GREEN TRANSITION IN EUROPE: CONTESTED FUTURE(S)

POLICY PAPER

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Introduction

This paper presents key challenges and contradictions of the green transition in Europe at present moment. It departs from conversations held on Green Academy 2026 under the title ''Life in the Time of Monsters: Building Counter Power'' which has taken place in late August 2026 on Vis island, Croatia with 200+ participants from all parts of Europe. During that event there were numerous discussions which focused on diverse aspects of the green transition; from extractivism, militarisation and competitiveness to degrowth, climate justice and green industrialisation. While refering to some of the key highlights of the discussions, paper further develops key insights and proposals for continuation of the green transition in Europe.

Background

In recent years EU has made a major U-turn from it's ambitious green transition programme *European Green Deal* toward competitiveness followed with strong impetus for deregulation and simplification.[1] That often includes fast-tracked permitting and relaxed environmental assessments or public subsidies to private energy-intensive actors (like chemicals and metals) without strict accountability for pollution or profits. Furthermore the push for competitiveness relies heavily on cutting red tape, trimming bureaucracy, and revising state aid and green compliance rule.[2]

Still, despite so called greenlash, most recent surveys show a strong and stable popular support of EU citizens toward reaching climate neutrality in the near future. A large majority of Europeans continue to view climate change as a serious global threat, with 85% of citizens identifying it as a major problem. Support for EU climate policy remains strong: 81% back the EU-wide goal of climate neutrality by 2050. A growing share of Europeans (38%) also report feeling personally exposed to environmental and climate-related risks. Citizens see climate action not only as necessary but beneficial—both economically and socially. Over three quarters (77%) agree that the cost of damage caused by climate change outweighs the cost of transitioning to a climate-neutral economy, while 88% support greater investment in renewables and energy efficiency.[3]

However, this popular support is not reflected in the radical policy-shift made by the EU; just contrary, there are voices who raise concern that the EC has diverted from this

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[1] https://corporateeurope.org/en/2025/05/dirty-industrial-deal-faqs-part-i-competitiveness
[2] https://www.greendealnet.eu/Simplification-or-deregulation-EU-Industrial-Clean-Deal
[3] https://europa.eu/eurobarometer/surveys/detail/3472, https://data.europa.eu/data/datasets/s3472_103_2_sp565_eng?locale=en

direction and focused on a new austerity wave to ensure higher competitiveness by favouring the interests of big businesses. While the Draghi report[4] indeed recognizes the need for increased capital to drive renewable energy and decarbonisation in Europe, it also calls for deregulation of the EU's key social, environmental, democracy and human rights protection standards, as it appears that the EC aims to prioritise financial support for private companies against improving public services and fostering climate action. Ensuring the EU's sustainability and competitiveness to avoid the so-called 'slow agony' of gradual economic decline therefore must not result in short-sighted reduction in sustainability rules, as suggested in the EU's Competitiveness Compass published in early 2025.[5] [6]

New focus on investments related to 1) critical raw materials and extractivism, 2) digital transition (data and AI centres) and 3) militarisation further sabotages green transition goals. This new cycle of investments presents new and additional pressure on natural resources (energy), eco-systems (land, water) and on social wellbeing which should be based on affordable public services for everyone. Furthermore, militarisation and the green transition present a huge contradiction as the resource-intensive, high-emission nature of militarisation[7] directly undermines climate mitigation efforts.

In her book *"Imagining prosperity"* Marija Bartl states that although EU has already made modest strides in fostering more caring consumption, circular products and technologies, sustainable industry, and fairer corporate activity, it must go further further and faster if it hopes to respond effectively to Europe's problems, while arresting another descent into tribalism. She advocates how the sharing imaginary can respond to crises and entrench democracy and solidarity.[8] Continuation of green transition, which is deeply emboddied in popular support can be one of the pathways to ensure stability and wellbeing for its citizens – but it requires citizens to be part of it. This requires stronger alignment of policies with popular support for climate action and deepening democratic practices and robust public participation accross Europe (particularly in the case of tailoring Social Climate Plans).[9]

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[4] https://commission.europa.eu/topics/competitiveness/draghi-report_en

[5] Making Green Policy also Just, GreenPaths Policy Brief (2025) https://greenpaths.info/wp-content/uploads/2025/05/Policy-Brief-7.4-FV.pdf

[6] Fernandez, R., Schellekens, B., Claes, K. and Declerck, P. (2025) Shareholders over Solutions: How big industry favours payouts over the energy transition. Friends of the Earth Europe & SOMO. https://friendsoftheearth.eu/wp-content/uploads/2025/02/Report_shareholders-oversolutions-final-2.pdf

2. European Commission (2025) The Clean Industrial Deal: A Joint Roadmap for Competitiveness and Decarbonisation. Brussels: European Commission. https://commission.europa.eu/document/download/9db1c5c8-9e82-467b-ab6a-905feeb4b6b0_en

[7] https://www.tni.org/en/publication/military-and-related-spending-in-the-mff-2028-34-proposal

[8] Bartl M. *Reimagining Prosperity: Toward a New Imaginary of Law and Political Economy in the EU*. Cambridge University Press; 2024.

[9] https://eeb.org/en/library/public-participation-and-social-climate-plans-the-need-for-ongoing-citizen-engagement/

Equally crucial is who gets to shape this transition, states Olivier de Schutter, ex UN Special Rapporteur on extreme poverty and human rights in the *Roadmap for eradicating poverty beyond growth*[10]. All too often, policies affecting people in poverty are designed without them – and sometimes against them. When welfare systems are built around suspicion, sanctions and humiliating conditions, they deepen stigma and deter people from claiming their entitlements. Those who live in poverty know better than anyone how systems can fail in practice. Their expertise must guide the design, implementation and monitoring of anti-poverty strategies, from local councils to parliaments and international forums.[11]

Analysis highlights

Europe's consensus over the European Green Deal proved short-lived. Since the 2024 European election, a fight over its future has reigned. The EU still plays lip service to the green transition, while opening the door to deregulation and lobbies representing both the decrepit industries of the past and tech overlords of the present. Cheap green tech and new energy crises are convincing business and governments to stay the course, but growing inequalities make the need for real transformation more pressing than ever.

During Europe's summer 2026, prolonged heatwaves and drought fuelled dangerous wildfires and drove some of Europe's biggest rivers to historically low levels, impacting energy supply and trade flows. This period highlighted the devastating impacts that climate change can have on communities, businesses and infrastructure. Preliminary data shows that more than 35,000 people died from heat-related deaths, and 113 bn euro in output losses were recorded, following Europe's 2026 heatwaves.[12] Estimated economic losses from climate damages from 2022-2025 stood at approximately EUR 200 billion, or EUR 50 billion per year. This makes a compelling case for why Europe must move beyond reacting to disasters after they occur and embrace a more proactive and systemic risk management approach to future climate conditions. In addition, the estimated return on investments in climate resilience and adaptation can reach more than 10 times their value in avoided loss and damage. The global market for climate adaptation and resilience solutions is projected to quadruple in size to 3.5 trillion EUR by 2050[13] presenting a huge opportunity for European industry[14]. On the other hand, economic losses present a huge burden for national and municipal public budgets which

[10] https://www.neep-poverty.org/roadmap-for-eradicating-poverty-beyond-growth/
[11] https://www.theguardian.com/commentisfree/2026/jun/10/economists-maths-growth-doomed-strategy-un-agencies-political-leaders
[12] https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2026/september/2026-09-24-climate-economic-report-AZ.pdf
[13] www.gic.com.sg/thinkspace/sustainability/sizing-the-climate-adaptation-opportunity
[14] https://climate.ec.europa.eu/areas-action/adaptation-and-resilience-climate-change/eu-framework-climate-resilience_en

are heavily affected by further postponement of climate adaptation policies. This leads toward less investment in public services and public infrastructure thus creating and deepening social inequalities and worsening the quality of life particularly for most vulnerable social groups. At the moment positive news is that EU has established the new EU Framework for Climate Resilience which is supposed to strengthen Europe's ability to anticipate and manage climate risks, protect people and places, and prevent avoidable damage. It introduces a European Climate Resilience Law backed by practical tools to drive a fundamental shift from reacting to disasters to getting ahead of climate impacts and avoiding damages.[15]

Olivier de Schutter and prominent economists like Joseph Stiglitz, Kate Raworth, Tomas Piketty and Jason Hickel state that our economies must be redesigned around the fulfilment of rights and collective wellbeing within planetary boundaries, rather than maximising output at any cost. Human rights here are not an afterthought; they are, they argue, the organising principle for how we measure progress, set priorities and resolve trade-offs. Social protection and public services are essential, but they cannot indefinitely compensate for economies that by design generate poverty wages, insecure jobs and unaffordable housing. Rules need to be changed upstream, they argue. That means, for instance, decent work and employment guarantees, living wages and fair remuneration, stronger unions and workplace democracy, tackling discrimination and valuing the paid and unpaid care work on which our societies depend. It means investing in children, housing, health, education and transport through universal public provisioning. It means public control of strategic assets, credit guidance to steer investment towards social and ecological priorities, and support for the development of the social and solidarity economy.[16]

Another elephant in the room is consumption and its devastating climate and social impact for local communities in the European and global peripheries. In 2023, global greenhouse gas emissions induced by EU consumption were 21% higher, in both per capita and absolute terms, than the emissions produced in the EU related to consumption anywhere in the world.[17] Consumption driven emissions are presenting unutilised and locked opportunity for EU climate mitigation. More than 30% of the EU's imported emissions originate outside the EU, with the remainder traded within EU's borders. China was the largest exporter of emissions to the EU accounting for 8.5% of EU consumption-based emissions, followed by Russia (4.8 %), the United States and India (both 1.6 %). Projections point to a rise in environmental impacts of EU consumption up

[15] https://climate.ec.europa.eu/areas-action/adaptation-and-resilience-climate-change/eu-framework-climate-resilience_en

[16] https://www.theguardian.com/commentisfree/2026/jun/10/economists-maths-growth-doomed-strategy-un-agencies-political-leaders

[17] https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Greenhouse_gas_emission_footprints

to 2030, highlighting the need for additional measures to align with global climate goals.[18] And not only that, the detrimental impact of import related carbon footprint of the goods for EU citizens often remains invisible while reproducing global injustice based on exploitation and extractivism in less developed countries.

Policy choices

To continue and advance with green transition several systemic changes are necessary:

Critical raw materials. The transition to electric vehicles, renewable energy, and military hardware requires massive quantities of non-renewable minerals, leading to industrial mining that degrades land, depletes water supplies, and pollutes ecosystems.[19] Green transition cannot continue if it is rooted in unfair, violent and environmentally detrimental activites at the global level, resource colonialism, deepening social inequalities and increasing poverty in other parts of the world.[20]

Fossil fuel phase out. Fosil fuels are driving the climate crisis.[21] Global fossil fuel dependence remains deeply reinforced by rising energy demand, weak compliance with emissions mitigation targets, and persistent oil and gas investment that lock us into continued consumption beyond economic viability. These dynamics sideline more sustainable pathways and have put us on a path to produce 120% more fossil fuels than would be consistent with limiting global warming to 1.5C. At the same time, external pressures, such as geopolitical conflicts, the expansion of poorly regulated fracking, legal disincentives for countries to commit to phase-out, and insufficient finance to help lower-income countries to transition, further complicate efforts to phase out fossil fuels.[22] EU should support governments to maximize the synergies between decarbonization, renewable energy infrastructure and air quality management, especially in regions heavily exposed to pollution from fossil fuel combustion.[23]

Finances Another major concern is that much of the finance around climate mitigation is done through EU long term debt. This raises questions about the fairness of intergenerational redistribution. The EU and its Member States can use long-term debt to improve the social and economic dimensions around the green transition, making it more

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[18] Axelsson, K., Gong, J., Marcinkevičiūtė, S., Dugast, C., Lambe, F., Maquet, P., Carson, M. & Suljada, T. (2024). Consumption-based emissions: new opportunities for EU climate mitigation. SEI Brief, June 2024. Stockholm Environment Institute, Stockholm. https://doi.org/10.51414/sei2024.026

[19] https://friendsoftheearth.eu/publication/10-things-you-should-know-about-critical-raw-materials/

[20] https://eeb.org/en/library/sacrifice-zones-for-sustainability-green-extractivism-and-the-struggle-for-a-just-transition-2/

[21] https://eu.boell.org/en/2026/07/03/can-santa-martas-fossil-fuel-phaseout-momentum-survive-road-cop31

[22] https://www.sei.org/perspectives/santa-marta-2026-ambition-fossil-fuel-phase-out/

[23] https://www.sei.org/perspectives/santa-marta-2026-ambition-fossil-fuel-phase-out/

just for specifically affected territories, industries, workers and communities. However, this has consequences. By applying debt financed climate mitigation, the financial burden of the transition is shifted to future generations. Though inheriting the debt, the future generations stand to benefit from reduced exposure to climate change risks, a preserved environment, and technological advance, but more could be done to rebalance potential intergenerational injustices stemming from this approach.[24]

Digital transition and AI. For the moment digital transition is hindering green transition. The intersection of the green transition (decarbonization) and the digital transition (AI, cloud computing, and big data) reveals deep systemic contradictions. Digital transformation relies on exponential increases in computing power and AI model training, causing data centre electricity demand to surge. Instead of replacing fossil fuels, data centres frequently trap grids in reliance on coal and natural gas or delay the retirement of fossil plants to meet 24/7 baseload power needs. Powering green data centres requires vast acreage for wind and solar farms increasing competition over land but also creates huge energy demand, water scarcity and toxic waste.[25]

Militarisation Escalated geopolitical tensions are driving a massive expansion of defense infrastructure, creating a fundamental policy misalignment, disabling governments to reach net-zero emissions. Surge in global defence spending directly siphons climate funds and starves the green transition of vital public capital needed for renewable grid infrastructure, public transit, and green subsidies. EU funds and resources should be redirected towards human security, e.g. public health, housing, education, care, environmental and climate action, anti-poverty measures, anti-racism, equality, active citizenship, peacebuilding and international cooperation.[26]

Green industrial policy can be further developed under the condition it scales down harmful environmental and social impacts, contributes to public benefit and work for global justice. It needs to promote public ownership models in critical mineral sectors and green manufacturing, ensuring benefits flow to local communities rather than being captured by multinational corporations. Policies need to be implemented to dramatically reduce resource consumption in wealthy countries, including shifting from private to public transport systems, extending product lifespans through right-to-repair, and prioritising sufficiency over growth. [27]

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[24] Making Green Policy also Just, GreenPaths Policy Brief (2025) https://greenpaths.info/wp-content/uploads/2025/05/Policy-Brief-7.4-FV.pdf

[25] European Commission, Joint Research Centre, Muñoz De Bustillo Llorente, R., A Critical Review of the Digital and Green Twin Transitions. Implications, synergies and trade-offs., European Commission, Seville, 2024, JRC140036.

[26] https://www.tni.org/en/open-letter/security-for-whom

[27] Making Green Policy also Just, GreenPaths Policy Brief (2025) https://greenpaths.info/wp-content/uploads/2025/05/Policy-Brief-7.4-FV.pdf

Consumption. Future trade agreements should be based on partnerships which are committed to sustainable production practices and low-carbon technologies to reduce the carbon intensity of imported goods. Transparency of trade flow dana should be enhanced with EU trading partners to track the environmental and other impacts of imported goods and services to better target consumption hotspots such as food, housing and mobility. So called ''imperial mode of living''[28] in the EU cannot continue at the expense of disproportionate and unfair share of global raw materials, externalised costs (environmental destruction, waste) and cheap precarious labor in global supply chains.

[28] Brand, U., & Wissen, M. (2021). *The Imperial Mode of Living: Everyday Life and the Ecological Crisis of Capitalism*. Verso