

UA: UKRAINE ANALYTICA

Issue 3 (29), 2022

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CLIMATE

Editors

Dr. Hanna Shelest
Dr. Mykola Kapitonenko

Publisher:

Published by NGO "Promotion of Intercultural Cooperation" (Ukraine), Centre of International Studies (Ukraine), with the financial support of the Representation of the Friedrich-Ebert-Stiftung in Ukraine and the Black Sea Trust for Regional Cooperation – a Project of the German Marshall Fund of the United States

UA: Ukraine Analytica is the first Ukrainian analytical journal in English on International Relations, Politics and Economics. The journal is aimed at experts, diplomats, academics, students interested in the international relations and Ukraine in particular.

Contacts:

website: <http://ukraine-analytica.org/>
e-mail: Ukraine_analytica@ukr.net
Facebook: <https://www.facebook.com/ukraineanalytica>
Twitter: https://twitter.com/UA_Analytica

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ISSN 2518-7481

500 copies

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CLIMATE CHANGE AND UKRAINE'S POST-WAR RECONSTRUCTION

Andriy Andrushevych

Society and Environment Centre (Ukraine)

Building a climate neutral economy needs to be a central part of Ukraine's post-war reconstruction and recovery. Rising from the war ashes creates a unique opportunity for Ukraine to leapfrog from a carbon and resource intensive economy while building a strong basis for the country's energy security in the future. Putting climate efforts into the centre of the post-war recovery will also help integration into the EU and the building of a climate resilient economy.

Introduction

Since the full-scale aggression on February 24th, 2022, Russia's war against Ukraine has been a global problem affecting the established international peace and security framework in many ways¹. Yet, the climate change global agenda does not seem to have been downgraded: the major global economies have recently strengthened their commitment to climate change mitigation and adaptation².

The European Union, Ukraine's major trade³ and political partner, continues to implement its ambitious European Green Deal initiative, with a view to building a climate neutral economy by 2050⁴, despite the COVID-19 pandemic and the Russo-Ukrainian war. In fact, the Russian aggression against Ukraine may well be seen as a war against decarbonization in Europe, a core component of the European Green Deal⁵. Urgent measures are being taken to stop the dependency of the EU countries on Russian fossil fuels⁶.

- 1 Statement by Foreign Minister Annalena Baerbock in her capacity as Chair of the G7 Foreign Ministers' Meeting at the High-Level Week of the UN General Assembly, <https://www.auswaertiges-amt.de/en/newsroom/news/-/2553680>.
- 2 See, in particular, the G7 Leaders' Communique of June 28, 2022, where they explicitly reaffirm their commitment "to phase out [their] dependency on Russian energy, without compromising on our climate and environmental goals", <https://www.g7germany.de/resource/blob/974430/2057928/1315842ed9de069fa1be82dab18dabb2/2022-06-28-leaders-communique-executive-summm-data.pdf?download=1>.
- 3 The EU is Ukraine's largest trading partner, accounting for 39.5% of its trade in 2021. Source: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/ukraine_en
- 4 The European Green Deal, COM (2019) 640 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52019DC0640>.
- 5 85% of Europeans believe that the EU should reduce its dependency on Russian gas and oil as soon as possible to support Ukraine. Source: Flash Eurobarometer survey 506, May 2022, <https://europa.eu/eurobarometer/surveys/detail/2772>.
- 6 RE Power EU Plan is a major example of such efforts. See COM (2022) 230 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A230%3AFIN&qid=1653033742483>.

Meanwhile, Ukraine is facing immense needs in several areas: supporting vital services, providing shelter and support to millions of internally displaced persons, and repairing or reconstructing damaged and ruined critical infrastructure, buildings, and whole towns and villages destroyed by Russian troops and missile attacks⁷. The scale of destruction is yet to be fully understood and assessed, as the war continues.



neither Ukraine nor the EU proposes a green recovery vision. The EU does not want to impose any vision, leaving it up to Ukraine to develop and take ownership of the plan. In Ukraine, in its turn, many key stakeholders remain locked in pre-war projections and strategies

To shape the reconstruction and recovery process the President of Ukraine launched a national platform to design a national recovery plan. First drafts were already made public⁸ and presented⁹ at the Lugano Conference in July, 2022. At the same time, Ukraine's international partners developed their own initial proposals and visions for the post-war reconstruction. In particular, the European Commission in May, 2022 adopted a communication "Ukraine Relief and Reconstruction", where it laid down its key approaches to future process¹⁰.

In short, the planning of the post-war reconstruction is an ongoing process. It

will take some time for Ukraine and its partners to agree on a common approach, or at least to come to coherent positions. The war needs to stop for the recovery plan to be finalised. What is already evident is that Ukraine and its partners share a common view of a three-stage process (relief during the war, reconstruction immediately after war and mid-term recovery period in the future 10+ years). In addition, the post-war reconstruction will necessarily include a "reforms" track, needed to attract investments, funding, and to support the EU accession process.

Green Post-War Reconstruction: A Need or A Dream?

The current vision of the Ukrainian government and its international partners has many green elements, in particular the draft national recovery plan and the European Commission's communication on Ukraine's relief and reconstruction.

However, neither Ukraine nor the EU proposes a green recovery vision. The EU does not want to impose any vision, leaving it up to Ukraine to develop and take ownership of the plan. In Ukraine, in its turn, many key stakeholders remain locked in pre-war projections and strategies. Their current approaches do not include sufficient and effective green elements, which means the post-war reconstruction may "close" some sectors off for decades from modernisation, greening and sustainability¹¹. In a wider context, this may create new obstacles for Ukraine to be part of the EU and the global green economy.

7 The World Bank's latest assessment is \$359 Billion, <https://www.worldbank.org/en/news/press-release/2022/09/09/ukraine-recovery-and-reconstruction-needs-estimated-349-billion>

8 Sectoral draft plans available at <https://www.kmu.gov.ua/en/national-council-recovery-ukraine-war/working-groups>

9 <https://www.urc2022.com/>

10 COM (2022) 233 final, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0233>.

11 Green post-war reconstruction of Ukraine: vision and models, Policy brief summary, Society and Environment (2022), <https://www.rac.org.ua/uploads/content/658/files/green-post-war-reconstruction-of-ukrainefinal.pdf>.

From a pragmatic experience, a non-green recovery process will negatively affect the national energy security and well-being of Ukrainians.

Many experts and civil society organisations in Ukraine and in Europe called for a green approach to post-war reconstruction in Ukraine¹². On an expert level, at least two models of green reconstruction were proposed recently in Ukraine: they are ambitious and pragmatic¹³, and both received unequivocal support during a 200+ discussion session representing all the stakeholders in Ukraine, including government, business, and CSOs.

So, if the demand is there, why does the current national recovery plan not encompass a green vision? For many national and international policymakers, the green recovery of Ukraine remains a dream because of many practical considerations. Does “green” mean slower? Is “green” more expensive? Will “green” harm in any way national, including energy, security? Let’s try to look into the last, more fundamental, question.

Climate Change as the Centrepiece of the Green Reconstruction Vision

Climate change should be inevitably a central element of any green vision of a post-war recovery plan. Indeed, all current calls for a green recovery are largely climate change driven visions of the recovery.

In turn, decarbonisation of the economy is one of the central elements of the global and national climate change mitigation efforts. If this war is viewed as a war against decarbonisation in Europe, decarbonisation should be at the heart of building energy security and independence, including for Ukraine. Russia is weaponising its energy exports, and considers decarbonisation as a threat to its national security¹⁴.



Climate change should be inevitably a central element of any green vision of a post-war recovery plan

Ukraine is highly dependent on fossil fuel imports, though carbon and energy productivity in the economy have been growing in the last ten years. However, the average energy productivity in OECD countries is twice as high as in Ukraine, and in the EU – 2.5 times higher¹⁵. For Ukraine, therefore, a strong climate change mitigation policy, including energy efficiency measures and support to renewables, is a matter of energy security.

Post-war reconstruction will inevitably lead to large investments in the main fossil fuel consuming sectors, such as district heating, steel production, etc. Rebuilding damaged residential buildings and district heating systems (large thermal power plants) will

12 Will the EU support a green recovery for Ukraine from the ashes of war?, https://meta.eeb.org/2022/09/22/will-the-eu-support-a-green-recovery-for-ukraine-from-the-ashes-of-war/?mc_cid=e2ed96b96f&mc_eid=864a361bf5&fbclid=IwAR30x6_QM9UgMxbyrZYW_Duyogr5NlpkjKqjyofXp244VXTKM5CnvzpcSo

13 Green post-war reconstruction of Ukraine: vision and models, Policy brief summary, Society and Environment (2022), <https://www.rac.org.ua/uploads/content/658/files/green-post-war-reconstruction-of-ukraineengfinal.pdf>.

14 See, e.g. Strategy of National Security of Russian Federation of July 2, 2021.

15 Towards green transformation of Ukraine: State of Play in 2021, OECD (2022), <https://www.eu4environment.org/app/uploads/2022/04/Towards-green-transformation-of-Ukraine-State-of-Play-in-2021-ENG-1.pdf>.

have long-term consequences. For example, Naftogaz (the largest and state-owned energy company in Ukraine) decided to invest in several biomass district heating systems in the Eastern part of Ukraine¹⁶. Such approach must be governed, multiplied and enhanced by an overarching vision, to ensure that other efforts, including reforms, investments and aid, contribute to energy security through a climate oriented and resilient framework.

Green reconstruction will also include other elements, such as preserving natural capital and biodiversity, and diminishing pollution. However, it is climate change mitigation and adaptation that need to serve as a core building block. Similarly, the European Green Deal is built around climate neutrality and integrating climate change considerations into new agricultural, industrial, energy, food, and other policies. From this perspective, Ukraine's green reconstruction plan may well serve the purpose of a Ukrainian Green Deal. Just as Franklin D. Roosevelt's New Deal helped the US to emerge as a major global economy from economic collapse in the 1930s, Ukraine's post-war recovery plan should help Ukraine to fully integrate into a new future green EU and global economy, and to build a prosperous country.

Climate Change Dimension of the EU Accession Process

During the first days of the Russian invasion in 2022, Ukraine sent its EU membership application to Brussels and was already granted EU candidate status in June¹⁷. This means that Ukraine expects to go through

accession negotiations while recovering from the destruction of the war and, in fact, while hostilities are still taking place.

EU accession negotiations do not resemble the way one understands the word "negotiations". It is a process where the EU and its member-states come to an agreement that a country can fulfil all of the obligations stemming from the EU acquis (legislation)¹⁸. Adoption of established EU law, preparations to be in a position to properly apply and enforce it, and implementation of judicial, administrative, economic and other reforms necessary for the country to meet the conditions for joining are known as accession criteria¹⁹. In other words, Ukraine needs to fully implement all European legislation in 35 areas (the so-called negotiating chapters).



A green post-war recovery will support both a more resilient and secure future economy and accession negotiations

Climate change is not a separate negotiating chapter, being integrated into various relevant chapters (Environment, Energy, Transport and others). However, given the highest priority attached to climate change in the European Green Deal and a very complex climate change legislative framework in the EU, Ukraine will face a challenging task on its way into the EU. This task – rapid and painful reforms in major carbon intensive sectors – cannot be implemented “on paper”.

16 <http://sm.gov.ua/ru/arkhiv1/29269-na-sumshchyni-realizovuvatytmetsya-proekt-zi-vstanovlennya-kotla-na-alternatyvnomu-vydi-palyva-dlya-okhtyrskoyi-tets.html>

17 European Council conclusions, 23-24 June 2022, <https://www.consilium.europa.eu/media/57442/2022-06-2324-euco-conclusions-en.pdf>.

18 Katarina Maternova, Deputy Director-General, in an interview to European Pravda, Sep 22, 2022, <https://www.euointegration.com.ua/interview/2022/09/22/7147286/>.

19 European Commission, https://neighbourhood-enlargement.ec.europa.eu/enlargement-policy/steps-towards-joining_en

In many areas, Ukraine is already showing quite significant progress in terms of climate change indicators. For example, it has already reduced its greenhouse gas emissions by 66% compared to 1990²⁰. Similarly, Ukraine is already more advanced than the EU (or even its targeted indicators) in use of fertilisers, and its share of railway cargo transportation²¹.

Yet, as discussed above, some of these advances came at the sake of economy collapse, and recent positive trends in energy intensity (productivity) of the economy are still insufficient to bridge a huge gap between the EU and Ukraine. Some key instruments and reforms are yet to be introduced, such as carbon pricing, to ensure that the Ukrainian economy can be part of the EU's joint market.

It is inevitable that Ukraine will carry out the necessary reforms and will need to implement measures to ensure its law and economy is in line with the most recent EU climate legislation and policies. Combining these reforms with a green post-war reconstruction is therefore a necessity, not a dream.

Conclusion

Ukraine and its partners are working on a common vision for the post-war reconstruction. This is a process which will include both immediate reconstruction

of the destroyed assets, and a mid-term recovery and growth strategy. It will also be accompanied by a reform process and EU accession negotiations.

A green post-war recovery will support both a more resilient and secure future economy and accession negotiations. For this to happen, green post-war recovery must include climate change considerations as its main building block. A climate mitigations policy and measures will directly contribute to Ukraine's energy security. Associated climate change reforms will enable Ukraine to close several negotiating chapters on its way into the EU, including those relating to energy, transport and the environment.

Lastly, by adopting a green post-war recovery vision, Ukraine can leapfrog to a modern, climate neutral, resilient economy that ensures energy supply, industrial growth, and food security as well as the well-being of the Ukrainians.

Andriy Andrusevych is a co-founder and senior policy expert at Resource & Analysis Center "Society and Environment", a Ukrainian environmental think tank organisation. More recently, he has been involved in several research projects related to environmental and climate change aspects of Ukraine's post-war reconstruction, the EU access process and reparation of the environmental damages from the Russian aggression.

20 UNFCCC, https://di.unfccc.int/time_series

21 Mapping of strategic targets of Ukraine and the EU in the context of the European Green Deal: development vectors and flagship initiatives." Policy paper. – Resource and Analysis Center "Society and Environment" (2021), <https://www.rac.org.ua/uploads/content/615/files/enggreendealflagshipmapping2021.pdf>.

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Issue 3 (29), 2022

ISSN 2518-7481