
Political economy of climate change in Central and Eastern Europe

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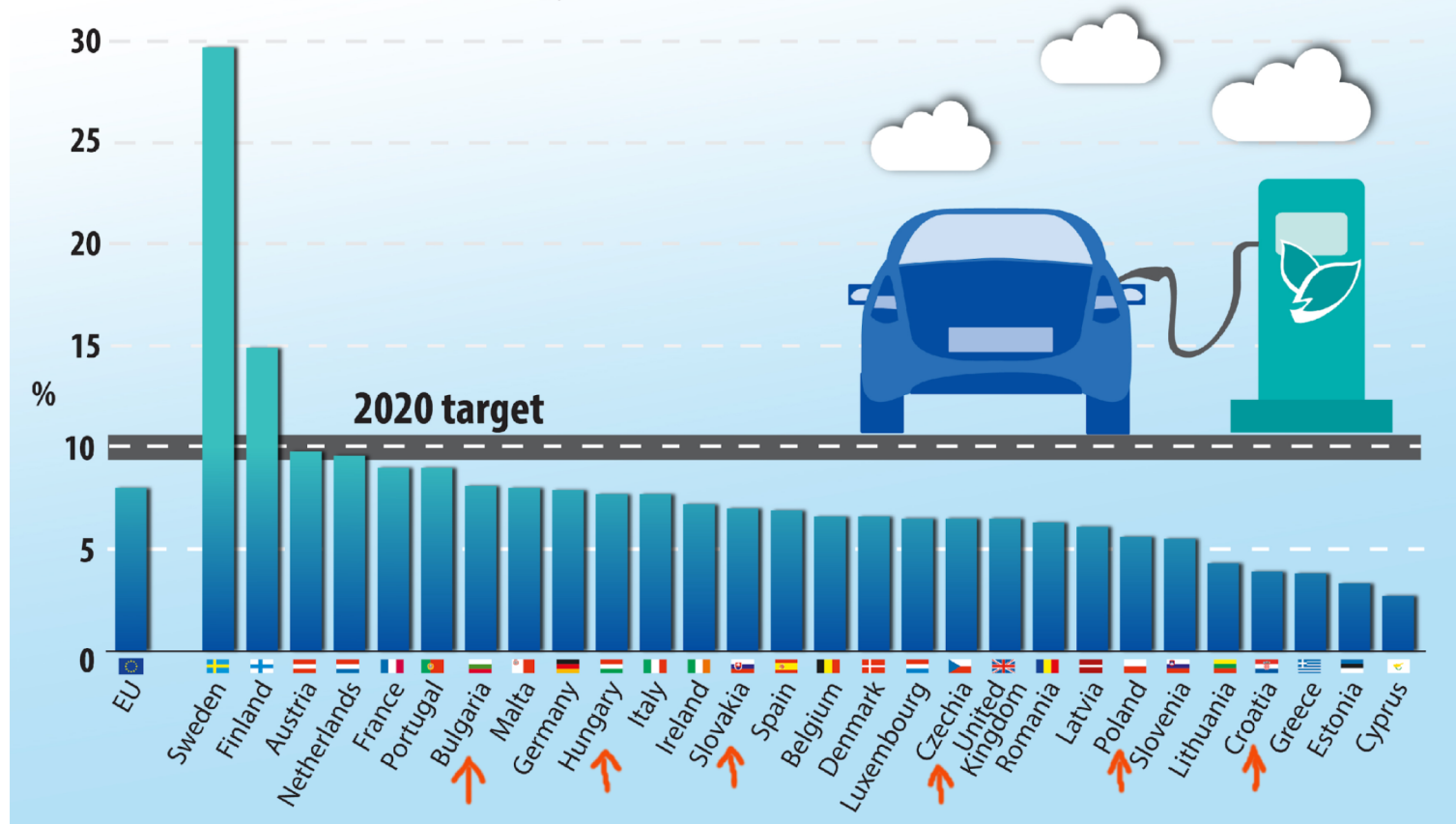
Agenda

- Deployment of renewables: How does CEE* compare to the rest of the EU?
- EU policies as a major driver and voting patterns of CEE countries
- National political-economic determinants of energy transition
- Key lessons and insights for the future

* *Visegrad + RO, BG, HR*

Transport: Not all CEEs are laggards

Share of energy from renewable sources in transport
(2018, in % of gross final energy consumption)



Solar and wind: Not all CEEs are laggards

Figure 14: Share of solar energy net generation in 2017

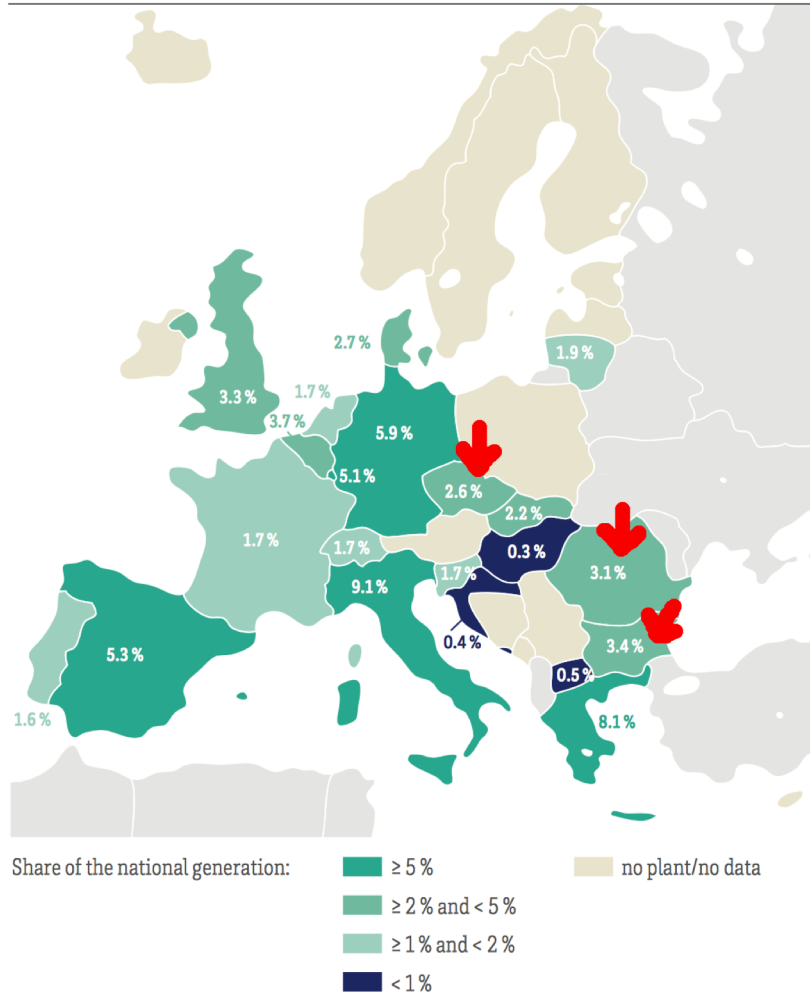
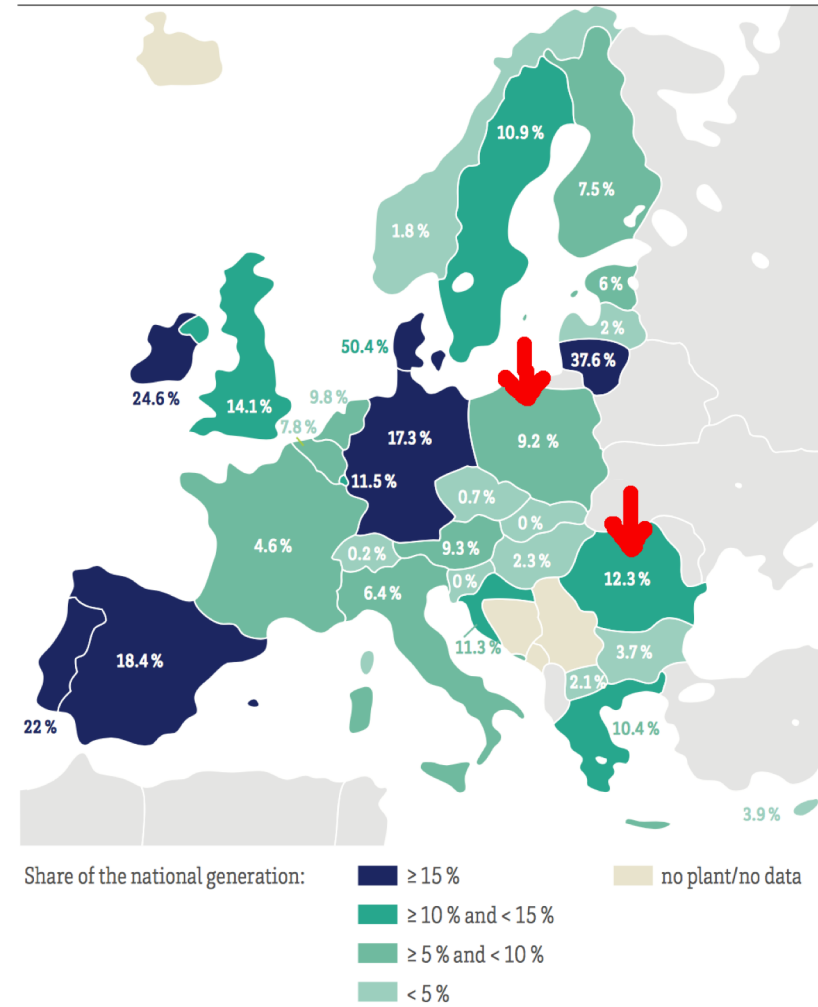
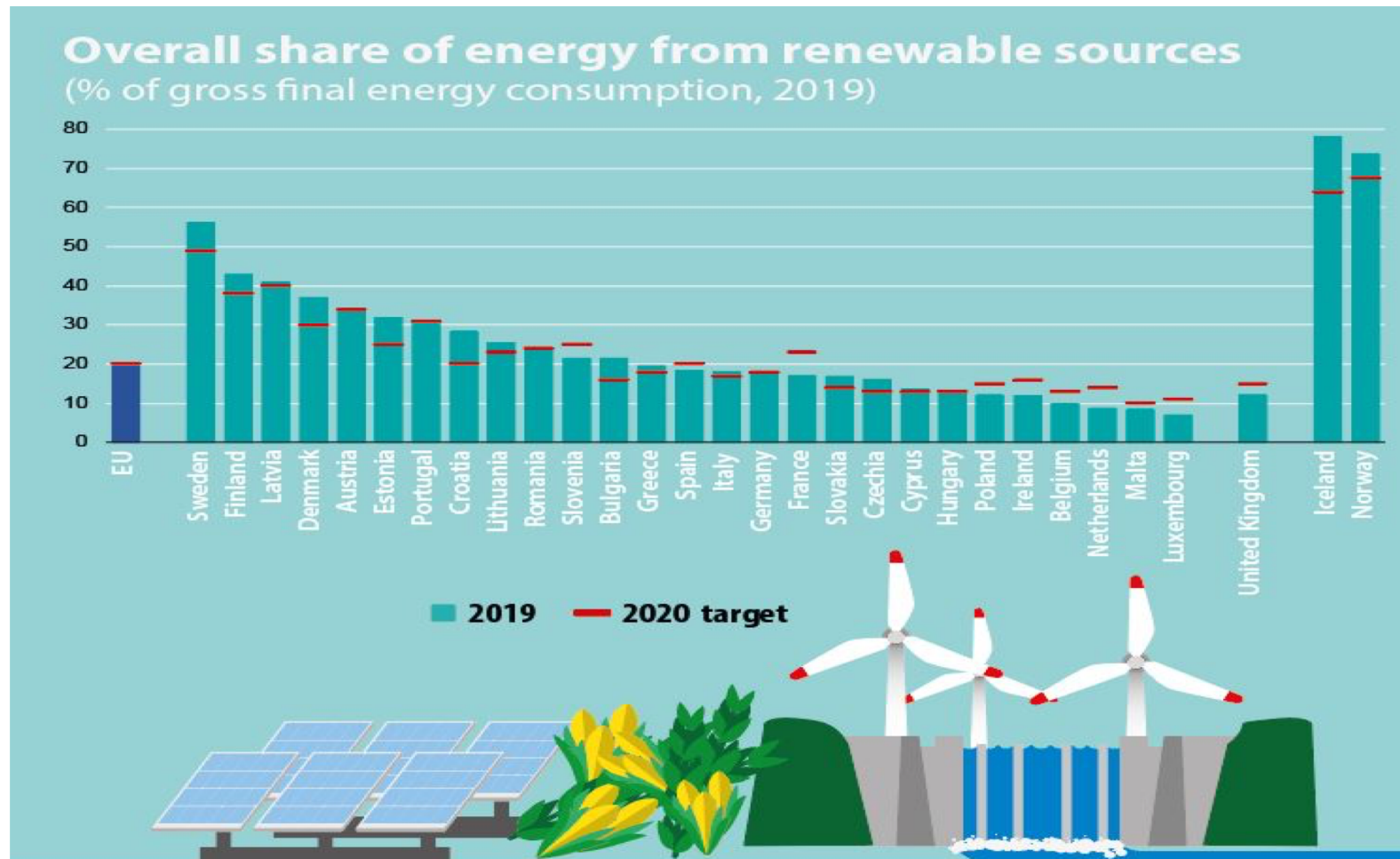


Figure 12: Share of wind energy net generation in 2017

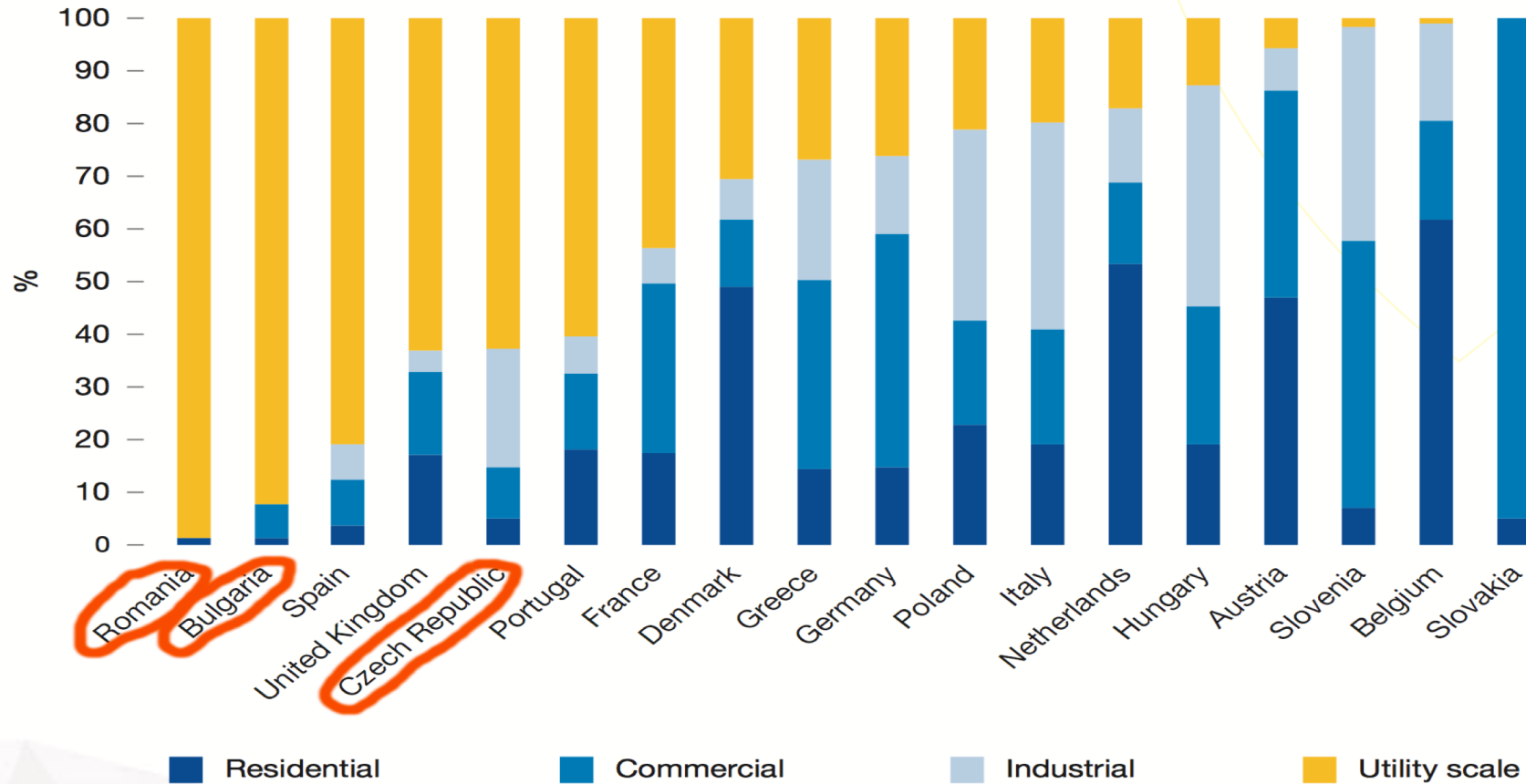


2020 targets: Not all CEEs are laggards

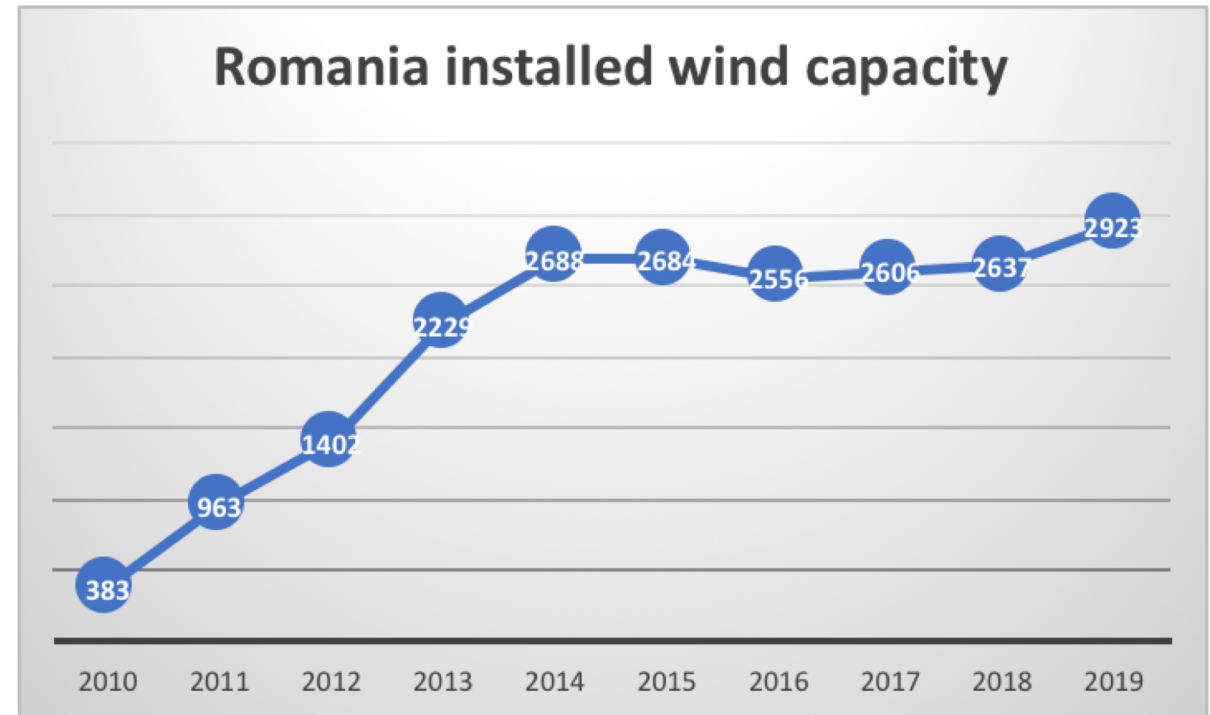
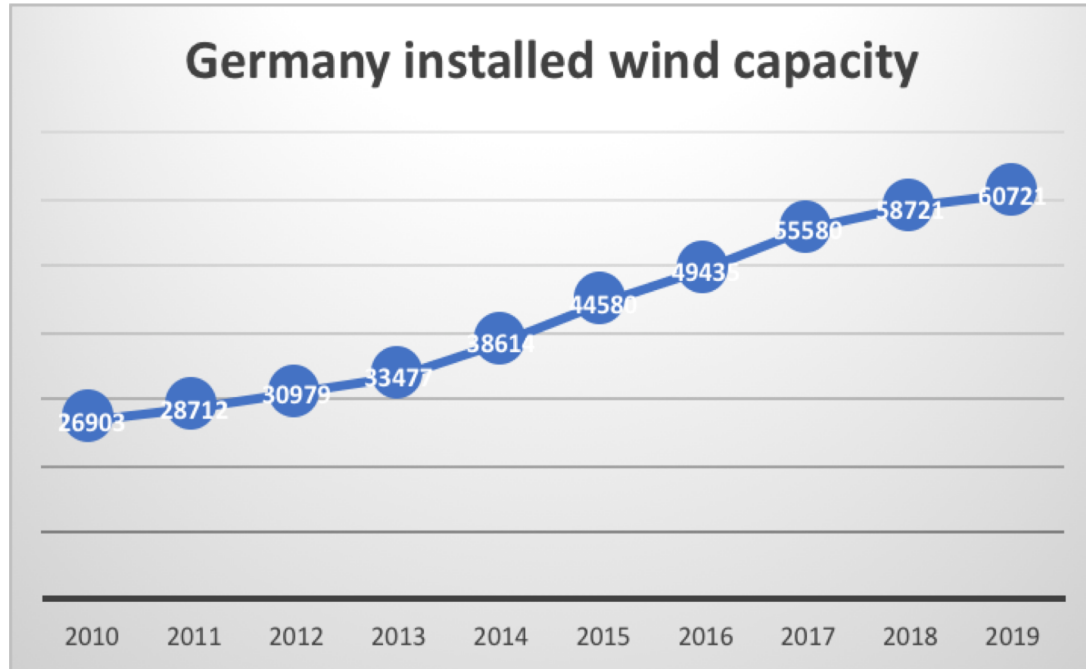


But... little job creation and citizen participation

FIGURE 1.5 EU SOLAR PV TOTAL CAPACITY SEGMENTS UNTIL 2018 FOR SELECTED COUNTRIES



Also... high policy instability: 'Hit the target, kill the market'



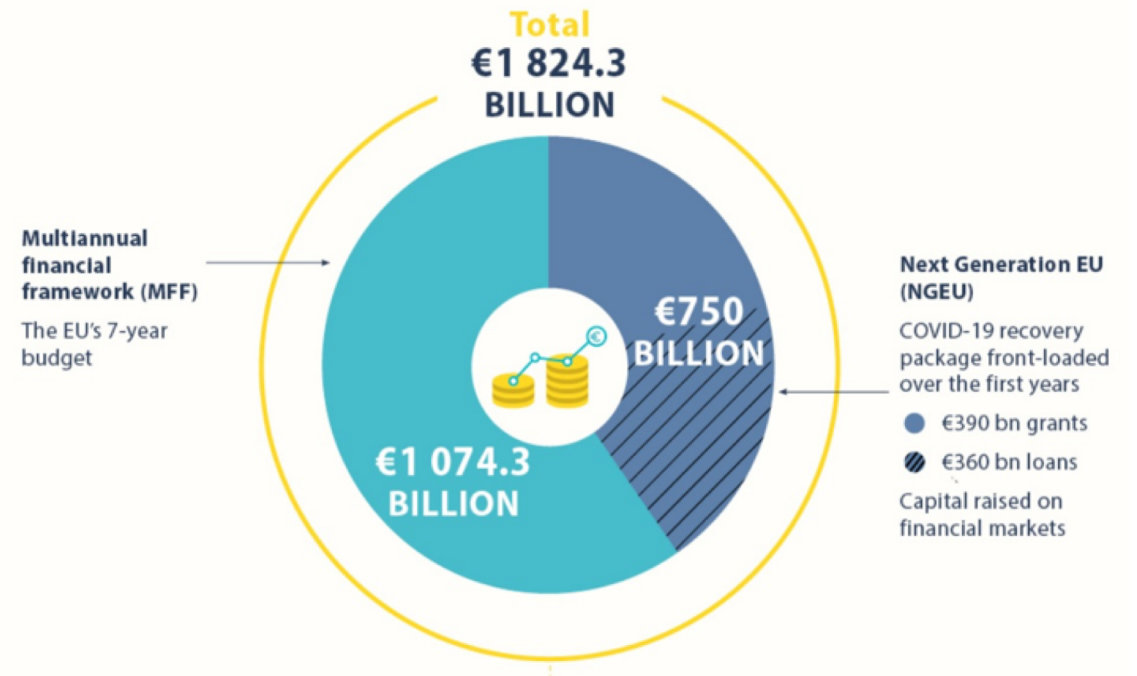
EU climate and energy framework 2030

	GREENHOUSE GAS EMISSIONS	RENEWABLE ENERGY	ENERGY EFFICIENCY	INTER-CONNECTION	CLIMATE IN EU-FUNDED PROGRAMMES	CO2 FROM:
2020	-20%	20%	20%	10%	2014-2020 20%	
2030	≤ -40%	≥ 32%	≥ 32.5%	15%	2021-2027 25%	CARS -37.5% Vans -31% Lorries -30%

Upwards revision clause by 2023

Source: European Commission (2019)

EU expenditure 2021-2027



Source: European Council (2021)

CEE renewables targets 2030

Country	EU formula	National target	Share of renewables 2019
Bulgaria	27%	27%	21,5%
Croatia	32%	36,4%	28.4%
Hungary	23%	21%	12,6%
Czech Republic	23%	22%	16%
Slovakia	24%	19,2%	16,8%
Poland	25%	21-23%	12%
Romania	34%	30,7%	24,2%

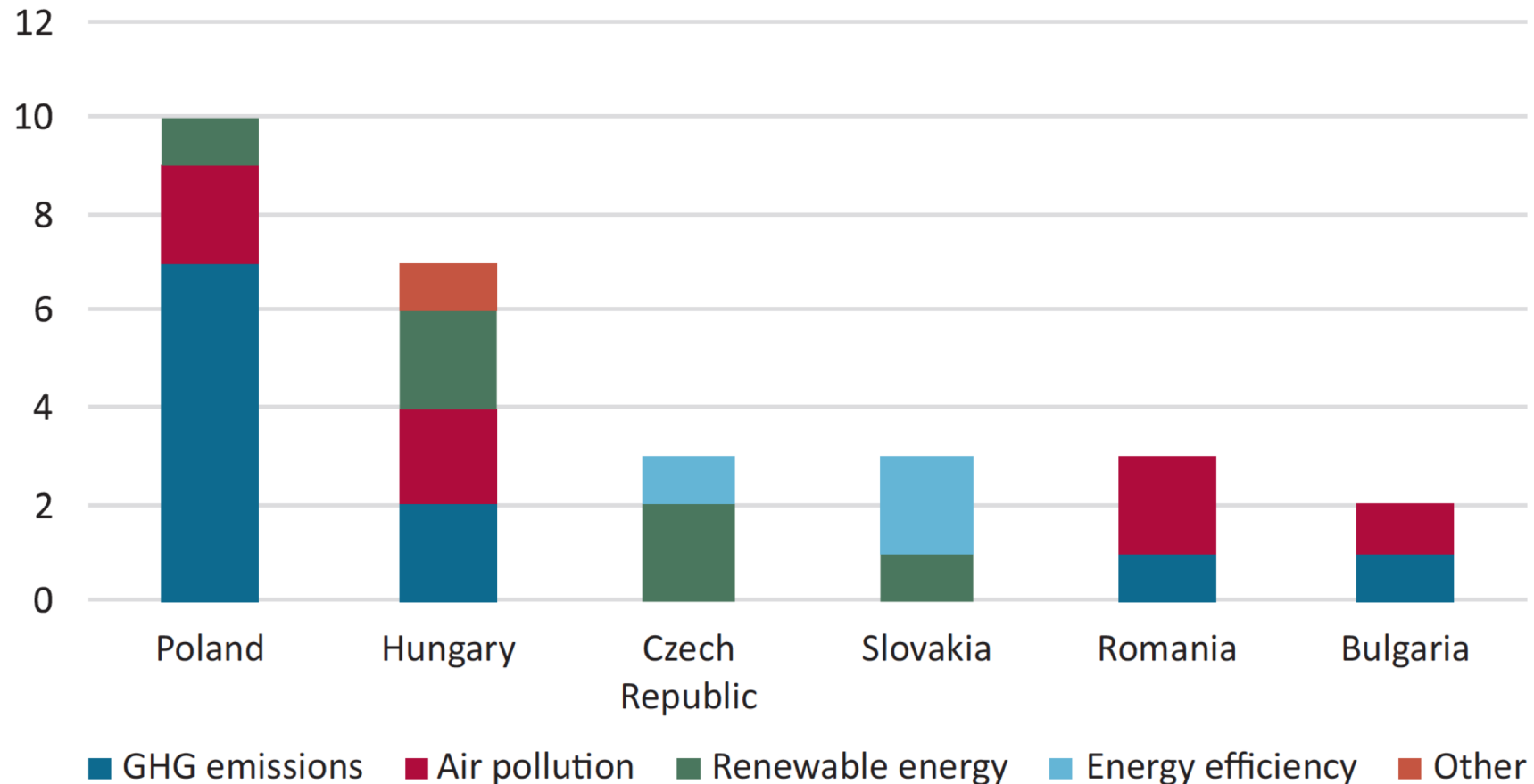
Source: Final National Energy and Climate Plans

Rising price of carbon due to ETS reforms



Source: <https://ember-climate.org/data/carbon-price-viewer/>

Dissenting votes of CEE in the Council



Source: Četković & Buzogány (2019) - The political economy of EU climate and energy policies in Central and Eastern Europe revisited: Shifting coalitions and prospects for clean energy transitions. *Politics and Governance*, 7(1), 124-138,

But the EU also reluctantly accepts nuclear power

Politics

All four Visegrad countries will need nuclear energy, says Hungarian president in Warsaw

No comments



Jurata, Poland. Photo: MTI

Source: <https://dailynewshungary.com/all-four-visegrad-countries-will-need-nuclear-energy-says-hungarian-president-in-warsaw/>

SUSTAINABLE BUSINESS

MARCH 27, 2021 / 3:17 PM / UPDATED A MONTH AGO

EU experts to say nuclear power qualifies for green investment label: document

By Kate Abnett

3 MIN READ



BRUSSELS (Reuters) - Experts tasked with assessing whether the European Union should label nuclear power as a green investment will say that the fuel qualifies as sustainable, according to a document reviewed by Reuters.



FILE PHOTO: A night view shows France's oldest Electricite de France (EDF) nuclear power plant and the Grand Canal d'Alsace near the eastern French village of Fessenheim, France February 20, 2020. REUTERS/Arnd Wiegmann

Source: <https://www.reuters.com/article/us-europe-regulations-finance/eu-experts-to-say-nuclear-power-qualifies-for-green-investment-label-document-idINKBN2BJ0FO>

Political-economic determinants of renewables deployment in CEE

What explains RES deployment? (Overview)

Techno-economic perspective

- RES availability
- Technological development and declining costs
- Energy production and usage patterns

Socio-technical perspective

- Domestic pollution levels
- Global oil price
- Niche innovations

Political perspective

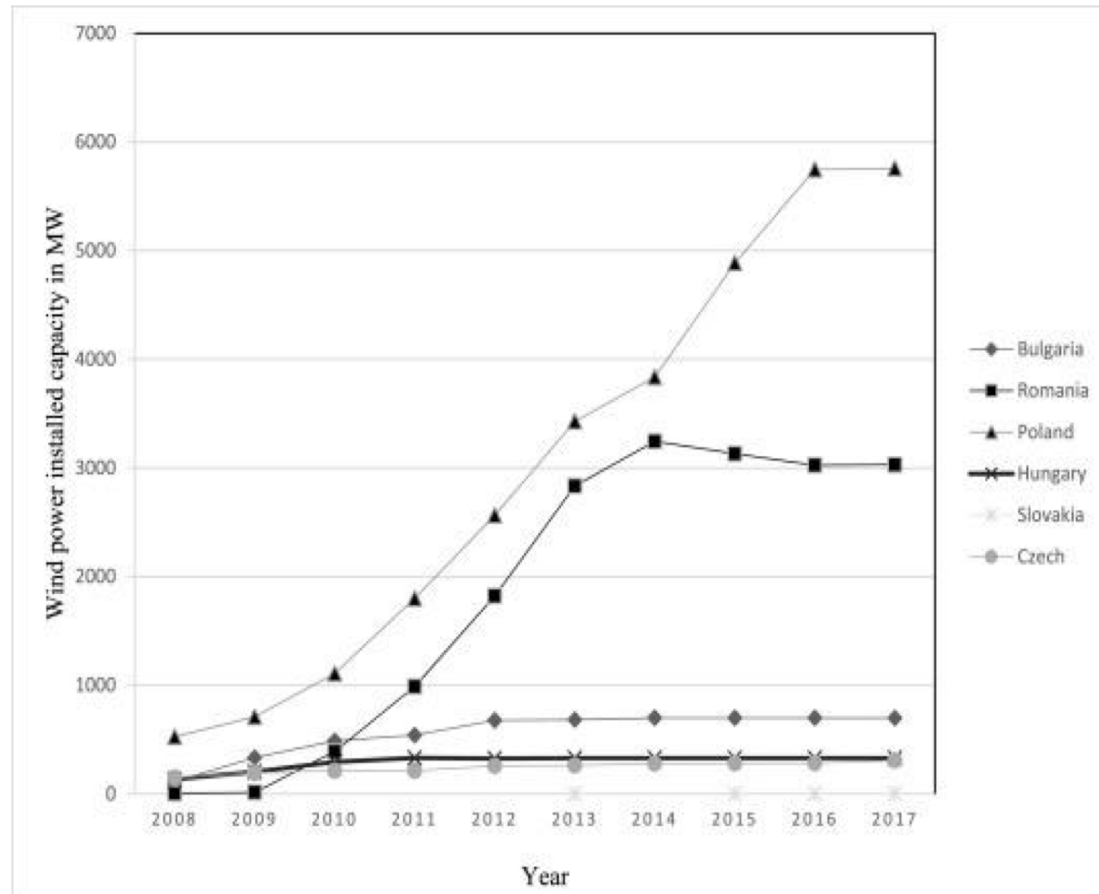
- Political economy/Varieties of Capitalism and policy design
- Party preferences and public pressure
- Geopolitical concerns and energy security

Varieties of Capitalism

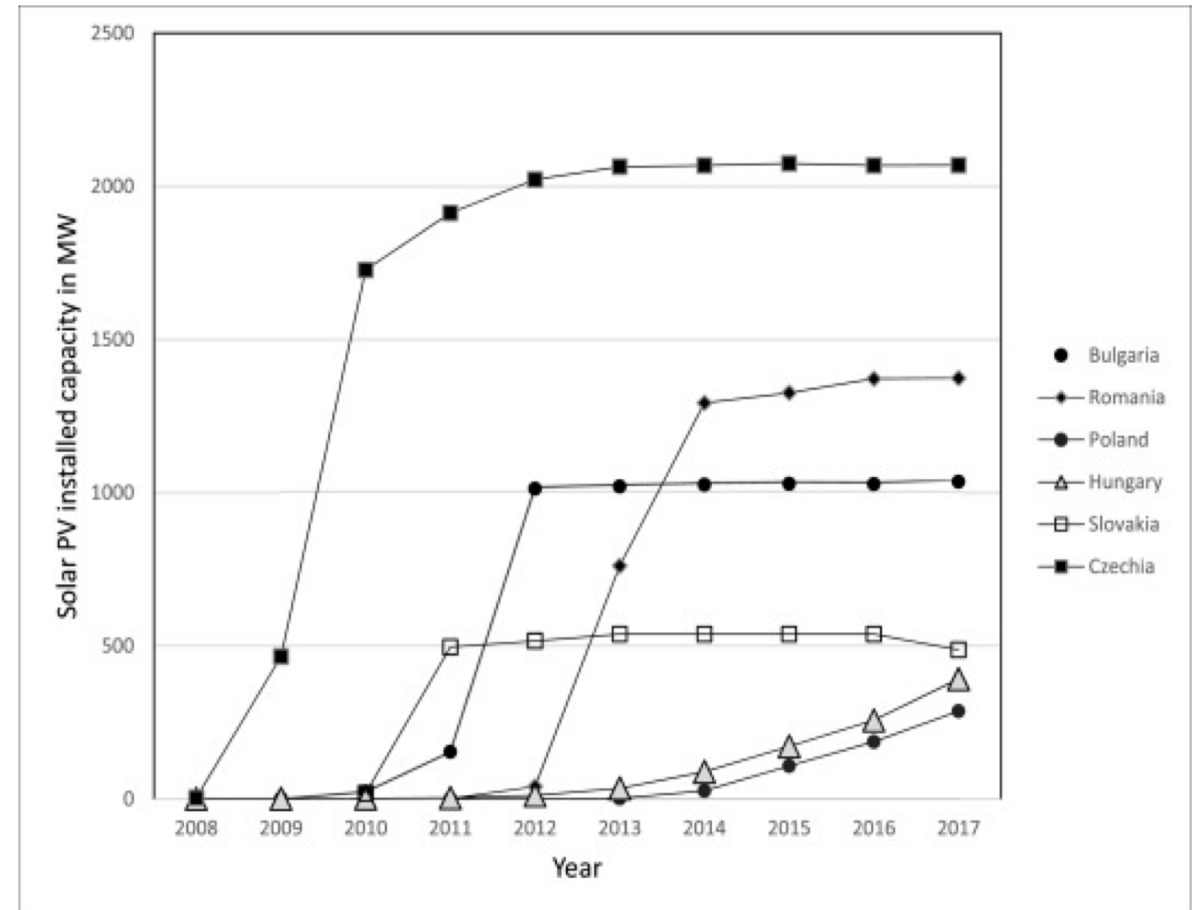
- Varieties of Capitalism
 - Coordinated market economies (Germany, Denmark)
 - Liberal market economies (UK, USA)
 - Dependent market economies (CEE)
- Renewable energies and Varieties of Capitalism
 - Coordinated market economies: early movers, technology development
 - Liberal market economies: followers when technology costs decline
 - Dependent market economies: externally driven + difficulties in long-term planning

Differences within CEE

Wind



Solar



Source: Četković & Buzogány (2020). Between markets, politics and path-dependence: Explaining the growth of solar and wind power in six Central and Eastern European countries. *Energy Policy*, 139, 111325.

Differences within CEE

- **Visegrad model**

- prioritizing low energy prices to attract industrial FDI and low household energy prices
- strong role of incumbent energy (coal, nuclear)
- Stronger state influence

- **South-East European model (Romania, Bulgaria, Croatia)**

- late-comer's catching-up development: attracting RES investments
- boom and bust cycle

Political mobilization remains low

Green Party Election Results

European Parliament elections 2019



Geo-political concerns and energy security

- Economic patriotism
- Emphasis on energy self-sufficiency and diversification of energy-mixes
- Energy in the shadow of geopolitics (Russia and China)

Key takeaways

- EU a major driver of clean energy policies in CEE
- Interests of CEE countries diverging but a common turn towards energy security
- Little internal political mobilization for ensuring stable low-carbon transition
- But techno-economic trends working for renewables
- Proactive and comprehensive strategy (market, industry, citizens) essential for reaping the benefits of energy transitions
- Next Generation EU: Window of opportunity?