

Sustainable leadership and the development of “green” economy in the European Union

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Abstract Sustainable development set by the world’s leaders and powers as the only way for the future growth of the world economy under the conditions of global warming and climate change requires certain prerequisites. One of them is the deployment of “green” economy that involves steps like shifting to low-carbon industry and transport or using renewable energy sources instead of fossil fuels. However, these steps bring about many economic challenges and complications.

European Union is the leading power in setting up the principles of “green” economy in its development and growth strategies. Moreover, it is the leader in sustainable development committing to the decarbonization of transport and the generation of electricity.

This paper focuses on the sustainable leadership in the development of “green” economy using the example of European Union. We describe the current trends and make implications and suggestion for other states to follow this example of sustainable leadership.

1 Introduction

The global climate crisis due to the adverse effects of global warming is pushing countries and regions to adopt the green economy. The European Union is not an exception, and there is a huge need for sustainable and eco-friendly sources of energy and not just in Europe but also in other parts of the world (Barbier 2011).

European Union countries such as Germany, France and the United Kingdom are at the forefront of embracing sustainable development through green energy, modernizing their energy markets and using renewable energy sources (Newbery et al. 2018). The aspect of sustainable development through the green economy is also known as the ‘green economy’. The concept of green economy is an economy that generates economic success while maintaining a sustainable natural system. From the historical perspective, the trends in economic growth and development have not been towards green growth and on the contrary economic expansion in most European countries have not been geared towards the realization of environmentally sustainable economic growth and development (see e.g. Mazzanti and Rizzo 2017; or Maes and Jacobs 2017).

However, the economic expansion needs and demands have put pressure on natural resources, and the volume of carbon emission is on the rise and hence the need to develop a new model of environmentally friendly economic development. The continued exploitation of natural resources cannot continue indefinitely since the environment has natural limits with regard to how much it can provide and hence it is important to conserve some of these resources. It is on this basis that it is ideal to look into some of the strategies used by the European Union and European countries, in particular, to ensure sustainable development through the green economy and the same forms the objective of this paper. The paper will tackle the most crucial issues of sustainable leadership using the example of the EU and Germany, in particular. The issue of leadership is a very interesting point and thence it needs further development and studying (Selyanskaya et al. 2018). Some implications and recommendations will also be spelled out.

2 Green economy as a leading strategy

The European Union is moving towards what is commonly referred to as green economy strategy. The policy is viewed as an approach geared towards tackling some of the worst economic crisis like the one witnessed in 2008. The much-appreciated green economy is currently regarded as a strategic manner of having a fairer society being in an enhanced environment (Mishenin et al. 2018). However, looking at the issue of green environment, it would be

interesting to note that the green environment policy is often based on the following objectives; improvement of resources efficiency, guaranteeing ecosystem resilience and enhancing social equity (Depret and Hamdouch 2008; or Vegera et al. 2018). The highlighted objectives are the motivation behind the implementation of the concept of green economy and environmentally sustainable economic growth as understood today. It is understandable that the world is moving towards a green economy given the environmental challenges as evidenced by the negative impact of global warming and climate change. The notion of resource-efficient green economy is gaining momentum within the European Union. There are multiple policy initiatives geared towards the implementation of the resource efficient eco-friendly economy across Europe. Some of the policy initiative agenda of the green economy in EU is driven by organizations such as the Innovation Union Programmed and the Eco-innovation Action Plan, Horizon 2020 and the Seventh Framework Program for Research (FP7). The same issue is also articulated through the 7th Environment Action Program (Report 2014).

Furthermore, there are policy recommendations on the environmental fiscal reforms that are meant to promote the resource-efficient green economy just as expressed in the EU fiscal budgetary guidelines. The Green alignment is evidently emerging in EU policies for global cooperation for development and in specific through the roles of EU and specific member partners of the Union in the growing era of ‘climate finance’. From these factors and dynamics, it is evident that the EU is conscious of the need to embrace the green economy and the same is evident in their policy frameworks (Depret and Hamdouch 2008). There is a major shift towards the green economy which is viewed as resource-efficient just as witnessed in some of the EU economic policies. The trends in the environment and climatic domains shows that EU countries are more concerned about sustainable development through green economy than before (Report, 2014). The underlying technological and economic changes in EU are geared towards the green economy, and these are also evidenced in other regions and especially in the developed nations like the United States and China and they are the two largest world economies (“French Green Growth Paradigm In-line with EU Targets Towards Sustainable Development Goals” 2016).

3 Current Trends

The current trends in economic policies are reflective of the resource efficiency and are an indication of significant moves towards environmental improvements. However, the slow pace of change witnessed in most European Union Countries is a massive cause for concern. The slow pace of change towards eco-friendly economic initiatives across European nations would mean that the central EU climate and environmental goals, as well as targets of 2020 and beyond, would not be achieved without extra efforts and radical changes or orientations of the European Economic policies and System (Ivanescu and Sorlescu 2016). These tendencies also show that the financial and economic crisis has not resulted in enhancement in the resource efficiency and in some areas the same has led to a reduction in efficiency. These trends also show that more needs to be done to ensure sustainable and environmentally friendly economic growth. These are some of the issues that the European Union needs to address if it is to achieve the much need for sustainable economic growth and development. It is, however, essential to indicate that the sectorial changes in the composition of EU economy and especially in the growth of services has not lowered its impacts on resources as earlier expected. It is rather related with changing forms in the trade as well as an increase in the ‘trade embodied emissions’.

The recent European Union strategic policies meant to effect an ‘industrial renaissance’ comprises of the policy objective of the ‘re-manufacturing’ and realizing a 20% share of the manufacturing industry in the European Union’s Gross Domestic Product by 2020. However, given the current state of resource efficiency in industrial sector (Ivanescu and Sorlescu 2016). The remanufacturing strategy is not likely to improve the resource efficiency. Even though the alteration in resource effectiveness across the union’s economy has a slow procession, what is needed is much deeper and much deeper and even more permanent in the region’s economy (Report 2014). The EU’s progress towards sustainable development and the green economy would depend on various factors. Some of these factors include Green or eco-innovation, green knowledge and fiscal reforms. These factors are viewed as enabling policies and will have a huge role in the EU’s realization of sustainable development through the green economy in the region.

3.1 Green or eco-innovation

The green or eco-innovation is considered one of the most crucial factors that would enable the achievement of the green economy (Kasztelan 2017; Rudneva et al. 2018). It is an important policy framework for a green economy and will definitely be an important part of strategic plans geared towards the attainment of the green economy as projected by the stakeholders.

However, even though it is not the single component in the creation of a green economy, innovation can be critical in enhancing the EU material and energy use systems that would motivate and support radical reform agenda and transformation practices.

Innovation needs fostering and considerable governmental spending. With this regard, various technology platforms, clusters and other governmental initiatives might be very useful, as example from some countries clearly demonstrate (see e.g. Zlyvko et al. 2014; Lisin et al. 2014; Lisin et al. 2015; Cieřlik et al. 2016; Lisin et al. 2016; or Niño-Amézquita et al. 2017; Rudneva et al. 2017).

3.2 Green Knowledge

The green knowledge is the second enabling factor of sustainable economic development. The same would encourage the international community in the direction of efficient green energy (Kasztelan 2017). The global role and responsibility of the EU are to spread ‘green knowledge’ while at the same time relating with other nations to promote green technologies. The European Union leads in some areas of global trade and in spreading of green knowledge. It is on the same basis that green knowledge is an important factor in the

3.3 Fiscal Reforms

The fiscal reforms are another category of an essential enabling factor as far as sustainable development and green economy in Europe is concerned. The economic tools such as emission trading, taxes, trading schemes are imperative policy schemes and tools that can change the pricing systems which is crucial for prompting resource economy. Moreover, closely related to this is the pre-condition of the environmental taxation. The pre-condition of the ecological taxation are policy reforms that can help phase out environmentally harmful subsidies. Fiscal reform for that reason is a vital reform policy in the achievement of sustainable and environmentally friendly economy not just within the European Union but also in other parts of the world (Report 2014).

4 Germany as Europe’s green economy leader

Germany is the largest economy in Europe with more than \$3 Billion in nominal GDP hence understanding their sustainable development and green energy policy. Moreover, it is also the leading country in terms of the sustainable green energy economy. The country is proactive in developing its sustainable policies and its famous energy strategy (Kasztelan 2017). Moreover, Germany has a strong environmental framework that makes it not only a pioneer in environmental protection matters but also in sustainable development geared towards green economy.

Overall, Germany provides a good example of how cleaner and low-carbon economy is compatible with growth (Weber and Cabras 2017). In 2002, the country adopted a National Strategy for Sustainable Development, an initiative that made sustainability a key principle for national policies. The given strategy was based on concrete targets and sustainable indicators. The indicators are evaluated in regular progress reports making the analysis of milestone possible. The same ensures that critical areas for improvements are recognized and necessary changes made. The German government also launched a major cross-cutting policy on biodiversity and climate change as well as resources and energy efficiency (Le Blanc, 2011). The case of Germany is a clear example of how sustainable economic growth can be obtained through environmental conservation and implementation of environmental policies that are not only friendly but are also sustainable in the long run.

5 Conclusions

The European Union is keen in adopting measures meant to solve the problems of climate change and global warming through sustainable development and green economy. The fundamental aim of the “green” economy is to guarantee a sustainable economy that uses natural resources efficiently. The move will minimize the environmental impact of these resources and guarantee sustainable development both in the short run and in the long run just as been witnessed in the case of Germany.

In addition, one needs to understand that the challenges of the future that will be brought about by the global warming caused by the change of climate and the resulting economic burdens and implications such as the rise of the price of traditional fossil fuels, shortage of resources (including drinking water) will struck a devastating blow on the economies of many countries. Therefore, the adaptation of renewable energy sources, designing new energy-saving strategies and investing in the future sustainable development prove to be crucial. The countries (or blocks of countries) that will be able to embrace these challenges and to tackle them, will be able to face the impending threats

and disasters with ease. Only by doing so will the world leading economies remain competitive and will be able to stay afloat on the turbulent markets of the tomorrow's globalized, digitalized and energy-deprived world.

In the light of all these issues, it appears crucial for the European Union to focus on these challenges and to structure its economy accordingly.

It is only through these initiatives that EU economy will remain competitive globally considering the fact that world economic powers like China are also embracing environmental conservation and reduced carbon emission as a new frontier in economic growth and development.

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