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
Solar and wind: Not all CEEs are laggards

Source: ENTSO-E (2017)
2020 targets: Not all CEEs are laggards
But... little job creation and citizen participation
Also... high policy instability: ‘Hit the target, kill the market’

Source: Eurostat (2021)
EU climate and energy framework 2030

Source: European Commission (2019)

Source: European Council (2021)
### CEE renewables targets 2030

<table>
<thead>
<tr>
<th>Country</th>
<th>EU formula</th>
<th>National target</th>
<th>Share of renewables 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>27%</td>
<td>27%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Croatia</td>
<td>32%</td>
<td>36.4%</td>
<td>28.4%</td>
</tr>
<tr>
<td>Hungary</td>
<td>23%</td>
<td>21%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>23%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>24%</td>
<td>19.2%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Poland</td>
<td>25%</td>
<td>21-23%</td>
<td>12%</td>
</tr>
<tr>
<td>Romania</td>
<td>34%</td>
<td>30.7%</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

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: Ćetković & 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

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

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.
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**

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

Source: https://i.redd.it/0ysd1gz746231.png
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?