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NOTE

From: Political and Security Committee

To: Permanent Representatives Committee

Subject: Draft Council conclusions on Climate and Energy Diplomacy – Delivering on the external dimension of the European Green Deal

- 1) At its meeting on 20 January 2021, PSC discussed the draft Council conclusions on climate and energy diplomacy, outlined in WK 753/21, and could not find agreement on the outstanding issues, notably in paras 10 and 12.
- 2) The Permanent Representatives Committee is hereby invited to find an agreement on the outstanding issues with a view to forwarding the draft Council conclusions to the Council (Foreign Affairs) on 25 January 2021 for approval.

DRAFT COUNCIL CONCLUSIONS**CLIMATE AND ENERGY DIPLOMACY – DELIVERING ON THE EXTERNAL
DIMENSION OF THE EUROPEAN GREEN DEAL**

1. Climate change is an existential threat to humanity. Worldwide greenhouse gas (GHG) emissions remain on an unsustainable trajectory despite short-term emission reductions due to the impact of the COVID-19 pandemic. Global climate action still falls short of what is required to achieve the long-term goals of the Paris Agreement and thus the 2030 Agenda for Sustainable Development. The EU is showing leadership and is setting an example: guided by science, it has stepped up its domestic commitments, adopting the objective of climate-neutrality by 2050, and enhancing its short-term GHG emission reduction target, and thus the EU's Nationally Determined Contribution (NDC), to at least 55% by 2030 compared to 1990. The EU will implement its ambitious goals through the European Green Deal. However, since the EU accounts for an 8%, and decreasing, share of global emissions, ambitious internal policy will not be enough. The Council calls for urgent, collective and decisive global action to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels in response to the climate emergency, and invites the High Representative and the Commission to reinforce, in close cooperation with the Member States, EU climate and energy diplomacies in pursuit of the global transition towards climate neutrality, while ensuring the EU's own resilience and competitiveness in a shifting security and geopolitical environment.
2. The Paris Agreement provides the indispensable multilateral framework governing global climate action. The EU calls on all parties to enhance the ambition and increase the clarity, transparency and understanding of their NDCs, as well as to communicate Long-Term Low Emissions Development Strategies well ahead of the 26th Conference of the Parties (COP26) in Glasgow in November 2021.

3. The EU welcomes recent mid-century climate neutrality as well as carbon neutrality commitments, in particular by major economies, and pledges made at the recent Climate Ambition Summit 2020 organised by the United Nations, France and the UK, in partnership with Italy and Chile. The EU calls on all countries to develop ambitious and detailed short and medium-term pathways, targets and policies that align with their long-term goals as a way of providing clear signals to citizens, political actors and businesses. The EU urges all countries to also align their trade promotion, finance, aid and foreign investment strategies with their domestic climate pledges and Paris Agreement commitments, and to institute sustainable and climate sensitive economic recovery policies from the COVID-19 crisis as an important element of a sustainable growth strategy and an immediate investment into a climate-resilient, inclusive and just transition. The EU will support the implementation of long-term strategies and NDCs and welcomes the work of relevant initiatives, such as the NDC partnership. The EU will work, as a matter of priority, with non-EU G20 and other major economies on climate change mitigation efforts and is ready to join forces in high-ambition, high-level alliances and partnerships. In this context, the EU stresses the need for ratification of the Paris Agreement by all who have not yet done so, and welcomes the declared intention of the new US Administration to re-join the Paris Agreement and to prepare an updated ambitious NDC on a path towards climate neutrality, and looks forward to revitalising the EU-US Energy Council with an increased focus on energy transition and climate action.

4. The Council recognises that climate change and environmental degradation, including biodiversity and forest loss, are a threat to international stability and security, reinforcing disaster risks and pressures on ecosystems, posing challenges to food and water security, provoking local and regional conflicts while exacerbating the risk of the displacement of people, thereby constituting a major driver of humanitarian needs and threatening the effective enjoyment of human rights. Adaptation and resilience to climate change and environmental degradation are a matter of priority, and in some cases survival, especially for fragile and vulnerable communities and countries, including Small Island Developing States and Least Developed Countries. The EU will continue to support those most in need, seeking to limit and manage the risk of further loss and degradation through policy support, financing and an exchange of best practices, promoting, among others, nature based solutions. The EU welcomes, in this regard, the 2021 Climate Adaptation Summit hosted by the Netherlands. EU and Member States foreign and security policy will systematically consider climate and environmental factors and risks, and will work with partners, including the UN, to develop conflict prevention measures, such as early warning systems and support relevant international instruments, such as the Sendai Framework for Disaster Risk Reduction. The Council reiterates the need to strengthen and mainstream work on the climate and security nexus, notably in support of UN activities, including work with regional organisations and within the UN Security Council, particularly with the new informal expert group of UN Security Council Member States on Climate and Security which Ireland is co-chairing in 2021, building upon the dedicated UN Security Council debate of July 2020 and the Climate Security Mechanism while integrating the issue, where appropriate, in its resolutions.

5. The Council reiterates the importance environmental issues and climate change have for security and defence, and welcomes the *Climate Change and Defence Roadmap: EU Actions addressing the links between climate change and defence, including in the context of the Common Security and Defence Policy, contributing to the wider climate and security nexus*. While maintaining operational effectiveness as a guiding principle, the Council invites relevant services to take forward, in support to and in close cooperation with Member States, the actions identified in the roadmap in the key areas of operational dimension, civilian and military capability development, and multilateralism and partnerships, including addressing technological challenges as well as waste prevention and recycling. Opportunities for closer cooperation with international organisations and multilateral partnerships, such as the UN system, NATO, OSCE and the African Union, as well as with partner countries need to be explored in line with the EU institutional framework and with full respect to the EU decision-making autonomy.
6. The EU and its Members States confirm their continuous commitment to further scale up the mobilization of international climate finance as part of the collective developed countries' goal to jointly mobilise 100 billion US dollars per year by 2020, and through to 2025. The Council notes, in this context, that the EU is already the largest contributor of public climate finance having doubled the contribution from 2013 to 23.2 billion Euro in 2019, while continuing to earmark an increased and significant share of its external funding instruments to climate action relevant fields, in particular through the Neighbourhood Development and International Cooperation Instrument. The EU and its Member States urge all developed countries, and other parties in a position to do so, including International Financial Institutions and development banks, to scale up their own contributions, underlining the importance of increased financing for adaptation, and transparency in the implementation and continuous assessment of the effectiveness of the funding provided. In this context, the EU notes the challenging situation faced by many developing countries who will need to increase their resilience to climate change, while also struggling with debt.

7. The Council notes the very important role of sustainable finance practices in driving the economic and energy transition towards climate neutrality and climate resilience. The EU will support the global uptake of such practices and promote coherence with the EU Taxonomy for Sustainable Activities, particularly through the International Platform for Sustainable Finance, in order to avoid unsustainable technology lock-ins and stranded assets, and welcomes relevant initiatives such as the Coalition of Finance Ministers for Climate Action. The EU and its Member States will encourage the alignment of international finance institutions, including development banks, with the objectives of the Paris Agreement, building on the example of the Energy Lending Policy and Climate Roadmap of the European Investment Bank with a view towards supporting countries in pursuing a green recovery, and mobilising sustainable private investment. The EU also encourages export financing systems of partners to contribute to the transition towards climate neutrality.
8. The Council looks forward to a Commission proposal for a carbon border adjustment mechanism to ensure the environmental integrity of EU policies and avoid carbon leakage in a WTO-compatible way. The EU notes the value of developing national and international carbon markets, as a tool for cost-effective reduction of global greenhouse gas emissions.
9. The transition of the energy sector, responsible for over two-thirds of global GHG emissions, is central to the path towards climate neutrality. EU energy diplomacy will aim – as its primary goal – to accelerate the global energy transition, while ensuring affordability, safeguarding the environment and achieving the Sustainable Development Goals. To this end, in view of the need for a rapid shift toward climate neutrality, EU energy diplomacy will promote energy efficiency, the deployment of safe and sustainable low-carbon technologies, the increasing uptake and system integration – including through increased interconnections – of renewable energy, and the highest environmental, nuclear safety and transparency standards. The Council also calls for further deepening international cooperation on hydrogen, to strengthen efforts to produce and enable import of renewable hydrogen in particular.

10. EU energy diplomacy will discourage all further investments into fossil fuel based energy infrastructure projects in third countries, unless they are fully consistent with an ambitious, clearly defined pathway towards climate neutrality in line with the long-term objectives of the Paris Agreement and best available science. [The EU calls for a global phase-out of environmentally harmful fossil-fuel subsidies along a clear timeline, emphasising the need for technological innovation and development, and a resolute and just worldwide transformation towards climate neutrality, including a phasing out of unabated coal in energy production and – as a first step – an immediate end to all financing of new coal infrastructure in third countries. The EU will contribute to developing, and support, international initiatives to accomplish and highlight the economic opportunities of a just transition away from unabated coal towards climate neutrality, engaging in particular with the COP 26 Presidency’s energy transition campaign and exploring the scope for further high-level discussions in view of upcoming global summits.] The EU will support international efforts to reduce the environmental and GHG impact of existing fossil fuel infrastructure, including non-CO2 emissions, such as black carbon. In this context, the Council underlines the need to mitigate the impact of climate change in the Arctic region, which is particularly affected. In addition, the EU will pursue, as a priority, international initiatives on reductions of methane emissions in line with the Commission’s recent Methane Strategy, building on the EU’s unparalleled space observation capabilities, focusing on international partnerships, and encouraging participation in the International Methane Emissions Observatory in order to strengthen global measurement, reporting and verification.

11. The Council recognises that the energy transition, pursued at the requisite pace, will have a significant impact on societies, economies and geopolitics globally, transforming existing economic and trade patterns. While the transition is an opportunity for a shift towards sustainable growth, creating new jobs, and will ultimately benefit all countries, it could – in the medium-term – have adverse impacts on some, notably those dependent on the export of fossil fuels, including in the EU’s broader neighbourhood. EU and Member State foreign policy and external action will need to anticipate such geopolitical and security challenges, by promoting as well as supporting the development of socially just economic and energy diversification plans, and providing, where necessary, targeted support to the most affected in order to support the transformation of their economies. The EU will share its experience of pursuing a socially just and inclusive energy transition leaving no one behind, including through tools such as the Coal Regions in Transition Initiative, which support communities affected by the shift away from coal, and the Just Transition Mechanism.

12. [EU energy diplomacy has a key role in maintaining and strengthening the energy security and resilience of the EU and our partners. The Council recognises that the nature of energy security is evolving from concerns about access to fossil fuels at affordable prices sourced on volatile markets, towards the need to secure access to the critical raw materials and technologies necessary for the energy transition whilst avoiding new dependencies, as well as ensuring resilient supply chains, cybersecurity and the protection and climate adaptation of all, and in particular, ‘critical’ infrastructure. On the way towards a decarbonised world, EU energy diplomacy will pursue energy security and resilience by promoting open, transparent, well-regulated, liquid, and rule-based global markets ensuring a diversity of suppliers and sources, and promoting the use of the Euro in energy trading. In this context, the Council recalled that in its conclusions of 1 and 2 October 2020 the European Council agreed that achieving strategic autonomy while preserving an open economy is a key objective of the Union. Furthermore, in its conclusions of 16 November 2020, “A Recovery Advancing the Transition towards a more Dynamic, Resilient and Competitive European Industry”, the Council recalled that this includes identifying and reducing strategic dependencies and increasing resilience in the most sensitive industrial ecosystems and specific areas such as, i.a., energy. In this context, the EU will enhance its ability to cooperate with partners in order to safeguard its values and interests. The Council also recalls the importance of nuclear safety, and the ongoing investigation by the Commission of possible measures preventing commercial electricity imports from third countries’ nuclear facilities that do not fulfil EU recognised safety levels.]

13. The EU will ensure that its trade policy and its trade agreements are consistent with its climate ambition. The Council acknowledges that the Commission has proposed, with the European Green Deal Communication of December 2019, to make the respect of the Paris Agreement an essential element for all future comprehensive trade agreements. The Council welcomes the initiative of the Commission in the WTO context to ensure multilateral trade rules support the global transition towards a climate neutral and resilient economy. The EU will seek to ensure undistorted trade and investment for EU businesses in third countries, a level playing field, and a fair access to resources and green technologies, noting the important role of industrial alliances. In order to ensure the EU's green technological leadership, EU external action will pursue bilateral strategic research partnerships with technology leaders and cooperation through global fora such as Mission Innovation and the Clean Energy Ministerial, while supporting the uptake of EU energy standards globally.

14. The EU will use all the instruments and options at its disposal in order to defend its interests, including the sovereignty and sovereign rights of Member States to develop their natural resources in accordance with international law, and safeguard the EU's and Member States' ability to make sovereign decisions over energy policy, rejecting third country interference and economic coercion, while aiming to achieve a more effective and coordinated use of restrictive measures. The Council recalls that foreign direct investment in the EU's energy infrastructure needs to respect the integrity of the EU's internal market and should not undermine the EU's security, strategic interests and climate action goals. EU diplomacy will scale up efforts to counter disinformation campaigns against the energy transition, within the EU and globally. The EU and its Member States will continue to support the uptake of the EU's energy acquis, rules and standards, as well as further energy market integration and interconnectivity in line with the European Green Deal, particularly within the EU's neighbourhood, including the Eastern Mediterranean. The EU will support the ambitions and efforts of countries in the Southern Neighbourhood, Western Balkans and the Eastern Partnership in tackling environmental, climate and energy challenges. The Council welcomes, in this context, the Joint Communication on Eastern Partnership policy beyond 2020 and the Declaration on the Green Agenda for the Western Balkans while looking forward to the upcoming communication on a renewed partnership for the Southern Neighbourhood, in line with the international dimension of the European Green Deal. The Council also stresses the importance of completing the Energy Community Treaty amendment process as soon as possible.

15. The Council highlights the importance of effective multilateral structures and governance mechanisms supporting the EU's climate and energy diplomacies and notes the leadership function of the G7 and G20, welcoming the plans of the UK and Italy – also as co-hosts of COP 26 – to make climate action and the energy transition central themes of their presidencies. The Council stresses the need for ambitious conclusions at the G20 joint Climate-Energy Ministerial as an input towards the G20 Leaders Summit in Rome in October 2021. EU energy diplomacy will support the reform and modernisation processes of international energy organisations, bodies and initiatives with a view to driving an inclusive global energy transition in alignment with Paris Agreement objectives, highlighting in particular the urgent need for progress in the negotiations for the modernisation of the Energy Charter Treaty. The EU will enhance efforts to ensure adequate EU representation in decision-making bodies of such multilateral organisations, aim to reduce fragmentation of approaches, and support calls for analyses and scenarios to maximise their contribution to climate neutrality goals. The EU welcomes the timely initiative of the UN General Assembly to hold a High-level Dialogue on Energy at the level of Head of State and Government in September 2021.
16. Universal access to safe, secure, sustainable and affordable energy remains fundamental to eradicating poverty and essential for delivering the 2030 Agenda. The EU will continue to address energy poverty, building, where possible, on the Team Europe approach, in line with climate and energy transition goals and the modalities set out in the Council conclusions on 'Energy and Development' (2018). As a priority action, the EU will work with African partners in accordance with the Joint Communication "Towards a comprehensive Strategy with Africa" and develop a strategic and coordinated approach on the energy partnership with Africa, launching an African Union-EU Green Energy Initiative, which should support universal sustainable energy access ambition for Africa; as well as launching the "NaturAfrica" initiative to promote nature conservation, boost job opportunities and help tackle the illegal exploitation of natural resources and biodiversity loss in Africa. The EU will also contribute to the acceleration of the implementation of the Great Green Wall.

17. The coherent pursuit of external policy goals in all relevant sectorial fields is crucial for the success of the European Green Deal. The Council notes, in particular, the intrinsic links between international climate and environmental action. Considering that global resource extraction and processing, including energy, are responsible for half of GHG emissions and more than 90% of biodiversity loss, the Council calls for renewed efforts to limit emissions in these sectors through policy or innovation in line with circular economy principles. The EU also calls for an ambitious post-2020 global biodiversity framework aiming to halt and reverse biodiversity loss as the outcome of the 15th Conference of the Parties to the Convention on Biological Diversity. The Council notes in particular that climate change, ocean and freshwater degradation, deforestation and biodiversity loss are strongly interconnected. The EU and Member States will address these issues with urgency, and recall the need for closer cooperation and synergies on biodiversity, ocean and climate related issues among relevant UN initiatives and Conventions and with other international and regional processes. The Council recognises the need for a comprehensive approach on water related challenges, including synergies between climate, energy and water diplomacy. The Council welcomes the Commission's proposal for a Global Alliance for Circular Economy and Resource Efficiency, significantly contributing to the Paris Agreement goals and to reversing biodiversity loss.
18. The EU and the Member States will implement these conclusions by continuing to pursue tailor-made approaches in line with the most recent Council conclusions on Climate Diplomacy (2020). In addition, the Council invites the Commission and the High Representative of 2021, a new strategy on international energy engagement, in accordance with the goals set out above and taking into account the specificities of particular regions and countries while fostering energy partnerships, and developing regional energy cooperation, particularly in the EU's Neighbourhood.

19. The Council welcomes the effective integration of climate action as a headline issue in a number of bilateral and multilateral declarations during 2020, such as the recent Joint Communiqué of the EU-LAC Informal Ministerial. The EU will work collectively to continue to pursue climate action and energy transition, along with a green recovery from the COVID-19 pandemic, as a common goal across the international agenda in 2021, including through multilateral engagement and meetings of Development Banks and the International Financial Institutions, in a manner that supports a successful outcome of the Pre-COP26 event in Milan in September 2021 building towards the most ambitious possible conclusion of COP 26. The EU will also continue to place climate action and the energy transition at the top of the agenda in its bilateral engagement with third countries, highlighting the EU’s neighbourhood, and with fossil fuel producers and suppliers. The Council reiterates the need for human rights to be integrated systematically into climate action and energy diplomacy. In this context, the EU will continue to uphold, promote and protect gender equality and women’s empowerment. It also underlines the importance of enhancing the voice and participation of young generations on policy and practice related to climate, energy and the environment, welcoming the “YouthforClimate: driving ambition” event to be hosted by Italy in September 2021.
20. The Council invites the High Representative and the Commission to reinforce further the external dimension of the European Green Deal, to make appropriate capacity available, and to strengthen – together with the Member States – coordination and information exchange through, among others, the EU Green Diplomacy Network and the Energy Diplomacy Expert Group. In the run-up to COP 26, EU Delegations and Member States’ Embassies shall increase their outreach and cooperation in a TEAM Europe approach, further projecting the EU’s commitment and leadership in this field. The Council recognises the importance of regular stocktaking and reporting in the area of climate and energy diplomacy, highlighting results and concrete initiatives, including within the framework of the Regulation on the Governance of the Energy Union and Climate Action.
21. The Council will revert to climate diplomacy ahead of COP 26.
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