

TEPSA EXPERTS' DEBRIEF

- Issue XX -

# TAKING THE TEMPERATURE OF EU CLIMATE POLICY

# Foreword

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A debate is raging in Europe about the European Green Deal. Launched with great fanfare and against a background of broad political support in 2019, it shaped the mandate of the first von der Leyen Commission. Seven years later, that consensus has eroded. Russia's war against Ukraine and the resulting energy shock have changed the economic and geopolitical environment. Competitiveness, economic security and defence have moved up the political agenda, while increasingly difficult questions are being asked about who should bear the costs of the green transition and how competing claims on Europe's financial resources can be reconciled. Populist forces across Europe have also revived the familiar theme of "elites" imposing costs on the weakest members of society.

Against this background, TEPSA wanted to take a fresh look at the debate and make sense of what is happening. We therefore invited 10 experts to give us their assessment of the European Green Deal and their ideas on the way ahead. We are grateful for the contributions we received. None is complacent about the difficulties confronting Europe. But, with one exception, they argue for staying the course and pressing ahead with the Green Deal, while adapting its implementation to the obstacles encountered and to a profoundly changed political and economic environment.

The dissenting voice is Jean-Luc Demarty, who offers a fundamental criticism of the way the European Union (EU) has pursued the Green Deal. His contribution echoes concerns about the scale of the regulatory and administrative constraints imposed on the European economy and the competitive advantage this may give to China. He also questions the impact of unilateral European action given the EU's relatively small and declining share of global emissions. His prescription is not merely simplification but deregulation.

Most of the other contributors reach a very different conclusion. For them, the new emphasis on competitiveness, resilience and strategic autonomy is not an argument for abandoning the Green Deal but, on the contrary, for making it work better. As Francesca Colli writes, "the climate imperative is clearer than ever". By concentrating where possible on win-win solutions and making the benefits more tangible to citizens, she argues that the EU can return to the Green Deal's original transformative ambition.

Several contributions focus on how this can be achieved. Laura Iozzelli agrees with the current [emphasis on simplification](#), now a mantra also within the Commission, but argues that simplification must be accompanied by effective delivery instruments, distributional justice and greater public participation. Colli similarly calls for a renewed emphasis on stakeholder engagement.

Emma Hakala approaches the issue from the perspective of security and resilience. In her view, cutting back climate action at a time of growing insecurity would be counterproductive: it would weaken resilience to climate change, create new security risks and undermine Europe's position in the global competitiveness race. Lara Lázaro Touza, Andrea Briones and Sofía Tirado of the Elcano Royal Institute examine efforts to mitigate the socio-economic effects of the Green Deal. They call for better integration of risk and resilience considerations across levels of governance and investment decisions, as well as stronger EU response capacities. They also highlight adaptation, notably through a water policy that places greater emphasis on resilience and economic security.

For Stefan Šipka, the central challenge is how to advance climate action while responding to the new imperatives of security and competitiveness. He warns that simplification and cost reduction in relation to the Emissions Trading System (ETS) must not come at the expense of the EU's climate objectives, long-term competitiveness or social resilience. Europe should continue to de-risk supply chains where dependence on China is excessive, while remaining open to opportunities for cooperation and joint ventures.

Alan Matthews examines the particular case of agriculture. Faced with farmers' protests and a more sceptical European Parliament (EP), the Commission has sought to reduce conditionality under the Common Agricultural Policy (CAP) and put greater emphasis on incentives, investment and innovation rather than regulation. Matthews warns against going too far in this direction. Voluntary action alone will not suffice, while weakening environmental measures can create uncertainty for investors, penalise early movers and ultimately damage rather than strengthen European competitiveness.

Finally, Armel Prieur offers a more radical way of reconciling the Green Deal with citizens' agency. His proposed Carbon Account (*Compte carbone*) would give citizens direct control over their own climate action through an annual allocation of carbon currency used to "pay" for the carbon content of their consumption. The allocation would decline by 6% each year, with the objective of achieving climate stabilisation within 25 years.

These contributions differ considerably in diagnosis and prescription. But taken together, they illustrate how much the terms of the European climate debate have changed since 2019. The central question is no longer simply how ambitious Europe should be in fighting climate change. It is how climate ambition can be reconciled with competitiveness, security, resilience and social acceptance, and how these objectives can reinforce rather than undermine one another.

That is the debate to which this TEPSA Experts' Debrief seeks to contribute.

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# ABBREVIATIONS

|              |                                                  |
|--------------|--------------------------------------------------|
| <b>CAP</b>   | Common Agricultural Policy                       |
| <b>CBAM</b>  | Carbon Border Adjustment Mechanism               |
| <b>CSDDD</b> | Corporate Sustainability Due Diligence Directive |
| <b>EP</b>    | European Parliament                              |
| <b>ETS</b>   | Emissions Trading System                         |
| <b>EU</b>    | European Union                                   |
| <b>GHG</b>   | Greenhouse gas                                   |
| <b>IPCC</b>  | Intergovernmental Panel on Climate Change        |
| <b>U.S.</b>  | United States                                    |

# The European Green Deal: Weakened, but more necessary than ever

The European Green Deal was launched in December 2019, touted by new President of the European Commission Ursula von der Leyen as the EU's "man on the moon moment" for climate change. Fast forward to 2026 and ocean and surface temperature records are being broken; Europe has just lived through a "[summer of truth](#)" as heatwaves and forest fires devastated the continent; and the United Nations Environment Programme has officially announced that the Paris Agreement's 1.5°C target has been missed.

## Francesca Colli

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Yet, the EU is pursuing a simplification agenda, climate activism is increasingly repressed, and competitiveness – not climate – is *le mot du jour*. As a result, while the European Green Deal's targets mostly remain intact, the policies that are supposed to help achieve those targets are increasingly being weakened or dismantled, reducing the chances of the transformative change that the European Green Deal promised. While the simplification agenda is the clearest example of this, the clear politicisation and reprioritisation of climate is also visible in other ways. For example, the EP [Committee on Industry, Research and Energy's recent opinion](#) on the Performance Regulation (rules on monitoring how the EU's budget is spent), passed by the European People's Party siding with the far right, proposed deleting the 35% climate and biodiversity spending target and replacing it with competitiveness.

## Competitiveness and climate

Economic competitiveness and environmental protection currently seem to be mutually exclusive goals. Yet, climate mitigation and adaptation measures are *part of* ensuring competitiveness by reducing future economic risks and insecurities. Reducing certainty for investors and companies by weakening environmental measures penalises early movers and is far worse for industrial competitiveness than the measures themselves – as was visible in the [broad corporate support](#) for keeping corporate disclosure measures as they were in the face of the first Omnibus proposal, for example.

The European Commission needs to distance itself from the false opposition between climate and competitiveness, which makes it harder to achieve either goal. It should lean back into the European Green Deal as a strategic direction and as its overriding economic policy – its "new growth strategy". This is an opportunity to push back against the far right and to fill the vacuum in international climate

diplomacy left by the United States' (U.S.) withdrawal. And the time to act is now, while the structure of the European Green Deal is intact. It is also what EU citizens want: in the latest Eurobarometer, while the relative salience of climate change has overall declined in the face of global issues, over [80% of citizens](#) identify it as a major problem and support the EU goal of climate neutrality by 2050.

The EU should therefore identify and lean into areas where there are clear wins for both climate and economy. Being a leader in sustainable finance and corporate governance is an example here, as is effectively developing the [green industrial policy](#) to fulfil its promises in the Green Deal. Similarly, the (geo)economic case for the transition to renewable energy has never been clearer, and the EU should support a faster transition in its own Member States and abroad.

### **A new narrative on growth**

Not all sectors are win-win. Biodiversity and nature protection often contribute less clearly to economic competitiveness, and as a result are [being pushed out of](#) the European Green Deal. Here is where we need to counter the growth-above-all narrative: what is the point of economic growth if it does not also contribute to a sustainable and liveable future for our population?

In these sectors, the EU needs to double down and properly implement the just transition across all sectors that are significantly impacted by the transition. We have seen how the top-down political pushback against climate measures has instrumentalised the bottom-up backlash, particularly from farmers' groups – who often have the most to lose from climate change. Emphasising the benefits of the transition for these groups *and* making sure that they are [materially supported](#) in implementing those policies is key to avoid further opposition.

In doing this, the Commission should return to its vision of [stakeholder engagement](#) that existed at the beginning of the European Green Deal, where people were put at the centre of the transition. By including all parts of society, the EU can design policies that are supported and return to a deal that aims for transformative change and prioritises people over economic growth.

# The Green Deal: The self-destruction of European industry without benefits for the climate

The Green Deal has set very restrictive greenhouse gas (GHG) emission reduction targets, 55% in 2030, 90% in 2040 and 100% in 2050 compared to 1990. In 2025, the EU had already reduced its GHG emissions by 37% compared to 1990.[1] Europe is the only area in the world that has reduced continuously its emissions since 1990. Global emissions have increased by 68% since that date, while China has multiplied its emissions by four.

**Jean-Luc Demarty**  
*fmr. Director-General,  
European Commission*



At the time of the Paris Agreement in 2015, the Intergovernmental Panel on Climate Change (IPCC) recommended a 40 to 70% reduction in GHG emissions in 2050 compared to 2010 to achieve neutrality by 2100 and thus limit warming to less than 2°C. After 2018, the IPCC recommended CO<sub>2</sub> neutrality in 2050 and GHG neutrality in 2070 to limit warming to 1.5°C.

The EU has set itself even more restrictive targets than the IPCC recommendations, with GHG neutrality by 2050. It will have to reduce its emissions by 6% per year by 2030 and by 10% per year by 2040. The political logic of this approach was to lead by example and at the same time take the lead in green technologies corresponding to net zero.

The 'exemplarity' was naïve and has not worked. Global emissions continue to grow, with + 0.7% in 2025. China is only about to reach its peak in 2026 at 29.5% of global emissions, five times more than the EU (5.8%) and 65% more per capita. By now China will have emitted more CO<sub>2</sub> by 2027 than the EU27 have since 1750 and has even emitted 14% more between 1750 and 2024 with land use change. China is only aiming for a 7% to 10% reduction in its emissions by 2035 and net zero by 2060, without being on the right trajectory. As for the U.S., its emissions have risen by more than 2% in 2025. China has taken the lead on almost all net zero technologies and is moving very quickly on nuclear energy. It is therefore an almost complete failure for the EU.

The EU has accompanied the Green Deal with an excess of standards and regulations that ruin the competitiveness of European industry. The best-known cases are the Corporate Sustainability Reporting Directive and Corporate

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[1] Figures about observed emissions derive from the [EDGAR JRC database](#) as of 26 September 2026.

Sustainability Due Diligence Directive (CSDDD) that are being simplified in one of the twelve omnibus packages proposed by the Commission. When you read these texts, you wonder how they could have been adopted in the Council by responsible governments. Simplification is not enough because it often does not simplify anything but simply adds new layers. We should not hesitate to deregulate. Thus, the CSDDD should be repealed.

The most emblematic case is the European car industry, which has been hit hard by the decision to ban the sale of new thermic and hybrid cars in 2035, with threats of monstrous penalties for manufacturers during the transition period. The recent cosmetic changes proposed by the Commission change almost nothing, taking into account the constraints for benefitting from the 10% flexibility in 2035. No one disputes that it is necessary to develop the electric car, but it should be done in a more gradual way, without excluding hybrid vehicles, while sparing the interests of European manufacturers. It should be remembered that in 2019 European manufacturers were working on the two-litre combustion car per 100 km, whose emissions on the production, use and destruction cycle are close to those of electric vehicles. The figures speak for themselves. The EU is the only area in the world where car purchases have not returned to the level of 2019 (-17%).<sup>[2]</sup> Production is down 24% compared to global production up 4%. The results of European manufacturers have collapsed with the ongoing elimination of hundreds of thousands of jobs. This is a huge gift to China, which has gone from 0 in 2019 to 6% of the European car market despite the Commission's anti-subsidy measures that have stabilised Chinese electric vehicle imports.

The EU's energy policy is also a failure. While electrification from carbon-free energy is desirable, the doubling since 2010 of the real price of electricity in the EU, threatens the competitiveness of traditional industries, such as steel and chemicals, aggravated by the mirage of green hydrogen whose industrial projects are collapsing. The obsession with fossil fuels is excessive. The methane regulation that comes into force in 2027 is another example of a senseless regulation. It claims to ban oil and gas imports from production that would not guarantee the absence of methane leaks of more than 1 gram per hour. More than 80% of the EU's oil imports and more than 40% of those of gas would become ineligible. Remember that a cow emits 20 grams of methane per hour.

The priority of the EU's economic policy should be the protection of the European industry in the face of the Chinese threat that has exploded since the end of COVID-19 in 2022. I detailed the possible measures in an [article](#) in the September issue of the French magazine *Commentaire*. The key priority should be not to decarbonise faster than China, which implies reviewing the objectives of the Green Deal which have no significant effect on the climate, since the EU only accounts for 5.8% of global GHG emissions. On the other hand, there needs to be more emphasis on adaptation to climate change. In this area, it may still be possible for the EU to take the technological lead.

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<sup>[2]</sup> Statistics about the car industry are sourced from the [European Automobile Manufacturers' Association](#).

The Carbon Border Adjustment Mechanism (CBAM) is not the solution either. It will always have gaps, and it does not solve the problem of exports. Instead, I recommend developing an international agreement between countries that have a carbon market, which is an essential element of the EU's climate policy. This agreement would make it possible to build a system of import and export locks according to the carbon price in the different countries.

Finally, it is essential to review the huge bureaucracy of green and non-green standards in the EU. In this context, deregulation should be preferred to simplification, which in reality often complicates the situation even more.

# Europe's resilience depends on the Green Deal

During the summer of 2026, millions of Europeans endured extreme heat, while massive wildfires destroyed homes, threatened communities, and devastated landscapes across the continent. The consequences of unmitigated climate change are becoming painfully obvious, yet climate action has been pushed down the political agenda amid the energy crisis, geopolitical

instability and growing concerns about European competitiveness. Politicians in the EP and across the Member States appeared reluctant to acknowledge the costs of inaction on climate policy.

The political landscape was markedly different in 2019, when the European Green Deal was launched as a flagship project to transform the EU economy and make Europe the world's first climate-neutral continent by 2050. In the years between, substantial progress has been made: EU GHG emissions were around [40% below 1990 levels in 2024](#), while renewable energy and energy efficiency have become increasingly important drivers of emissions reductions.

Yet the implementation of the European Green Deal has now entered a more precarious phase. Russia's invasion of Ukraine, the U.S. and Israeli attacks on Iran, Europe's renewed focus on defence, and mounting economic pressures have reshaped the political context. With competitiveness now [a central EU priority](#), measures under the Green Deal are increasingly being reconsidered through the lens of [simplification](#) and regulatory reform. The aim is to streamline environmental policy by reducing complex reporting requirements, overlapping obligations and lengthy permitting procedures.

The aim to simplify has also yielded efforts to weaken some elements of climate action. For instance, the EU's [deforestation regulation](#) has been diluted, European car manufacturers have been given more time to [meet pollution targets](#) and the rules of the [CSDDD](#) have been scaled back. Meanwhile, populist politicians across Europe have increasingly framed environmental policies as a costly luxury, claiming that they are irrelevant amid economic hardship and heightened security concerns.

However, the instinct to cut back on climate action during a time of insecurity could not be more misplaced. This is for three reasons: environmental crises erode Europe's overall resilience against all security risks; they heighten economic pressures; and the policies to address them can yield benefits for both security and competitiveness.

**Emma Hakala**  
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Last summer's heatwave once again exposed the vulnerability of European societies to climate-related risks. Extreme heat and drought disrupted critical societal functions: temperatures became unsafe for essential [outdoor workers](#), [railway infrastructure](#) buckled under the heat, and [low river levels](#) impeded inland water transport. For example, in France, wildfires also [threatened critical defence sites](#) and caused interruptions in manufacturing due to evacuations. Such disruptions can, over time, erode societal resilience and weaken defence capabilities.

Climate-related hazards are also extremely expensive. [According to some estimates](#), this summer's extreme weather events caused economic losses of approximately EUR 180 billion, equivalent to about 1% of Europe's GDP. Especially when repeated year after year, such impacts place a significant burden on the economic growth and competitiveness that the EU is striving to achieve.

Meanwhile, a rapid and effective green transition would help to address both security and economic worries. Fossil energy has proved to be costly and prone to supply disruptions, as evidenced by the energy crises following the Russian attack on Ukraine and the conflict between the U.S., Israel and Iran. Reducing dependence on imported fossil fuels [lowers exposure to geopolitical risks](#) and improves European resilience. At the same time, accelerating the deployment of renewable energy, energy efficiency, and clean technologies strengthens Europe's strategic autonomy, [competitiveness](#), and capacity to withstand future [economic](#) and geopolitical shocks.

The EU must thus stay on course on the European Green Deal. Simplification may be needed to ensure effectiveness, but not at the cost of the environmental objectives that are crucial for resilience. The real threat to Europe's security and competitiveness is not excessive climate ambition, but a failure to adapt to the realities of a rapidly changing climate and global economy.

# From Green Deal consensus to contestation

The European Green Deal was launched in 2019 on the back of a broad political consensus. Climate neutrality by 2050 was presented as ambitious and complex yet not deeply contested. The "green wave" in that year's European elections, youth mobilisation and a Eurobarometer finding that [93% of Europeans saw climate change as a serious problem](#) gave von der Leyen's first Commission a cross-party mandate. That consensus has since eroded.

**Laura Iozzelli**  
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The energy and cost-of-living crisis, a harsher geopolitical environment and growing political fatigue have prompted a recalibration of EU priorities, centred on competitiveness and security and the need to marry decarbonisation with them, a shift crystallised in the [Draghi](#) and [Letta](#) reports. The 2024 European elections sealed this shift: far-right and climate-sceptic forces gained ground, the Greens lost seats and the European People's Party grew more ambivalent about core Green Deal files. At the same time though, support for climate neutrality remains high among citizens: [81% of Europeans back achieving it by 2050](#). However, support in principle does not necessarily extend to specific measures once their distributional consequences become clearer or are thought to be unfavourable to some categories. Climate policy is a fundamentally distributive conflict, with [public acceptance shaped by perceptions of fairness, compensation and burden-sharing](#). The city of Milan's restrictions on older vehicles [increased support for the Lega Party among affected owners, whereas compensated owners did not shift](#) their allegiances. Similarly, opposition to the French carbon tax was partly driven by households' perceptions that [it would worsen their financial position](#).

These concerns interact with political narratives and institutional factors. Right-wing populist actors have framed climate action as an [elite-driven project disconnected from everyday experiences](#), while misinformation and limited participation opportunities may reinforce perceptions of exclusion. Conflict can thus arise from at least four factors: the unequal distribution of costs and benefits, particularly from carbon pricing and energy measures; misperceptions resulting from misinformation and information gaps; [populist portrayals of climate action as elitist](#); and limited opportunities for meaningful public participation, which may fuel exclusion and participation fatigue. The Yellow Vests movement, farmer protests, local opposition to wind projects, and resistance to electric vehicles and heat pumps show how these concerns play out politically, becoming tied to broader disputes over identity, socioeconomic position and national sovereignty. Unlike the solid social contract underpinning the launch of the Green Deal, climate policy has become a politically contested domain marked by distributional and cultural divisions. Policy developments reflect this context. Omnibus I raised the

[Corporate Sustainability Reporting Directive thresholds to more than 1 000 employees and limited due-diligence requirements to the largest firms](#). Parallel legislative processes concern chemicals, batteries, CBAM and vehicles, while implementation of the deforestation regulation has been delayed. Meanwhile, the amended Climate Law establishes [a 90% net emissions reduction target by 2040](#). The timing of these tensions is significant. Europe is the fastest-warming continent and insufficiently prepared for intensifying climate risks. The EU thus continues to affirm its climate objectives just as the political conditions for implementing them become more challenging and the urgency grows.

The debate on the Green Deal's evolution is often framed as simplification versus ambition, or climate action versus competitiveness. The central question, however, is not how much regulation to remove, but whether simplification comes with greater and deeper capacity for implementation, to deliver the transition on the ground. In sustainability reporting, for instance, simplification becomes problematic when it limits the information investors and regulators need to assess and price transition risks, which is necessary to direct capital towards credible transition investments. Three considerations follow.

First, simplification should be assessed by outcomes rather than procedures, including its effects on emissions trajectories. Frameworks can emphasise measurable results over procedural compliance, provided the underlying climate objectives remain unchanged.

Second, simplification should be accompanied by delivery instruments, not presented as an alternative to them. These include an adequately designed and funded Industrial Decarbonisation Bank, a Clean Industrial Deal supported by demand-side measures such as lead markets and green public procurement, and better-financed and more credible National Energy and Climate Plans. This is where the competitiveness and climate agendas can be matched in practice.

Third, distributional justice considerations should be built into the design and financing of the transition rather than treated as a residual concern. The Social Climate Fund and the Just Transition Fund need adequate resources and robust delivery mechanisms to reach exposed households, workers and regions, without adjustment costs falling disproportionately on lower-income groups. Equally important is the democratic dimension: participatory mechanisms that give citizens and communities a meaningful role in shaping transition plans can reinforce local ownership and address the perceptions of exclusion that populist narratives exploit.

The EU need not choose between a simpler and a more ambitious Green Deal. It must recognise that the 2019 consensus has faded, that transition costs are tangible, and that legitimacy will depend on strengthening finance, industrial policy, social protection and participation alongside regulatory simplification. Climate risks are intensifying and a weaker framework would not resolve the underlying tensions. A more comprehensive approach capable of delivering tangible economic and social benefits offers a more robust basis for sustaining the EU's core climate objectives.

# The European Green Deal (2019–2026): Balancing climate, security and competitiveness



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The European Green Deal represents the growth and competitiveness strategy for a climate-neutral EU in 2050, seeking to [decouple economic growth from natural resource use while leaving no region or person behind](#); the latter being a must to ensure citizen acceptance of climate policies. Internationally, the European Green Deal reiterates the EU's support for a global response to climate change under the Paris Agreement, restating its [historical quest for directional leadership](#).

Russia's invasion of Ukraine and growing instability in the Middle East exposed the EU's energy vulnerabilities and reshaped its climate agenda, while the [United States' Inflation Reduction Act](#) and [China's dominance in clean-tech supply chains](#) intensified concerns about Europe's competitiveness. Climate policy has become increasingly linked with energy security, strategic autonomy, and green (re)industrialisation, as reflected in RePowerEU and the Green Deal Industrial Plan. The Letta and Draghi reports further placed competitiveness at the core of EU's future development, emphasising industrial policy and clean-tech investment to advance decarbonisation while addressing its socio-economic costs.

The second von der Leyen Commission, which took office in December 2024, faced a [markedly different context](#) to that of 2019; one that retained its climate goals but was less conducive to higher ambition levels. The climate agenda is under pressure from competing demands for investment, affordability, competitiveness, security and [simplification](#), with the negotiations on the next [Multiannual Financial Framework](#) (2028-2034) adding further uncertainty over the EU resources available for the transition. The new priorities signal the EU's desire to exercise [entrepreneurial and structural leadership](#).

## **Mitigation, just transition, adaptation and water (2019–2026)**

The announcement of the European Green Deal was followed by a period of intense

policy development. The European Climate Law, adopted in 2021, made the 2050 objective legally binding and backsliding less likely. It also established an intermediate target of 55% GHG emissions reduction by 2030 as compared with 1990. A second intermediate target (90% reduction by 2040) was agreed, informed by the European Scientific Advisory Board on Climate Change, but adding flexibilities that limit domestic ambition, including a 5% use of international carbon credits from 2036. The European Commission presented 'Fit for 55', a broad-ranging legislative package to operationalise the 2030 climate target through [four main pillars](#): pricing (e.g. reviewing and expanding the ETS), targets (e.g. updating the Renewable Energy Directive), rules (e.g. establishing stricter performance for cars), and social support.

The European Green Deal seeks to mitigate the socio-economic impacts of the net-zero transition to enhance social support for it. To do this, just transition territories are defined and just transition plans are developed, including reskilling, upskilling, support for small and medium-size enterprises. The key milestones in the 2019-2026 period to ensure social support for the transition include: 1) the inclusion of just transition in the European Climate Law and in [its amendment](#) that set the [2040 target](#); 2) the development of the Just Transition Mechanism that seeks to mobilise EUR 55 billion and has three financing pillars: the Just Transition Fund, allocated according to Member States' Just Transition Plans; a budget guarantee, provided through the InvestEU Just Transition Scheme; and a Public Sector Loan Facility that combines grants and loans. Additionally, the Social Climate Fund, amounting to [EUR 86.7](#) billion, was created to limit the socioeconomic impact of the expansion of the ETS to buildings, road transport and additional sectors. The Social Climate Fund will fund investments in greener buildings and transport.

As regards adaptation, the European Green Deal set the EU's ambition for resilience. The EU Adaptation Strategy in 2021 called for a faster, systemic approach and an EU-wide climate risk assessment. The EU's first-ever European Climate Risk Assessment report, published in 2024, warned of the growing climate impacts amid insufficient preparedness, prompting [greater emphasis](#) on climate-risk assessment and resilience across governance levels and investment decisions. The EU Preparedness Union Strategy also highlighted risk anticipation and crisis response, such as facing floods, wildfires and other extreme weather events exacerbated by climate change. It additionally reinforced the EU's response capacities through the Union Civil Protection Mechanism and rescEU. Adaptation across Member States, however, remains fragmented and largely reactive.

Whereas mitigation is largely achieved through actions on energy, adaptation is, in no small part, mediated through water. In the recent past, EU water policy has moved from quality and environmental protection to today's focus on resilience and economic security, although its legal backbone has evolved more slowly than its political framing. The Water Framework Directive (2000) remains the cornerstone of water policy in the EU. Its 2019 fitness check found it broadly fit for purpose but insufficiently implemented. The 2025 European Water Resilience Strategy consolidated the shift towards resilience and economic security, focusing on restoring the water cycle, building a competitive water-smart economy and

securing clean, affordable water. Yet, it relies on existing legislation and its ambition to improve water efficiency by at least 10% by 2030 remains non-binding. The 2026 State of the Union announced a European Water Initiative, mentioning scarcity risks for farmers, energy and supply chains, without specifying its legal form.

## Conclusion

Since the European Green Deal, and amid a fraught geopolitical and geoeconomic environment, the EU has pivoted from institutionalising and mainstreaming climate neutrality to resilience, competitiveness, resource security and strategic autonomy while advocating for maintaining its climate commitments. The EU has hence effectively expanded its directional leadership intent towards entrepreneurial and structural leadership. Sustaining citizen support for climate action will require doubling down on a just transition, limiting the socio-economic impacts of decarbonisation on vulnerable regions and people. As for adaptation, it will arguably continue to be framed as preparedness and resilience, with water playing a key role. Moving forward, as the impacts of climate change escalate – potentially undermining the benefits Green Deal-inspired development model – [ecological security](#) is poised to become increasingly relevant.

# Agriculture and the Green Deal

The Commission's [Farm to Fork Strategy](#) published in May 2020 set out the contribution that the European food system should make to the [European Green Deal](#) objectives to make the EU the first climate-neutral continent by 2050, to decouple economic growth from resource use, to enhance the EU's natural capital, and to protect the health and well-being of citizens from

environment-related risks and impacts. The Strategy set out specific targets to reduce dependency on pesticides and antimicrobials, reduce excess fertilisation, increase organic farming, improve animal welfare, and reverse biodiversity loss.

It noted that more than 10% of the EU's GHG emissions originated in agriculture with nearly 70% of these coming from the animal sector. Nonetheless, the Strategy paid limited attention to climate action. Its main proposal was for a carbon farming initiative to create a new income stream for farmers.

The EP and Council initially welcomed the Strategy, although the Council resisted incorporating these targets into the revision of the CAP for the 2023-2027 period being negotiated at the time. This revision introduced a new delivery model which shifted the emphasis from compliance with detailed rules to performance measured against specific objectives. This gave Member States greater discretion to design their agricultural policy measures in the context of CAP Strategic Plans drawing on the portfolio of interventions set out in the basic [CAP Regulation \(EU\) 2021/2115](#).

This Regulation introduced several measures that aimed to raise the environmental ambition of the CAP. These included allocating a quarter of the direct payments budget to eco-schemes intended to improve environmental and climate outcomes, increasing the financial allocation for voluntary agri-environment-climate measures, and enhancing the obligations that farmers should meet for eligibility for CAP payments. A [Commission evaluation](#) suggested that the Member State Strategic Plans could potentially contribute significantly to climate mitigation in the land sector but would have minimal impact on agricultural emissions.

A series of farmer protests in spring 2024, together with the changed composition of the EP following the June 2024 election in a more environment-sceptic direction, led the Commission to moderate its strategy. Some of the conditionality measures introduced in the new CAP were removed as part of a simplification drive. More important, in a new strategy document '[A Vision for Food and Agriculture](#)' published in February 2025, the Commission reiterated that achieving agricultural environment and climate goals remained important, but henceforth would be

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pursued through incentives, investments and innovation rather than through regulatory actions. Climate action in agriculture is now based on voluntary action by farmers supported by Member States to the extent that they deem desirable or feasible.

The emphasis on voluntary action in the agriculture sector emerges clearly from the architecture of EU climate policy. Emissions from the power sector, aviation and heavy industry are priced under the ETS, emissions from building and road transport will be priced under ETS2 from 1 January 2028, while emissions from agriculture are governed under the Effort Sharing Regulation where the responsibility for achieving reductions rests with the Member States.

Despite [calls from the European Scientific Advisory Board on Climate Change](#) and some [technical preparatory work](#) commissioned in the Commission (by DG Climate) to price agricultural emissions if the EU is to meet its climate targets, the current policy direction is to subsidise practices by farmers to reduce emissions. This is formalised in the [Carbon Removals and Carbon Farming Regulation](#) which came into effect in December 2024; it creates a system of carbon farming certificates whereby farmers would be paid by public or private entities to increase soil carbon or reduce soil emissions in a measurable way. The Commission is currently examining whether reductions in livestock emissions from enteric fermentation and manure management should also be eligible for these certificates. It remains uncertain what the demand for these carbon farming certificates will be and whether farmers will find it attractive to participate at the prices that will be offered.

Member States have improved their reporting on measures to reduce agricultural emissions in the latest [update of their National Energy and Climate Plans](#) in 2024, following criticism by the Commission of the lack of detail in the earlier versions. The Commission's [Climate Action Progress Report 2025](#) identified 382 individual policies and measures affecting agricultural emissions across Member States but noted that less than a quarter included information on their quantified emission impact. The European Environment Agency [projects](#) only modest reduction (-16%) in agricultural emissions even with additional measures by 2050 compared to 2024. Our overall assessment is that just relying on a voluntary approach to reduce agricultural emissions will not be sufficient to achieve meaningful reductions. Designing a pricing scheme that would work for agricultural emissions in line with the European Scientific Advisory Board on Climate Change recommendation should remain a top priority.

# Climate chaos: How to combine the EU Green Deal and citizens' power

Europeans can be proud of the 2019 EU Green Deal and the extension of the industrial quota mechanism to the sectors with the greatest impact. The problem though is how to achieve the stated goal of carbon neutrality by 2050. It is not at all certain that the existing measures, such as ending combustion engines, energy-efficient refurbishment of buildings, and the CBAM will do

the trick. That is why we propose to give citizens a direct buy-in and influence through the creation of a [Carbon Account](#) mechanism, with individual allocations to citizens.

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This concept bases itself on Pierre Calame's 2018 [book](#) *Petit traité d'œconomie*. The mechanism we envisage is akin to a reverse tax: the distribution of a carbon currency to citizens as a cap on the economy's carbon emissions that decreases over time.

In 2021, we organised a Climate Conference in France, with European representatives, to discuss the possible responses to climate change. This resulted in the establishment of five criteria to ensure the effectiveness of GHGs mitigation mechanisms:

1. Taking into account all GHGs, whether produced locally or imported;
2. Guaranteeing an annual reduction of at least 6% towards the 2050 climate equilibrium, according to the scientific advice of the IPCC;
3. Upholding social justice;
4. Including all stakeholders: people, communities, public services and business;
5. Prioritising the least restrictive approaches, ensuring freedom and acceptability.

The Carbon Account mechanism arguably meets all five criteria, in particular by fostering a degree of social justice through the rewards it offers with redeemable carbon points to those with the lowest incomes.

Take the example of France, whose annual climate footprint is estimated by the highest authority, the High Council for Climate, at 600 million tons of CO<sub>2</sub> equivalent, or 9 000 kg of CO<sub>2</sub> per capita. According to the Paris Agreement and IPCC assessments, we must return to 2 000 kg by 2050 to keep the planet habitable. We propose allocating an annual allowance of 9 000 kg to every French citizen and renewing 94% of this allowance each year, so that by the 25th year the allowance stands at 1 800 kg (without exceeding what nature can absorb).

We believe that the Carbon Account mechanism can be rolled out worldwide, and is socially fair, since the 32% of citizens who need more than the allotted quota will have to buy more at their local counter or online from the surplus derived from resale of excess by those on lower incomes who are more frugal. We also believe it requires the carbon content of all the products and services we purchase to be labelled, with the dual benefit of making this visible to citizens and stimulating businesses to keep pace with their competitors.

The mechanism can be organised in three stages (3 to 5 years):

1. Labelling;
2. The distribution of carbon currency;
3. A majority decision by citizens via a 'preferendum' to reduce emissions by 6% per year.

In France, more than 35 Members of Parliament are backing a bill on carbon labelling, to be debated in the National Assembly in December 2026.

### **A few words on the first of these stages**

The OECD has conducted a [study](#) of all climate action initiatives worldwide, revealing more failures than successes. One consistent finding emerges: it is awareness-raising initiatives that achieve the greatest reductions in GHG emissions.

The ISO 14067 standard clearly defines what a kilo of CO<sub>2</sub> equivalent is... but who knows the carbon content of the things we buy? Who knows that there are 30 kg of CO<sub>2</sub> in a pair of trousers? Between 50 and 100 kg in a mobile phone? 200 kg for the gasoline that fills your car? How can we compare products to choose the ones with the lowest carbon footprint?

We need to make the impact of our purchases visible so that we can become aware of it and encourage businesses to decarbonise and relocate the production we need to our local areas.

To this end, carbon labelling could serve as a behavioural anchor for climate security: making it clear to every consumer-citizen what the purchase of products and services represents in terms of contributing to global warming and climate chaos.

The time to act is now. If we do nothing, we will be on the path to a 'Hot House Earth', as defined in Will Steffen's [study](#), and half the planet will become highly vulnerable, as estimated in the IPCC's Sixth Assessment [Report](#) of 2022.

Labelling is a first step; some believe it might be enough. However, the proposals in the EU Green Deal are essential for genuine synergy between the power of public authorities and the power of consumers.

In addition to the French Carbon Account movement, which has 2 000 supporters

and 40 carbon committees, the scheme is backed by Klima-budget in Germany, EcoCore in UK, Les Engagés in Belgium, Ok Planet in Spain...

In the face of the escalating climate crisis, we must raise awareness and expand our responses, support the Green Deal and complement it with the mechanism of Carbon Account, in order to highlight and guarantee the outcome.

# How can the EU advance climate action in an increasingly hostile world?

The European Green Deal has undergone a major shift following the 2024 elections to the EP in terms of its place on the EU's list of priorities. An increasingly hostile world, marked by rising geopolitical rivalries, fierce economic competition and rising costs for households and businesses, has placed security and competitiveness at the top of the agenda. Consequently, there

is growing political pressure either to scale back the EU's climate and environmental ambitions or to align them more closely with immediate responses to affordability crisis, the military threat posed by Russia, China's economic expansion, and rising tensions with the U.S. under President Trump.

At the same time, Europe is the fastest-warming continent. Annual extreme weather events, which result in [thousands of premature deaths](#) and [significant damage to the economy](#), serve as a constant reminder of the urgency of reducing emissions and adapting to unavoidable climate impacts. Scientific forecasts warn of the [potentially catastrophic consequences](#) of global warming for European lives, public health and the economy if left unchecked. Moreover, decarbonisation can reduce the EU's high energy costs associated with dependence on foreign oil and gas markets, while greater climate resilience can save thousands of lives and billions of euros. The challenge, therefore, is to determine how climate action can be advanced while addressing the security and competitiveness challenges of today.

## Competitiveness and social resilience

Concerned about the rise of populism and the risk of economic stagnation, EU and national leaders opted to simplify environmental legislation, including rules on reporting, due diligence, permitting and taxonomy; accelerate permitting procedures for industrial and energy projects; and reopen discussions on the EU's commitment to phase out internal combustion engine vehicles by 2035. The latest proposal to revise the ETS, which shapes the European carbon market, aims to reduce carbon costs for hard-to-abate industries such as steel, aluminium, cement and glass.

However, these measures may come at the expense not only of the EU's climate objectives but also of its long-term competitiveness, social resilience and environmental protection. Revising the ETS is [likely to result in a lower carbon price](#), thereby weakening the decarbonisation incentives needed to reduce energy costs

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for companies and households over time. Financial institutions require reliable information from companies to direct investment towards sustainable economic activities. Likewise, faster permitting procedures may come at the expense of local communities, potentially fuelling populist sentiment. Moreover, European industry faces a range of pressures that extend beyond the green premium, including resource scarcity, an ageing population and fragmented financial markets.

## Economic security and defence

The EU's climate agenda has increasingly been challenged by economic security concerns or deprioritised in favour of defence-related objectives. From an economic security perspective, there is a risk that dependence on fossil fuel imports could simply be replaced by dependence on China for the critical materials and components required for renewable energy technologies, energy storage systems and electricity grid modernisation. At the same time, maintaining the status quo would mean preserving Europe's dependence on global fossil fuel markets, including Russian gas, Middle Eastern oil and U.S. liquefied natural gas.

On defence, the EU and its Member States appear poised to [mobilise up to EUR 800 billion](#) through joint borrowing and other mechanisms to support rearmament efforts. This contrasts with the Recovery and Resilience Facility, which was designed to strengthen health resilience, digitalisation and the green transition, and is due to expire in 2026. In addition, environmental, social and governance standards have come under [criticism](#) for allegedly limiting defence-related investments. There is a considerable risk that the green and defence agendas will be seen as competing priorities rather than mutually reinforcing objectives.

## Looking ahead

Because sustainability, competitiveness and security are closely interconnected, the EU cannot afford to prioritise one at the expense of the others. Instead, it must navigate these complexities by minimising trade-offs and maximising synergies. While there is a strong case for reducing unnecessary administrative burdens, for example to facilitate faster permitting procedures, simplification cannot become a pretext for undermining the EU's climate and environmental objectives. The EU should absorb the green premium through carefully designed public-private investment mechanisms, such as contracts for difference and long-term power purchase agreements, rather than by weakening the carbon market.

The EU should continue to de-risk its supply chains from excessive dependence on China while also exploring opportunities for joint ventures with this economic powerhouse. Such partnerships should be designed to ensure technology transfer, skills development, local job creation and respect for European labour standards. Finally, as the EU prepares to invest hundreds of billions of euros in defence, it should explore how these investments can be aligned with sustainability objectives, contributing in turn to demand for green steel, electrification, sustainable fuels and circular economy solutions.

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