

## **CHAPTER III**

### **GREEN ECONOMY AS A NEW STRATEGIC PLAN OF THE EU**

As what has explained in the previous chapter, the diplomacy of the EU shaped through their history from an economic community until it becomes one of the most influential regional organization in the world. Equipped with the organizational structure and bodies as also the actor of diplomacy, EU has been conducting diplomacy in many fields for the sake of the region's development. It makes in the current days, discussing EU means taking all the member countries into account not only limited to the big countries such as Germany, France, Germany, or others.

Before the implementation of the green economy, the EU also conducts diplomacy in many fields. But, the economic and political-security become two fields that significantly change after the implementation of the green economy. The scoping period of research that portrayed as the transition year of EU in the implementation of green economy as their regional objective in 2020 has shown the strategy of the EU in shifting the style of their diplomacy, in the context of their actors or the concerned field (EEA, 2016).

This chapter will explain how significant the role of the implementation of green economy 2020 as EU's objective in 2020, it's related to some points of their objective to reform their economy to be more environmentally sustained as well as creating some new job opportunities for the European. This chapter will also explain the implementation of the green economy particularly as the vision of the EU in 2020 has affected the diplomacy of the EU in certain extent. (EEA, Resource-efficient green economy and EU policies, 2014) To do that, this chapter will examine green economy as a new concept as well as the management of the union to manage it as their 2020 vision.

#### **A. Historical Background of Green Economy**

According to the IMF report established in 2006, in the last quarter of a century, the world's economy has quadrupled. However, the benefits of the economic growth are traded for the lost and degradation of 60% ecosystem goods due to the unsustainable utilization (Untangling the Environmentalist's Paradox: Why Is

Human Well-being Increasing as Ecosystem Services Degrade?, 2010). Economic growths in recent decades are achieved by drawing down natural resources and ecosystem loss.

Undoubtedly, economic unsustainability can be seen through the ecological scarcity and the equal distribution of economic growth. To make a transition for a green economy, there are several conditions that need to be fulfilled particularly and most importantly national regulations, subsidies and incentives, international market and legal infrastructure, trade and technical assistance (United Nations Environment Programme, 2011).

The current challenge to enabling green economy is the brown economy which highly depends on the excessive use of fossil fuels and continuous conduct of environmental degradation. Many states are still subsidizing the price and production of fossil fuels. The immense level of subsidization is a massive challenge to adopting the clean energy as it means contributing to more greenhouse gas emissions.

The other source of non-renewable energy such as wood, coal, natural gas, nuclear and biomass gives a real disadvantages upon the sustainable environment on the earth due to several costs it gives. Besides the contribution to the greenhouse gases, these type of sources also give off atmospheric pollutants when it burns (BBC, 2018). The source of energy that is used in factories in the what is called of brown energy surely has given a bad impact on the earth. The research that has been conducted shown that the consumption of fossil fuels will meet the end, as it's predicted will run out in 2081 (ecotricity, 2018).

But, even the supply of the fossil fuel is longer that it's expected. Still, it's not a wise policy or plans to keep rely on the fossil fuel due to it's contribution to the climate change. Due to the high consumption of the fossil fuel that reached 900 billion, it has been the ten hottest years has been recorded since 1997 in the European soil, yet it gives a new record to the EU when the summer temperature soared over 5 degrees in 2003 and caused 35.000 deaths which it 0,11% of total death that is recorded globally due to climate change where it estimated to be up to 300.000 people (ecotricity, 2018)

Therefore, at a national level, policy reform is considered to be a strategy for the implementation of the green economy. Not only that, changes to fiscal policies and reform policies particularly concerning on environmentally harmful subsidies, the improvement

of protection on environmental regulations are also ways to adopt green economy (United Nations Environment Programme, 2011).

The history of the green economy itself is coined in the early of 1989 as it's mentioned in the report compiled by a group of leading environmental economist, under the title *Blueprint for a Green Economy* (UNDESA, 2012). This blueprint contains the advice to the government of the UK upon the implementation of their "sustainable development" to measure the economic progress and policy enforcement. It lasts until United Nations Environmental Program (UNEP) introduced it in 2008 after it revived on the policy response domain in the context to overcome the global challenges under the concept of "green stimulus packages." This broad concept that finally able to accommodate a large-scale public investment can utilize the green economy, in which it's also followed by the step of some government to integrate the concept of green stimulus into their economic system.

There is a long history of the promotion of 'green principles' before its compiled as green economy. Referring to one of the theory that this research utilizes, constructivism explains how the exposure from the international community and internal of the European Union has somehow given the contribution on the adoption of green economy as the future goal of the European Union.

In December 11th, 1997, Japan was becoming the most country for the adoption of Kyoto protocol as the international agreement associated to the United Nations Framework Convention on Climate Change as the reflection of world's awareness to reduce the emission and set the target (United Nations Climate Change, 2017). Depicted as one of diplomatic accomplishment, Kyoto protocol has become the guide for 41 countries + European Union up to today.

This protocol also provides various approaches for the rectified countries in order to achieve their target, both for the developed, developing, and under developing countries. One of the mechanisms that the protocol provides is the Clean Development Mechanism (CDM), in which this mechanism accommodate the power of developed countries over their technology and infrastructure to be shared to the developing and under-developing countries (Britannica, 2017).

The EU as a regional organization has committed to reducing its GHG emission since 2002. Collectively with their member countries, the Union succeeded to pass the bill to set the

average of the GHG emission production to not over 8 % (European Environment Agency, 2014). Continued in 2012 where the EU has reached 19.2 % in the reduction of the GHG emission collectively with its 28 member countries (EEA, Resource-efficient green economy and EU policies, 2014).

There is a strong connection between the economic growth and the gas emission a country is produced over the development of the factories, transportation, industry, agriculture, residential, and others. But the EU throughout its development has been succeeded to prove the development of their economic growth is not necessarily associated with the increase of GHG. The European Environmental Agency record between the 1990 and 2012 the EU was reduced its GHG emission up to 19%, yet succeeded to boost their economy up to 45 % (in GDP) (EEA, Resource-efficient green economy and EU policies, 2014). This track record has proved something over the effort of the EU in the implementation of the green economy in their region, has been conducting over the last decade.

This principles and experiences of the EU that led them to address the green economy and the green growth as their objective to be achieved in 2020. The development that is expected avoiding the environmental damage and ecological scarcities while sustain for an extended period has been set under the *EU 2020 Strategy, the Roadmap to a Resource Efficient Europe, the Roadmap to a Low Carbon Economy, and the 7th Environment Action Program* to be set as their objective for the sake of the European future generation.

## **B. The Adoption and Management of Green Economy to the 2020 Projection**

Europe particularly the European Union is one of the most influential global actors in the promotion of green economy. The notion of green economy is already featured in both medium and long-term EU programs and strategies such as the Europe 2020 Strategy, the EU Framework Program for Research and Innovation (Horizon 2020), the 7<sup>th</sup> Environment Action Program and national policies particularly related to transport and efficient use of energy (European Environment Agency, 2014).

Although the notion of green economy is already embedded within many EU regulations and visions in support of achieving the SDGs, the reality says differently. Europe is still facing an immense challenge in enabling green economy. Europe highly

depends on natural resources to fuel its rapid growth of the economy. The implications of the use and over-use of resources are one of the main concerns. According to European Environment Agency, the use of resource and waste generation in Europe continues to rise each year although there are slight differences within member states condition (European Environment Agency, 2014).

Regarding resource efficiency, carbon emission within EU has gone down in recent years. Since 1990 emissions have decreased by 19% along with the growth of 45% GDP. The use of fossil fuel has also decreased by 19% since 2007. However, significant problems still exist although the above trends show progress to Europe's effort to enabling green economy (EEA, Resource-efficient green economy and EU policies, 2014). This is because those trends above the only reflect what is within EU not reflects the manufacturing and industries of EU in other parts of the world (European Environment Agency, 2014). Europe's commitment to reducing environmental disasters doesn't always match with its policy to improve economic resilience or reducing risks to citizens' health. Water pollution is declining in Europe, but in 2015 the fresh water in Europe doesn't meet good ecological status.

Moreover, Europe is losing its biodiversity and may fail halting biodiversity loss in 2020. The land degradation and loss of soil functions due to climate change have jeopardized social resilience of people reliant on them. Regarding health, due to air and noise pollution, in 2011, there were about 430.000 premature deaths in EU (European Environment Agency, 2014).

Projecting into the big picture in the future, it will be numerous challenges for the EU to keep relying on the brown economy yet affected the climate of the EU and all resources the Union had. Hence, the implementation of green economy as one of the main focus in the political-economy reformation in their 2020 will be a great step stone for the EU in stepping to a new concept of economic development.

The EU depicts the green economy as a political-economy reformation that will affect the creation of new job opportunities, a transition of a source of energy to be more environmentally-friendly. It translates to the EU 2020 strategy takes place to overcome the issues by offering several key policies that are concerned on a competitive economic reformation, yet the higher rate of employment (EEA, Resource-efficient green economy and EU policies, 2014). This goal is broken down into five key policy areas:

- a. *employment: 75 % of the population aged 20–64 should be employed;*
- b. *research and development (R&D): 3 % of the EU's GDP should be invested in R&D;*
- c. *Climate change and energy sustainability: the 20/20/20 climate and energy targets (14) should be met. These are: a 20 % reduction in total EU greenhouse gas emissions from 1990 levels; a 20 % increase in energy efficiency by 2020 from 1990 levels; and an increase in the share of EU energy consumption from renewable resources to 20 %;*
- d. *education: the share of early school leavers should be less than 10 %, and at least 40 % of the younger generation should have a tertiary degree;*
- e. *fighting poverty and social exclusion: 20 million fewer people should be at risk of poverty*

In achieving all goals above, the EU shares the goals to all its member countries to be able to be transformed as the national policy. The unique form on how the European Union established has allowed the union to manage the consensus policy to be implemented nationally. This aims to reach the sustainable political economy development that aligns with the principle of green economy.

To advance its role in the international context, the EU has established several programs through its bodies to promote and assist the value of green economy worldwide. The program is launched based on the needs of the EU to balance the power in particular region. Thus, the program that is launched in the developed countries is different with what they establish for the developing countries.

European Environment Agency (EEA) as one of the responsible organization to attach to the advancement of the green economy concept to the external and the internal of the EU has divided the management of the EU into three parts, which are (1) *Ecosystem (natural capital)*, it aims to maintain the ecological resilience of the EU; (2) *Economy (manufactured and financial capital)*, to improve the resource efficiency to be utilized for the sake of the EU's development; (3) *Human well-being (social and human capital)*, to enhance the social equity and fair burden sharing of the EU member countries (European Environment Agency, 2017).

The other channel that the EU had in the context of policy promotion towards an inclusive green economy is the International Cooperation and Development under the European Commission. This division is responsible for ensuring the communication between the EU and all involved actors to the external parties on the form of assistance to various developing countries to strive for the preserving the environment and to unlock the potential for the benefit to the whole people (European Environment Agency, 2017). This goal is aligned with the condition that majorly takes place in some foreign communities in the developing countries that are affected by the environmental degradation, which are:

- a.** The most marginalized or defenseless groups are especially uncovered to natural risks at domestic or at work. Such risks incorporate discuss contamination, soil debasement, chemical squander, inadequately water quality or sanitation, catastrophe circumstances and undesirable working conditions. They include the burden of sick wellbeing caused by and causing destitution.
- b.** In creating nations, destitute or helpless individuals are as a rule distant more subordinate on normal assets for their vocations, wellbeing, and well-being than in other nations. The exercises of such communities are based on getting to and utilize of common assets and biological system administrations. Be that as it may, these resources are regularly corrupted; normal fiascos are on the increment — and once more the poorest are enduring most.
- c.** Human exercises have too brought about in climate alter, including to existing weights and displaying current and future eras with an exceptional challenge

To achieve this goal, two type of funding mechanism also has been formed to ensure all the program that has been established can run well.

- 1.** The geographical instrument, this particular mechanism is providing funding based on the geographical area that its prioritizing of the assistance and the cooperation strategy has been structured. There are divided into three parts which are: (1) European

Development Fund; for the African, Caribbean and Pacific (ACP) nations, (2) Improvement Instrument; for the nations over Asia, Latin America and South Africa, (3) European Neighborhood & Organization Instrument; for the neighboring locales of the EU.

2. Thematic programmes, this kind of financial mechanism is aimed for some issues related to the environment and sustainable management of natural resources as well as the energy that has not been prioritized under the mechanism of the geographical instrument. The research budget that is managed by the European Commission is financed by the research-related for any environmental project that is prioritized for the third countries.

The EU endeavors to take account of natural and climate change contemplations in all perspectives of its participation with creating accomplice countries. The European Commission's environment integration procedure diagrams how the EU can best offer assistance creating nations react to natural challenges as they work to decrease the index of poverty inside of the region. In 2009, after dialogues with the Member States States and Civil Society as well as other organizations, the Commission decided to constitute a staff working record to report on the execution of the environment integration strategy.

The European Commission is as of now working on the follow-up to the Rio+20 Statement *'The Future We Want'* (EEA, Resource-efficient green economy and EU policies, 2014). This affirmation calls on the universal community to reinforce developing countries pointing to accomplish sustainable development outstandingly through green economy arrangements. In the expansion and based on past work and involvement, the Commission aims to assist the EU approach to the integration of environment, green economy and climate change concerns in the development of cooperation and its observing and involve to the compiling of the report of the framework.

The guidelines on the integration of environment and climate change in improvement participation and the climate change domain scripts offer advice to EU Delegation, accomplices in developing countries and other interested parties (EEA, Resource-efficient green economy and EU policies, 2014). They concern on ways of addressing environment and climate change contemplations in improvement participation from programming to execution, through a full run of devices and approaches like natural and climate



screening, country environmental profiles, environmental impact assessments and strategic environmental assessments.

This direction is sponsored by comprehensive training for EU staff and focused on government and civil society accomplices on subjects such as *'Environment and climate change in improvement cooperation,' 'Country-led natural and climate change mainstreaming'* and *'Introduction to the green economy.'*

From this chapter, it draws how the EU has been prepared the implementation of green economy policy in its internal, yet at the same time engage the external parties by utilizing its bodies and institutions in promoting the concept of green economy (Comission, 2018). How EU attempts to provide a comprehensive mechanism in the context of the policy as well as financial aid to developing countries by also engaged the developed countries has put EU as one of the regional organization that is leading in the implementation of green economy (EEA, Resource-efficient green economy and EU policies, 2014).

In the next chapter of this research, the writer will try to explain further the role of EU as the only regional organization that specifically addressed green economy as their future goal at the same time offer its role to assist another region in the context of the implementation and the advancement of green economy concept. Not limited to the physical assistance that EU offered through its program, the EU also contributes to the arrangement of policy in the domain of management such as waste and pollution management in which will significantly contribute to the branding of the EU in the international context.

### **C. Initiative and Plan of Action of Green Economy**

Environmental quality is intimately linking to the human health and well-being. The interdependent connection between environment with human health and well-being is a very complex system. Globally speaking, our environment of this earth is getting worse, not better, our environment has challenged broadly and it threatens our future generation.

The larger scale of environmental challenges, the more potentialThe impact on human health and well-being. The large-scale environmental issue in today's world that has been increasing in the recent global life is climate change. It is the most dangerous yet still has no suitable and favorable solution to overcome it. The climate change has been becoming the serious world threat of human civilization because its impact can cause the severe damages to the

environment as well as to the human health and well-being. However, the water and air pollution are counted as the considerable challenges to the environment and threaten human health and well-being.

Recognizing all the threats to our environmental future, thus the policymakers in Europe today are realizing and integrating the environmental issue as the one of the policies priority to other policies priority, such as economic and social issue. Therefore, the green economy has been significantly embedded in EU regulations. Further, the green economy has closely related to the industrial activities in the EU today. The

European Industry is the world leading the industry in many strategic sectors such as automotive, aeronautics, engineering, space, chemicals and pharmaceuticals. The industry still accounts for 4/5 of Europe's exports, and 80% of private sector R&D investment comes from manufacturing. However, the continuing economic crisis has put Europe's industry under pressure: production is 10% lower than before the crisis, and over 3 million industrial jobs have been lost. Consumer and business confidence are low. (EUR-Lex, 2012).

This phenomenon leads to the question of how Europe particularly the EU can improve their products but it must be in line with the environment needs. As a result, the sustainable industrial policy is formulated to create the eco-friendly industry or green industry by increasing energy and resource efficiency, reduce the gas emission and air pollution, and also concern on reducing water pollution. Through this policy, new investments in energy efficiency in residential and public buildings and infrastructure have strong growth potential and are expected to be worth some €25-35 billion per year by 2020 (EURLex, 2012). However, although the greenhouse implementation apparently plays a significant role in improving the environmental quality considerably and even concerned specifically to the industrial sector, the continuous impacts remain and getting worse.

It is very important to understand the document released by UNEP in 2011 named *“Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication”* as it contains the road map of the implementation of green economy in the European Union area and severe numbers of principles upon its elements related to the implementation of green economy (EEA, Resource-efficient green economy and EU policies, 2014). These principles are aimed to remain the position of the EU as one of

leading role model in the international community as well as the values lie within the EU that injected by their founding fathers. Further to be noted, the conversion of the old concept of economy growth to the newly *Green Growth* means implying to the natural capital and the productive sectors as the main wheel of this green economy concept. It also been discussed by the European Commission on the “*A resource-efficient Europe - Flagship initiative under the Europe 2020 Strategy*” as the main guidance the EU use to mobilize all its member and the partners in achieving the ultimate goals as: boosting the greater innovation and creating new opportunities in resolving current global problems towards the high-usage of carbon emission and non-friendly environment on the industrial, agricultural and transport system (EEA, Resource-efficient green economy and EU policies, 2014).

In its management of green economy within the union, EU now addresses the green economy to enhance its diplomacy worldwide. It can be seen from how massive funding it has been located to support the promotion and assistance of green economy principles such as reduction of GHG, pollution and waste framework, and green technology as a new solution toward the environmental damage took place across the globe.

In the next chapter, this research will focus on how the green economy that brought by the EU as a new approach of their modern diplomacy has somehow led to shifting their persona within the international context as the only regional organization that specifically focus on the development of green economy as their future goal as well as reflected to their objective that is brought through their diplomacy.