

A Changed Climate: Europe Goes Cold on Climate Hype

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The European Union is struggling to deliver on its promises to cut carbon emissions.

JUST 18 months ago the European Union promised to save the world from climate change. A final plan to deliver on those promises must be finished soon. But it is in deep trouble.

The conclusions of the March 2007 summit proclaiming the EU's "leading role" on climate change make for wistful reading today. They begin "Europe is currently enjoying an economic upswing." and add that growth forecasts are "positive". Back in that long-lost golden age, the EU's leaders were in heroic mood. They offered binding promises known as the 20/20/20 pledges. By the year 2020, they would cut Europe's carbon emissions by at least a fifth over 1990 levels; derive 20% of all energy from renewable sources; and make energy-efficiency savings of 20%.

The heroic mood is gone now. In March 2007 Angela Merkel, the German chancellor and chairman of the summit, was a green champion. Today she sounds like a lobbyist for German business, listing the industries that must be shielded from the full costs of her package. In truth, almost every country has found reasons why the climate-change promises may be impossible to meet in their current form. Britain is gloomy about its renewable-energy targets. Ireland says its farmers must be protected (grass-fed Irish cows emit a lot of methane).

Dig into most "impossible" problems on the table, and they come down to money. In the EU, rows about money are usually settled, albeit acrimoniously. But another problem is harder to fix. Countries that use a lot of coal, such as Poland, fear that the climate-change package will force them to abandon it. The quick and easy alternative is natural gas, but the fear is that this means Russian gas. Russia made its neighbours nervous even 18 months ago; after its war on Georgia it frightens them even more.

Poland gets over 90% of its electricity from coal. The giant Siewierski power station in Warsaw provides electricity and heating to two-thirds of the Polish capital each winter. A mountain of coal next to its turbine hall holds 180,000 tonnes, enough for 18 days' winter production. Ignore climate change, and it is an oddly comforting place. Almost all the coal is Polish, and more arrives on trains from Silesia every day. On an autumn afternoon, the only smells are of fallen leaves and the sweet tang of fresh coal. The only noise comes from a bulldozer smoothing the coal-mound and the cawing of rooks. Its three chimneys run clear: you cannot see the carbon dioxide pouring into the sky.

The heart of the EU's climate-change package is an emissions-trading scheme (ETS) that will make factories and power plants like Siekierki pay for emitting carbon. The higher the price of carbon in the ETS, the stronger the signal to switch away from coal. Polish ministers have been galvanised by recent reports that the carbon price will be much higher than European Commission estimates. A February 2008 paper from UBS, a Swiss bank, caused alarm by predicting that 43% of Europe's coal-fired power generation will switch to gas because of EU emissions targets.

In the long term, Poland is pinning its faith on clean-coal technologies, including carbon capture and storage. But that will take years. (Polish officials say nuclear power is another option. but that would take years too.) What worries them is the medium term, when they want to keep burning coal. "Coal is our energy security," says Mikolaj Dowgielewicz, Poland's Europe minister. On September 26th ministers from Bulgaria, Hungary, Poland, Romania and Slovakia signed a joint declaration expressing concern that the climate-change plan would "significantly increase" the dependence of some countries on imported gas. With the package "in its current form", there is no chance of an agreement among the 27 EU countries, concludes Mr Dowgielewicz.

The irony is that energy security was key in persuading the cast Europeans to sign up to the climate-change package in March 2007. Their leaders were assured that a shift to renewable energy would help them avoid excessive dependence on imports. The March 2007 conclusions pledged more EU "solidarity" in the event of a supply crisis (eg, Russia turning the taps off). There were pledges to diversify supplies, and support for named projects like the Nabucco pipeline that would bring Caspian gas to central Europe, bypassing Russia.

Accommodating a Russian bear

But most of these promises were hollow. EU countries continue to sign deals with Russia that undermine Nabucco. Germany still defends the Nord Stream gas pipeline, a joint project with Russia's Gazprom. The war in Georgia showed how the EU maintains unity when dealing with Russia: by accommodation. And Russia's leaders have been busy all around the EU's periphery, defending Russian transit routes, and seeking to invest in new pipelines that will bring gas to Europe (including one from Nigeria), but under their influence or control.

Earlier this year, Russia said it would build a nuclear complex in Kaliningrad, an exclave between Poland and Lithuania. Too large for Kaliningrad's domestic needs, it has export potential. Russian nuclear chiefs said. That poses a dilemma for the neighbours. Once it is open, some time after 2015, it will offer zero-carbon electricity-but also more dependence on Russian energy.

Poland wants fiddly changes that might make it easier to keep burning coal and not be bankrupted by the ETS. But nobody can blame the ETS for pushing generators away from coal. It is designed to make high-carbon fuels unattractive,

after all.

There is a bigger solution available. The EU could deliver on some of the promises of March 2007 about energy security. That means fewer cosy bilateral deals with Russia, planning more terminals for liquefied natural gas imports, supporting pipeline projects that bypass Russia, linking up power grids and pressing ahead with energy liberalisation. The east Europeans will not accept a climate-change package that does not offer them greater energy security-and who can blame them?

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