**European Commission Policy Proposal**

**Problem statement**

From rounds of negotiation until now it has become evident that despite disagreements, all countries in the European Union stand together in a common fight against the threat of climate change.

Although Europe is a relatively stable and prosperous continent, many places around the world are rapidly deteriorating due to climate change in ways that could foreshadow our collective future. Communities changed irrevocably by natural disasters and climatic shifts have forced many to seek a better life outside of their homeland (Hoffman, 2013), spreading the impact beyond simply national borders. Entire ecosystems are threatened, which adds the issue of food security to the aforementioned and apparent migratory crises that have and may continue to impact our continent. The need for quick and comprehensive action cannot be emphasized enough, as only a more dire picture of life awaits should we fail to enact significant policies to tackle the threat we have already acknowledged. From public health to economic growth prospects to political stability, there is scarcely an issue that climate change does not bear an impact upon.

Thankfully, Europe has become a torch-bearer in the movement towards a greener future. For example, the European Investment Bank recently announced that it will stop lending to projects in the fossil industries after 2021, becoming the world’s first “climate bank” (Ambrose & Henley, 2019). EIB is the world’s largest multilateral financial institution, and it is therefore fundamental that these types of institutions are leading the way, exemplifying the EU’s commitment to bold action. Further, it is imperative that EU nations act together in setting an example just as the EIB has.

Yet, fairness in the distribution of burdens in this context is essential. To this end, there remain significant disagreements on proper procedure, particularly with regard to budgetary constraints. The European Commission wants to emphasize how important it is that countries that already have come a long way and traditionally have and want to be seen as leader figures within the European cooperation step forward and continue to lead. Meanwhile, those countries that are lagging behind are encouraged to make significant moves towards carbon reduction. In short, there is a need to acknowledge that some countries need more aid in transitioning than others, but those nations will not be allowed to shirk the collective responsibility we bear together on this issue.

**Proposed solution**

Luckily, all countries agree on the goal of carbon neutrality by 2050. This is a solid starting point, but will not be sufficient if our goal is to reach the goals set in the Paris Agreement (European Commission).

Hence, stronger measures are needed. The European Commission sees an emissions cut of at least 55 % by 2030 necessary to be on path to reaching the 2050 goals. In addition, it is important to highlight that the earlier and faster we manage to transition our economies, the less it will cost our countries economically and ecologically (Nature, 2018). This aggressive target is vital to our goals given the knowledge that early and aggressive reductions will pay dividends in the form of reduced crises of many stripes in the future (MacCracken, 2008).

Cutting total emissions requires teamwork, and the richest countries that like to anoint themselves as leaders of the EU’s climate policies need to assist the ones that have yet to catch up. Increasing the size of the Multiannual Financial Framework (MFF) is the best way to secure that each country contributes according to their financial ability and at the same time ease the burden on the countries catching up and making it easier for them to reach the ambitious but realistic goals set by the union. Thus, securing that each country contributes at least 1.3 % of GNI is key to having the financial muscles to cut GHG emissions. These contributions will aid in ensuring funding to the Just Transition Fund, the European Regional Development Fund, and other initiatives that allow for an equitable and stable move towards greener policies.

To ensure that some people will be worse off than others, the European Commission proposes a distributionally and revenue neutral carbon tax. A fair distribution of burdens imply an increased carbon tax applicable to all sectors. Acknowledged research such as from Metcalf & Weisbach (2009) demonstrate how a well-designed carbon tax can effectively eliminate the greater majority of all emissions while at the same time only taxing a small proportion of the population.

Following the arguments of the Nobel Prize Winner in Economics, William Nordhaus, countries should form a “club”, where countries outside of the club will face higher tariffs to be able to sell in the EU market (Nordhaus, 2020). This will help our countries stay together and further show solidarity within the EU in order to encourage countries outside of the EU to adopt the same measures we are now boldly embarking upon. The European Union boasts one of the largest economies in the world, with trading relationships spanning and connecting the globe. The European Commission recognizes that this is an important strength to be utilized through measures like external trade barriers (Courchene, 2008) in order to make the sacrifices of our continent more than simply continental measures.

**Obstacles to implementation**

The largest disagreements seem to be polarized concerns on budgetary commitments to the Multiannual Financial Framework and the aggressiveness with which we set targets for 2030. It is understandable that countries like Germany and Sweden are conscious of increased spending for EU-level projects. It is also understandable, given their progress and ideological stances on climate change that both nations are setting ambitious targets for carbon reduction in the near term.

On the other hand, concerns from the diverse EU Parliament constituency and Poland on moving too quickly on climate policy changes without proper funding are likewise sensible. Sizeable disruptions to domestic labor, industry, and political stability without proper financial safeguards would be exceedingly difficult to justify to the domestic populace and could in fact wreak political consequences that defeat our initial goals and/or threaten the unity of our continental system (Hutter, 2019).

The European Commission is both cognizant and sensitive to each pole of these negotiations. As such, we hope to act as an arbiter and offer a compromise position wherein both sides of these contentious issues can achieve a level of satisfaction commensurate with our stated goal of a fair and just transition made in the best interest of all nations now coming to the table together.

**Sources:**

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