



# OPINION

European Economic and Social Committee

## Geopolitical impact of the Energy Transition

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**Geopolitical impact of the energy transition**  
[JOIN/2022/23 final]

**REX/550**

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**EN**

Referral	28/06/2022
Legal basis	Article 304 of the Treaty on the Functioning of the European Union
Plenary Assembly decision	21/09/2022
Legal basis	Rule 52(2) of the Rules of Procedure
	Referral
Section responsible	External Relations
Adopted in section	14/09/2022
Adopted at plenary	21/09/2022
Plenary session No	572
Outcome of vote (for/against/abstentions)	229/1/6

## 1. **Conclusions and recommendations**

- 1.1 2022 will go down in history as a year of profound geopolitical and energy-related changes around the world. The EESC commends the efforts of the European Commission and individual Member States, which have accelerated the process of gaining independence from Russian energy supplies. The EESC believes that, given the dynamics of the war in Ukraine, it is nevertheless necessary to accelerate the process by imposing a strict embargo, which must involve the speedy development of alternative clean energy sources.
- 1.2 This opinion takes account of the referral regarding communication **JOIN(2022)23: EU external energy engagement in a changing world**, which was jointly published by the European Commission's Directorate-General for Energy and by the High Representative of the Union for Foreign Affairs and Security Policy on 18 May 2022.
- 1.3 The EESC welcomes the fact that Europe remains at the forefront of the energy transition, but points out that changes within the EU are not sufficient to offset the effects of global emissions and that it is in our clear interest, both in terms of climate change and economic expansion to ensure sustainable global development, that action is taken internationally.
- 1.4 The EESC welcomes a number of EU initiatives that either strengthen the EU's internal resilience, such as REPowerEU, or those such as the Just Energy Transition Partnership, the Global Gateway and the Green Agenda for the Western Balkans, which facilitate political stability.
- 1.5 At the same time, the EESC draws attention to the fact that current political tensions would require even more active cooperation with some countries that are able to provide Europe with gas and oil supplies. Among others, the United States and to a different extent, countries in South America and Africa, whose fossil fuel exports should be supplemented with knowledge transfers and renewable technologies that could speed up their climate transition.
- 1.6 The EESC welcomes the initiative to connect Moldova and Ukraine to the European energy grid, but also calls for periodical reviews of the geopolitical situation resulting from dynamic changes in the energy structure in countries such as Armenia, Georgia and Kazakhstan
- 1.7 The EESC draws attention to the need to build special relations with countries that are major suppliers of heavy metals and raw materials necessary for producing clean energy technologies and which may be threatened. This requires the development of a whole new industry in international relations: European energy diplomacy.
- 1.8 Due to the recent experience of Europe's overdependence on raw materials from uncertain sources, the EESC urges the EU to be as flexible as possible in its ambitious plans for the energy transition, allowing time to analyse the geopolitical impact of selected decisions and to adjust them if they cause unwanted and unexpected tensions in the world.

## 2. Introduction

- 2.1 For many years, issues related to the energy transition have remained at the top of the political agenda all over the globe. The European Union with European Green Deal is a frontrunner in the energy transition, based on its values of sustainability, solidarity and international cooperation. However, whereas the EU is only responsible for around an 8% (and decreasing) share of global emissions, EU internal policy, no matter how ambitious it may be, is not enough.
- 2.2 As outlined in conclusions to the Geopolitics of the European Green Deal conference<sup>1</sup>, multilateralism is key to tackling these common, transboundary climate threats, and it is through multilateralism, rather than divisive geopolitics, that the planetary crisis can be tackled. The above was also reflected in the EESC opinion on the *New EU Strategy on Adaptation to Climate Change*<sup>2</sup> where the EESC endorsed the need for "stepping up international action for climate resilience", as the Commission puts it, agreeing with the Commission's statement that "our climate change adaptation ambition must match our global leadership in climate change mitigation".
- 2.3 As the climate change and related actions taken are causing huge shifts in geopolitics and industry, led by a boom in renewable energy, strongly impacting international relations, the EESC has decided that a focus on geopolitical effects would be critical to a comprehensive umbrella opinion on climate change.
- 2.4 While there is a scientific consensus on the need to reduce greenhouse gas emissions to the atmosphere, climate policy cannot ignore the growing positive and negative links between the associated economic, social and environmental challenges.
- 2.5 The functioning and parameters of the energy market are directly related to the political situation in individual regions. The above is contributed to by the fact that fossil fuel supply is marked by high dependency on a few producing countries.
- 2.6 As shown in the EESC opinion on *The external dimension of the EU's energy policy*<sup>3</sup>, the dominance of certain import sources, which are not respecting the same market and political rules as the EU, have lifted the issue of energy security high on the EU agenda. At that time, the consequences of the military aggression carried out in Georgia in 2008 were referred to, but the context remains remarkably relevant given the current situation in Ukraine, which is strongly translated into the perception of issues related to energy security and geopolitics.
- 2.7 In the medium term, the world energy scene will look nothing like it does now. The energy transition will have a fundamental impact on geopolitics, and will bring both threats and opportunities. The nature of this impact will depend on many factors. One example is that

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1 <https://www.eesc.europa.eu/en/agenda/our-events/events/geopolitics-european-green-deal>

2 [OJ C 374, 16.9.2021, p. 84](#)

3 [OJ C 264, 20.7.2016, p. 28](#)

decarbonisation can lead to higher dependency on gas imports, which could make EU-Russia relations even more complex.

- 2.8 As the energy system changes, so will energy politics. In the world of clean energy, a new set of winners and losers will emerge. Some see it as a clean energy space race. Countries or regions that master clean technology, export green energy or import less fossil fuel stand to gain from the new system, while those that rely on exporting fossil fuels could see their power decline.

### 3. **General comments**

- 3.1 If the energy transformation is understood as taking systemic actions and measures aimed at reducing the release of carbon compounds into the atmosphere accelerating the processes of climate change, then apart from the energy transformation one should also seek and implement optimal solutions in the field of sustainable agriculture and forest management, bio-sequestration, cattle breeding or use, opportunities brought by the development of carbon dioxide capture and storage technology.
- 3.2 Taking into account the level of greenhouse gas emissions generated by EU countries, compared to other world economies, in order to achieve the required results, it is necessary to make efforts to bring other countries to the coalition to counteract climate change. Special consideration needs to be paid by the EU to international cooperation in its various forms, including investment, trade and innovation partnerships, with the aim of enhancing adaptation measures globally and especially in developing countries.
- 3.3 Trade activities undertaken by EU Member States leave a significant carbon footprint in the rest of the world. It is the responsibility of the EU to address this external dimension of the implementation of the European Green Deal, through inter alia promoting transition in bilateral and regional development cooperation and addressing negative spill-overs in its trade policies.
- 3.4 Geopolitics is crucial in order to guarantee the success of the European Green Deal, as the green transition will evidently have a dramatic impact on international relations. Diverging priorities between developed and developing countries will constitute a significant challenge, as the European Green Deal will affect countries disproportionately. In tackling these challenges, the developed world should make every effort to address the impact on low-income countries to show that the European Green Deal will not leave them behind.
- 3.5 An example of activities focused on the involvement of global partners, is the Just Energy Transition Partnership Launched at the COP26 World Leaders Summit by the governments of South Africa, France, Germany, the UK, the US and the EU. The initiative aims to support South Africa to decarbonise its economy, to move away from coal and towards a low emission, climate resilient economy based on clean, green energy and technology.
- 3.6 Another example is the Global Gateway, the new European Strategy focused on boosting smart, clean and secure links in digital, energy and transport and strengthening health, education and research systems across the world. Global Gateway aims to mobilise up to EUR 300 billion in

investments between 2021 and 2027 to underpin a lasting global recovery, taking into account our partners' needs and the EU's own interests.

- 3.7 Another example of particular importance in the context of geopolitics is the Green Agenda for the Western Balkans, which aims to support a comprehensive ecological transformation towards a circular low-emission and sustainable economy in the Western Balkans. In particular, the Green Agenda for the Western Balkans can unlock the potential of the circular economy, creating more jobs and opening up prospects of new growth. Adequate financing from the EU, national governments and the private sector will be essential in order to support this green transition. According to the EESC opinion on *Energy – a factor for development and a deeper accession process in the Western Balkans*<sup>4</sup>, energy should be a factor for the development and interconnectivity of the region and the citizens of the Western Balkans should be given a clear idea of the economic and environmental benefits of accession to the EU.
- 3.8 As outlined in the conclusions of the aforementioned *Geopolitics of the European Green Deal* conference, the energy transition will be accompanied by considerable volatility in energy prices. The above constitutes a geopolitical challenge that the EU and its global partners should help to mitigate, by lowering the risks associated with the promotion and expansion of clean energy use, and avoiding exacerbating already existing inequalities.
- 3.9 The above has already been expressed in the EESC opinion on *The new EU Strategy on Adaptation to Climate Change*<sup>5</sup>, where the Committee called on the Commission to seek better alignment of climate adjustment policies with climate justice in future adaptation policy work. The Committee acknowledged that climate change can have differing social, economic, public health and other adverse impacts on communities and advocated addressing existing inequities head on through long-term mitigation and adaptation strategies, so that no one is left behind. EESC urged the Commission to clarify how exactly it will unlock barriers to accessing finance for the most vulnerable countries, communities and sectors globally and how it will include proposals for the integration of gender and tackling inequalities at regional and local level.
- 3.10 The EU's external policy to combat climate change should not only rely on EU countries to provide "external" arguments and supporting the implementation of a demanding climate transformation strategy, but also on drawing know-how from countries outside the EU (for example, working with the American Natural Resource Conservation Service (NCRS) and other similar organisations. It should be remembered that it is no less important to take care of the internal exchange of good practices and the development of a systemic approach to the challenges related to transformation, as part of initiatives such as the construction of the common energy market.
- 3.11 The dynamic development of renewable energy sources requires a parallel modernisation of the transmission infrastructure and integrating the energy system, and a departure from the centralised method of generating and supplying electricity. It is necessary to consistently promote local initiatives to meet energy needs in line with the subsidiarity principle. As stated

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<sup>4</sup> [OJ C 32, 28.1.2016, p. 8](#)

<sup>5</sup> [OJ C 374, 16.9.2021, p. 84](#)

in the EESC opinion on *An EU Strategy for Energy System Integration*<sup>6</sup>, the Commission should encourage the European Union's neighbours, and primarily the Eastern Partnership countries, to follow the plan for system integration, which is important not only for achieving climate neutrality, but also for stable security of supply and affordable prices for private consumers and the economy, and make it their own policy. The question of whether a CO<sub>2</sub> border tax could be helpful here should be explored further.

- 3.12 It is not possible to credibly and effectively implement the strategy of presenting the need to implement climate policy outside the EU if the social challenges accompanying the transformation processes are not properly addressed within the EU Member States. As indicated in the EESC opinion on *Leaving no one behind when implementing the 2030 Sustainable Development Agenda*<sup>7</sup> leaving no one behind means that all members of society and especially those that are further behind have a real chance to seize the chances and are well prepared for coping with the risks. In this context, the most vulnerable groups in society as well as the most disadvantaged regions and territories need special consideration.
- 3.13 Effective and socially acceptable addressing of issues related to the diversified impact of the climate policy on individual EU countries, would give EU the credibility to act as a global leader on sustainability. At the same time, a commitment to sustainability at global level helps to achieve EU policy objectives in other areas (such as addressing the causes of migration, fair global trade and reducing dependence on oil-rich countries from a foreign policy perspective).
- 3.14 As stated in the aforementioned opinion, the European Commission has already adopted an approach of internalising external effects more seriously, acknowledging for example that renewable energies are disadvantaged as long as the external costs of fossil resources are not fully reflected in the market price or by making efforts to factor negative externalities into the transport sector.
- 3.15 Education and knowledge transfer are essential, both at the level of universal compulsory education and communication addressed to the general public, with particular emphasis on social groups directly affected by the transformation. It is necessary to clearly present the civilisational alternative that we are facing in order to effectively defend the thesis according to which the current transformation effort by a part of society will avoid much greater costs that in the event of inactivity will have to be paid to the entire international community.
- 3.16 The energy transformation and the development of new green technologies contribute to the development of unique knowledge and competences, and the creation of highly qualified jobs. This direction of development of European economies is a unique development opportunity and allows the EU Member States to strengthen their position as a technological leader in the area of transformation understood as emission reduction. The accession of more non-EU countries to the alliance to counteract the negative effects of climate change will allow the creation of markets for technologies derived from European economies.

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<sup>6</sup> [OJ C 123, 9.4.2021, p. 22](#)

<sup>7</sup> [OJ C 47, 11.2.2020, p. 30](#)

- 3.17 The gradual phasing out of fossil fuels will foster the escalation of tensions between EU countries - as importers of these raw materials, and non-EU countries - as suppliers. In this case, in particular, Russia should be taken into account as a local supplier of fuels, whose revenues from the sale of these raw materials constitute a significant part of the budget revenues. In addition, countries in the MENA and sub-Saharan Africa regions whose revenue heavily depends on fossil fuel exports may face significant political and social repercussions that could trigger waves of refugees and migration towards Europe. The change in the model of cooperation can certainly be viewed from a political point of view as a threat to the position of a country whose economy and governance are dependent on revenues from the supply of fossil fuels. Investment and collaborative solutions in promoting green energy could be framed as an opportunity to assist the transition of these economies.
- 3.18 The experience of the war taking place in the 21st century in Europe prompts reflection on the responsible use of nuclear energy and a revision of the taxonomy rules which do not contribute to the negative effects of climate change.
- 3.19 The possible embargo on imports of Russian oil, gas and coal as sanctions imposed on Russia in the context of aggression against Ukraine, or a withdrawal from imports due to the need to suspend financial transfers supporting the Putin regime, will contribute to the acceleration of the expected geopolitical effects of the suspension of fuel imports from Russia. At the same time, there may be a need to reconsider the pace of abandoning from fuels available in EU countries.
- 3.20 Integration in order to create a gas union of EU countries seems justified. Such an approach would allow for joint purchasing processes and contribute to the achievement of favourable economic conditions, while allowing for the coordination of decisions to suspend the import of this raw material from the East, which, in the face of the political dimension of such a decision, would translate into a coherent foreign policy of EU countries.

#### **4. Challenges and opportunities**

- 4.1 The climate policy of the European Union will have a diversified impact depending on the region it concerns and depending on the activities undertaken in the field of external policy to mitigate identified risk and enhance the transition processes.
- 4.2 With regard to the Western Balkans, high hopes are expected in the field of energy market activities in relation to the EU membership process. The above may play a significant, positive role in shaping the geopolitical conditions in this region. By signing the Sofia Declaration on the Green Agenda, the governments of the Western Balkan countries have committed to reaching climate neutrality by 2050 and to fully aligning with the European Green Deal. In particular, the Green Agenda for the Western Balkans could unlock the potential of the circular economy, creating more workplaces and opening up new growth prospects. Adequate financing from the EU, national governments and the private sector will be essential in order to support this green transition.
- 4.3 With regard to Africa, first, it should be emphasised that climate change mitigation policies are not a priority for the countries of this continent. The EU should therefore work with African, as



is the case with other developing countries, to ensure all initiatives are locally accepted and consistent with partner countries' priorities by applying a bottom-up approach. Otherwise, actions taken in the field of climate policy may be met with a lack of understanding and opposition from local communities struggling with fundamental problems. As indicated in the EESC opinion *EU and Africa: Making an equal development partnership a reality based on sustainability and common values*<sup>8</sup>, the challenges faced by developing countries in Africa are very complex and need to be addressed in a sensitive and multidimensional approach. What is more, the continent's energy demand will be expected to double by 2050, with poverty rates remaining high. This would perpetuate, if not exacerbate, sustainability issues in terms of environmental and socioeconomic aspects. Nevertheless, opportunities could arise, with African countries playing a leading role in the solar photovoltaic technology and large-scale production of synthetic fuels. Specific possibilities for joint projects, business activities and policies could create a new socio-ecological market economy approach.

- 4.4 Regarding the Eastern Partnership, close cooperation with countries that, like the EU, are heavily dependent on fossil fuels and thus exposed to strong price volatility, is particularly important, especially taking into account the current hostilities in Ukraine. With regard to Ukraine, Moldova and Georgia, efforts should be made to assist these countries in the process of becoming independent from supplies of fossil fuels from Russia and enabling integration of their electricity networks with the European grid. The above-mentioned activities are reflected in the recent declaration on a fast integration into the EU electricity grid, a joint effort of decision-making bodies as well as transmission network operators is necessary.

Brussels, 21 September 2022

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<sup>8</sup> [OJ C 429, 11.12.2020, p. 105](#)