

# European scenarios and climate policies in a new global context

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# Summary

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# Introduction The end of the past multipolar world

- Towards a bipolar world with a major confrontation between US and China; US no more hegemonic but still with strong positions; large imbalances and threat of financial crisis
- China a rising pole; planning system, OBOR, advance in the climate transition, but also with important imbalances
- Two contrasted forms of capitalism in hard competition; very different from the cold war
- EU neither a pole, nor a commercial power, but a widely open market lagging behind in the high tec, with a manufacturing system deeply affected; institutional framework of the euro zone uncompleted in spite of successive reforms

# Introduction The end of the past multipolar world (2)

- Trade war launched by Trump and two major political shocks
- War in Ukraine , to be condemned but without ignoring the underlying factors; Russia threatened with LT decline
- War in Gaza and Middle East; condemnation of the Hamas attack but without ignoring the origins; Israel's disproportionate response; « double standard » with the Ukraine war
- The emerging countries, heterodox group, « active non alignment » with pragmatism and some opportunism; Bandung spirit

# Introduction The end of the past multipolar world (3)

- Climate change, a much broader issue than the simple effects of emissions
- Brutal turnaround in the US with Trump
- The EU squeezed between ambitious targets and the absence of an adequate planning system to reach these targets
- In a context of growing skepticism, downwards revision of the EU climate policy; with a competition of China and US more and more constraining, rearmament race and activity slow down make the financing of the climate transition more difficult

# S1 A soft compromise with EU pursuing its fragmentation trend

- With the successive and upcoming enlargements high heterogeneity at the economic level: contrasted social models, very different international specialisation, countries in surplus / current deficit; heterogeneity at the political level also
- Inability of the EU to define an appropriate answer to the trade war with the US and with China, encouraging individual strategies
- Euro system remains shaky; a single currency without a federal budget and a European debt; no progress since NGEU (2021) and the last Draghi report (2034)

# S1 A soft compromise with EU pursuing its fragmentation trend (2)

- Pursuit of fragmentation trends but the fear of bursting would lead to a soft compromise; weak positions facing the US-China conflict, as illustrated by the unbalanced trade agreement with the US; EU multinational firms seeking arrangements;
- Russian peril used to implement a rearmement policy without being able to build an European arm industry; budget constraints and further slowdown of EU growth; downward revision of climate investments
- Imports cuts remaining limited

## S2 A revival of strong protectionism and EU rule-breaking policies

- Protectionist measures as an answer to the previous blockings, for small and medium sized firms more directly affected by the increase of custom duties and with lack of means of response comparable to those of multinational firms
- In a context of trade war traditional defensive measures at national level in an unilateral manner if the other EU countries refuse this kind of policy
- More coordinated answer could be considered at the EU level if the EU was ready to engage a more marked confrontation strategy with US and China (which seems rather unlikely)

# S2 A revival of strong protectionism and EU rule-breaking policies (2)

- More generally policy of disobedience to EU Treaties could be proposed by countries wishing to respond to the current imbalances; in many areas like taxation, public procurement, selective interventions of public firms, development banks; compatible with intra-EU cooperation based on specific projects
- Combine unilateral actions with respect of « fair trade » between EU members (one action inducing a cost for a domestic firms being compensated by an increase of tariff on products coming from other countries) as suggested by Piketty (2024)
- Breaking the EU rules on many points , especially regarding competition policy, and intra-EU tariff; opening a period of institutional crisis

# S3 An EU engaged in a federalist trend

- A logical response to the inconsistencies of the current EU; necessity of a European debt and federal budget with a single currency; risk of marginalization facing US and China; threat of the authoritarian libertarianism of the Trump project; threat with Russian peril
- A large increase of the EU budget is defended since a long time by the Euromemo Group
- But the resistance to such a federal project remains strong in an aggregate of 27 heterogeneous countries, both at political and economic levels, shaped with very different social models
- The political leap is very high. Who will decide the federal taxes and expenditures? The European defense is a very controversial question. Who will decide the war?

## S3 An EU engaged in a federalist trend (2)

- These difficulties have led to the « hard core » proposal with a limited number of countries ready to move on political union with a budget voting assembly, own resources and joint programs (climate transition, research)
- More feasible than moving to political and fiscal union with 27 countries
- However many obstacles (of the same nature) remain; the Franco-German couple weakened; limited support since the initial call (2019)
- Pragmatic federalism with coalitions of willing countries around shared strategic interests (Draghi, 2025)

# S4 The EU entering in an active cooperation with the Third World

- Possible complete discredit of the US leadership
- With more dramatic impact of climate change
- With the burst of a major world wide crisis following the chaotic situation generated by the trade war, the liquidity crisis of the private credit in the US, the overvaluation of the share prices in the high tec, the imbalances of the US policy (OBBB, GENIUS with stable coins, financial deregulation)

# S4 The EU entering in an active cooperation with the Third World (2)

- Paving the way of a new global accord to face the climate change
- Emergence of a new multilateralism based on an active cooperation of the EU with the BRICs
- With a major responsibility of China deeply engaged in production and use of renewable energies
- Coalition of « middle powers » engaged in variable-geometry forms of cooperation
- Promotion of resilient practices
- Last international monetary cooperation could be relaunched with the revival of a SDR regime, or even with the creation of an International Clearing Union

# Conclusion

- S1 Soft compromise in the EU by fear of bursting; likely but less desirable
- S2 Revival of protectionism and breaking of EU rules; rather unlikely
- S3 Federalist trends in the EU; logical response but many obstacles
- S4 EU entering in a new multilateralism; necessity of an environmental policy at the world level; risk of a world wide crisis; coalition of « middle powers »