More concrete proposal is expected to be presented in January 2020.

Furthermore, the comprehensive character of the new economic model, which should be introduced by the European Green Deal, will have deep implications going beyond the traditional energy sector. Therefore, it is necessary to begin preparations for a much broader impact. In particular, the Visegrad countries have to expect that the automotive sector will suffer significantly as well due to the technological restrictions or due to upcoming changes in the modalities of transportation. Furthermore, the consequences for the food industry could also be severe due to the discussed contribution of the agriculture to the climate protection. As a result, the initiated transformation will become a task with many unknowns.

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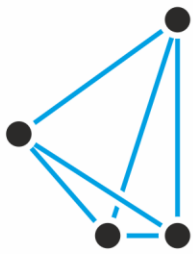
<sup>18</sup> European Commission, Annex to the Communication The European Green Deal, COM(2019) 640 final, Brussels, 11.12.2019, p. 2.

<sup>19</sup> Footnote: European Environment Agency, Trends and projections in Europe 2019 Tracking progress towards Europe's climate and energy targets, Report No 15/2019, p. 7

<sup>20</sup> European Commission, EU coal regions: opportunities and challenges ahead, Report, Joint Research Centre, 2018, p. 21, <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/eu-coal-regions-opportunities-and-challenges-ahead>

<sup>21</sup> European Parliament Research Service, EU support for coal regions, Briefing, 2019, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_BRI\(2019\)642217](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2019)642217)





A closer look at the employment data can give an idea of the possible implications for Central Europe. According to the estimations of the SpotData analytical centre, the share of jobs in areas expected to be most affected by the upcoming transformation in the region is particularly high<sup>22</sup>. The problem concerns such branches as coal mining, natural gas exploration, energy sector, manufacturing of car components and entire vehicles, metals and non-metallic minerals processing, and air and land transport. While the EU average jobs at risk is 6.2%, the respective rate for the Visegrad Countries is 12.7% in Slovakia, 12.3% in Czechia, 9.9% in Poland and 9.8% in Hungary. By comparison, the proportion of jobs at risk in the total number of employees is 6.2% in Germany, 5.5% in France and 3.4% in the Netherlands. The economic and social costs of the decarbonization will not be spread evenly within the European Union. It should be a common interest of the EU countries to avoid the new version of the West-East divide, taking into consideration that no one will derive lasting profits from it despite possible short-term advantages.

## Outlook

The potential for joint action of the Visegrad countries in the process of negotiations concerning the new comprehensive legislation at the EU level has been limited. This results from the differences arising from differences in the energy mix composition and the varying scale of exposure to the upcoming structural change. Nevertheless, joint regional effort could prove beneficial in terms of reducing the impact of accelerating decarbonization. All four Visegrad countries can still advocate together that the reinforced support for the transition is needed beyond financial means in the cohesion policy. Even when choosing a different strategy, in the end all countries will be confronted with the social costs caused by the structural changes in their national economies.

<sup>22</sup> Ignacy Morawski, Jest Zielony Ład – zaczyna się prawdziwa rewolucja, <https://spotdata.pl/blog/2019/12/12/jest-zielony-lad-zaczyna-sie-prawdziwa-rewolucja/>

