

September 2024

## Ensuring a Fair Green Transition

Dàmir Belltheus Avdic, Institute for Climate Protection, Energy and Mobility  
Marie Krpata, Cerfa-Ifri

“Humanity has opened the gates of hell”, stated UN Secretary-General António Guterres at the Climate Ambition Summit in September 2023, emphasising that we are currently on a path of global warming above 2.4°C or even 2.9°C. Despite this, climate action has faced headwinds in recent years, perhaps particularly in Europe. The European Green Deal and similar initiatives on corporate sustainability due diligence, as well as the ban on the sale of new internal combustion engine cars from 2035 have, for instance, been successively watered down. Additionally, a strong showing for the far right in the European elections has pointed to a certain fatigue or reactionary tendency. In the face of a context hostile to the structural changes necessary for the transition, which disparities should be urgently tackled? How can a fairer green transition be ensured? And, last but not least, what Franco-German perspectives are there on this issue?

### Inequality and disparities in emissions

The fundamental misalignment of costs and benefits baked into the consumption paradigm that we inhabit has led to a range of injustices and imbalances. For one thing, developed countries in Europe and North America, as well as China are responsible for the bulk of historic emissions and continue to be the largest emitters, while it is traditionally more frugal countries closer to the equator that suffer disproportionately from the impacts of climate change. At the same time, carbon inequality within countries has been growing and now outstrips inequality between countries.

This has happened in parallel with a relative downgrading of lower and middle classes in more wealthy countries and an explosion in emissions caused by the top one percent of richest individuals across the world. This implies that a perception of unfairness and a wariness towards proposed models of redistribution may be a rational attitude on the part of middle-class voters in the Global North. A feeling of being ignored, and the resulting sense of injustice and frustration, are corrosive to societies in general, and perhaps all the more so for liberal democracies – countries such as France and Germany, where middle classes are traditionally the mainstay of a healthy body politic, ignore this at their peril.

### Who should pay?

The world’s response to climate change is one of market failures and brazen disregard for externalities. This is caused by the fact that the external costs of greenhouse gas emissions are not borne by those who incur them, but rather by the planet and humanity as a whole, meaning that it is rational from an individual perspective to maximise personal benefit at the expense of the collective by overconsuming with no regard for consequences.

An apparent paradox is that most people in the world wish that more would be done about climate change, but appear to feel that they as individuals either cannot or should not bear the brunt of the necessary adaptation (in France, this paradox is summed up as *fin du mois contre fin du monde* – end of the month versus end of the world).

The EU plays a pioneering role with its ambitions to become carbon-neutral by 2050 and to reduce CO<sub>2</sub> emissions by 55% by 2030. Nevertheless, in Germany in 2023, plans to increase the rate of heat pump installations led to a crude fearmongering campaign that fell on fertile ground and forced the government to backtrack. Similarly, in France, the Yellow Vests protests against fuel tax increases in 2018 highlighted the necessity to take into account inequalities between rural and urban areas. In response to this, participative democracy formats such as the Citizen's Convention on Climate were launched as an attempt to raise awareness of this issue among citizens and give them a stakeholder role in legislation on the topic.

Perhaps the main question that these protests raise is who should pay. One answer is some version of a carbon-fee-and-dividend system, which would consist of a carbon tax on fossil fuels that is distributed equally across the entire population in the form of a regular payment (i.e. not, like most normal taxes, to fund government services). Germany's proposed *Klimageld* (climate premium) is an example of such a redistribution system.

Various taxes and levies could also be used to fund necessary green investment. Investing in research and development in green technology, but also in upskilling and reskilling or investment in stronger supply chains – or even direct support to local manufacturers of crucial equipment and infrastructure – must be taken into consideration in this context. The choice of type of redistribution would have to be compatible with the preferences of partner countries and European rules on competition.

### **The importance of positive storytelling**

Last but not least, narratives spun around the renewable energy transition are key to its success. Such narratives currently tend to be overwhelmingly negative, however. This tendency is often apparent in various doom and gloom scenarios that, while roughly accurate, can be perceived (especially by lower-income groups) as overbearing or moralistic, leading to a rejection of any responsibility for emissions and climate change.

A great deal of messaging also focuses on cutting down on what many consider to be basic comforts, such as meat or driving. It is generally understood that wealthy people will not bear the brunt of such adjustments, further feeding resentment among middle- and lower-income groups. Moreover, there seems to be a lack of incentives to adopt greener consumption habits such as taking the train rather than flying, the latter generally being far cheaper in Europe. There is little promotion of novel solutions such as adopting shared models of consumption instead of ownership (e.g. shared mobility).

Many positive sides to the sustainable energy transition are not being adequately publicised. The OECD has found that substantial gains to economic growth can be derived from relatively inexpensive measures to lower air pollution, for instance. The benefits for the public purse and human health and welfare from reductions in greenhouse gas emissions are well documented but not often cited in the discourse on abatement strategies. A concerted effort to focus on such gains could help compensate for some of the unconstructive fearmongering about the impacts of climate change and mitigation and adaptation costs.

### **Why geopolitics matters**

On another note, a just and fair transition cannot be decoupled from the geopolitical context in which we find ourselves, which is one of fierce competition for the leadership of industrial bases around the world. It is not just GDP ranking that is at stake here. Technological decisions and the implementation of policies that help create an adequate regulatory framework for innovative companies to settle in or stay in the EU will also be decisive for the quality of jobs and purchasing power within the Union. However, the EU sometimes struggles to mount a coordinated response. While France would like to respond to "Made in China 2025" and the Inflation Reduction Act through public subsidies, Germany seems more reluctant about that idea, fearing that this would start an inefficient subsidies race.

Similarly, the flooding of the market by Chinese products such as electric vehicles, whose adoption would help us to transition away from polluting combustion engines, but is based on unfair trade practices, cannot be disregarded. In order to protect the EU's industrial base against distortive measures from third-country players, the European Commission launched an investigation into subsidies practices in China, helping it to sell Chinese cars at dumping prices in Europe. Again, while France is pushing for tariffs as a response, Germany is much more reluctant as it fears retaliatory measures from China to which the German industry would be exposed.

Furthermore, the green energy transition must encompass countries of the Global South, which are key for the mining resources the world needs for the green transition. These countries are increasingly refusing to function as mere sources of raw materials, however, and would like foreign companies to share know-how and expertise that could help them build up their own industrial base and ascend the value chain. Responding to similar concerns, the EU's [Carbon Border Adjustment Mechanism](#) is intended to prevent the outsourcing of polluting activities to third countries while the [Critical Raw Materials Act](#) aims to reshore certain extraction activities to Europe and promote recycling activities.

## Conclusion

The setbacks threatening effective climate action today in Europe and beyond are real. Marine le Pen of the *Rassemblement national* won over 40% of votes in the second round of the presidential election in 2022, and the *Alternative für Deutschland* is likely to become the biggest party in three state parliaments in eastern Germany after elections in September 2024. The resentment that fuels votes for these parties is partly based on a narrative of climate action as an unjust punishment for the already downtrodden.

Disarming such sentiment will require Germany, France and Europe to implement three types of measures. Firstly, there must be fairer burden-sharing in the form of large-scale redistributive measures. This should take the form of the carbon-fee-and-dividend approach such as *Klimageld*, or other progressive and climate-positive taxation schemes that primarily affect major emitters and are used to fund investment in the sustainable energy transition, or as compensation for the sacrifices made by disadvantaged groups. Secondly, Europe needs a more powerful positive vision and collective project, expressed with vigour and optimism, to capture hearts, minds and imaginations across the continent and beyond. And thirdly, the EU must boost its competitiveness in the global technological race by adopting a constructive consensus on industrial policy, trade and relations with the Global South. Closer convergence and partnership between France and Germany would go a long way towards achieving all of these goals.

#### Author

Dàmir Belltheus Avdic is Head of the "Climate and Innovation" Department at Institute for Climate Protection, Energy and Mobility in Berlin. Marie Krpata works as a Research Fellow at Cerfa-Ifri in Paris.

#### Genshagen Forum 2024

This paper resulted from a workshop at the 12th Genshagen Forum for Franco-German Dialogue (June 27 and 28, 2024) with the topic "Disintegrated Societies? The Future of Cohesion in Europe". The Genshagen Forum for French-German Dialogue has been organized since 2010. Considering the numerous challenges that Europe is facing, Germany and France must take responsibility regarding the future of the EU and join forces for the development of shared strategies. The Genshagen Forum actively encourages this process by promoting a result-oriented dialogue between mid-career leaders from both countries.



#### Publisher

Stiftung Genshagen  
Am Schloss 1  
D-14974 Genshagen  
institut@stiftung-genshagen.de

#### Editors

Guillaume Ohleyer and Pauline Zapke

#### Proofreading

Oliver Gascoigne

This publication exclusively reflects the personal opinion of the authors. All rights reserved. Reprint or copy, also in extracts, is only permitted with the prior written approval of the Genshagen Foundation.

© Stiftung Genshagen, 2024

#### The Genshagen Foundation

The Genshagen Foundation is a non-profit foundation under civil law. Founders are the Federal Government Commissioner for Culture and the Media and the Land of Brandenburg. The foundation is a platform for exchange between politics, business, science, culture and civil society. It promotes dialogue between Germany, France and Poland in the spirit of the "Weimar Triangle".



[www.stiftung-genshagen.de](http://www.stiftung-genshagen.de)

- @SGenshagen
- @StiftungGenshagen
- @stiftunggenshagen
- @stiftunggenshagen.bsky.social
- @linkedin.com/company/stiftung-genshagen

The 12<sup>th</sup> Genshagen Forum was organised in cooperation with:



With the support of:



Our founders:

