TRANSCRIPT

Energy 360°

“Europe’s Energy Crisis and the Transatlantic Partnership”

DATE
Tuesday, July 11, 2023

FEATURING

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Transcript By
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Simone Tagliapietra: Europe has a strong, very important system of gas storage. And the very good news on that, which is reassuring for the coming winter, is that these storages are now 70 percent full, which is unprecedented for this season, typically much lower than that at this point of the year.

Lisa Hyland: Europe’s energy crisis isn’t over, but the EU moved quickly on new policy measures to adapt to lower Russian energy imports and the winter energy supply fears were largely avoided.

To discuss the region’s ongoing challenges, CSIS program director Joseph Majkut talked with Simone Tagliapietra, a Senior fellow at Bruegel. Simone’s research focuses on European Union climate and energy policy, and he was in DC in June to brief U.S. policymakers on how Europe is managing the ongoing energy crisis, following the Russian invasion of Ukraine nearly a year and a half ago.

Simone and Joseph also look at the future of energy security in Europe, efforts to move away from the Russian energy supply while still advancing decarbonization efforts, and the state of U.S.-EU cooperation. Here’s Joseph to lead the conversation.

Joseph Majkut: Okay. So, you came to town, you’re here to testify for the Senate’s climate change task force. You know what, you’re fresh off this testimony. What was the key message? Why were you invited to come and, and talk to U.S. senators?

Mr. Tagliapietra: The main question was to understand where Europe currently stands vis-a-vis the energy crisis we have been in for the last, I would say, year and a half. And also understand how these eventually played in favor of the green transition. So, I think it’s fascinating to also explain to the U.S. policymakers how these unprecedented crises represent the watershed moment for Europe and how this really is fostering historical transformation, I would say, and a historical acceleration of the green transition, because that is not anymore just good for the planet, let’s say, but it’s also super important for our energy security. So, the energy security dimension of renewables, energy efficiency, and all of that, which we know in theory right now, it’s evident in practice to all. And this is proving to be a very important driver of change in the energy system.

Dr. Majkut: And you know, if we look back at the last year and a half, I hear this message, I hear it a lot from European policymakers. This is accelerating the green transition. We’re doing everything from
spending more on renewables to creating zones where it's easier to permit wind farms, contemplating building electricity transmission networks and devising plans for a huge green hydrogen industry. I also look at closing nuclear plants. I see burning more coal. How do you explain those kinds of short-term dynamics against this longer-term story that you see emerging?

Mr. Tagliapietra: You know, last year what Europe lived through was I think the worst energy crisis that we have possibly ever gone through. And during the peak of this crisis, Europe had to deploy all the possible means to basically replace the missing Russian and gas volumes. And just to give one number to our listeners, I mean, we should really consider that Russian gas accounted for 40 percent of the European total gas supply and gas is very important in Europe still for power generation, for also the residential sector. No, and of course for the industry. So, we are talking about something extremely important, we were over-reliant on Russian gas and all of a sudden, these volumes dropped. So out of the emergency, we had to do basically three things. First, we cut our demand for natural gas, and we did, and we continue to do it very successfully.

Second, we had to diversify the supplies of gas as much as possible, as quickly as possible. And that's where U.S. LNG comes into play very strongly and we can talk about that. And then we had to basically also carry out fuel switching and in the moment of emergency replace gas temporarily with an increase in the utilization of coal, for example, in power generation, and in the industrial sector. However, these volumes of the utilization of coal, for example, in the power sector have been limited and temporary. So, we now see, or already have seen already in the last month a decline in the utilization of coal. And from an environmental perspective, the emissions entailed by reopening up certain coal-fired power plants that were kept ill for backup are really not significant. So, I do not worry about the short-term environmental implications of these necessary choices because what matters to me, given the limited volume of these short-term actions, is really the longer-term outlook. And the longer-term outlook is pointing to one unique direction, which is an acceleration of the green transition and a significant decrease in the utilization of gas in Europe. And that is something that will be the structural outcome of this crisis.

Dr. Majkut: Obviously, there's a lot of dynamics underlying everything that we've just talked about. And I think, you know, we sit here, it's the start of summer. How do you explain the narrative of the last year
before we look ahead? The common perception here in the United States is Europe got a little bit lucky with a warmer than average fall and not too horrible in winter and drew heavily on LNG causing a huge energy price increase. You guys have done some of the best work on the sort of costs of that crisis last year. What is your explanation? Is that, you know, where does efficiency fit in? Which is something we don't talk a lot about in us. us. What's that big picture missing? You know, we look at the last year and Europe made it through this incredible crisis transition. This is basically the worst scenario for how you would see the gas supply drop off. Do you think Europe got lucky or was it a mixture of good fortune planning and a relatively robust civilian response?

Mr. Tagliapietra: I think that we were certainly lucky when it came to the weather because, as you say, the fall and the winter have been pretty mild and therefore the consumption of gas, namely for the residential sector, was easier to handle or to say. But let's say that we have always also been extremely unfortunate, not only because of the Russian cut and all of that, but just looking beyond that, let's consider that Europe had the worst summer drought in 500 years. The hydropower output last summer was substantially cut because of this environmental circumstance. At the very same time talking about being unlucky, we had the French nuclear power plant, fleet alphabet offline due to the need for extraordinary maintenance. o I think it's important to appreciate that what Europe lived was a perfect energy storm, not only related to Putin's weaponization of energy, but that was also one part of the story, the main part of the story. But as a compliment to that came the drought, which impacted hydro power production, but also new nuclear facilities and even thermal power generation and the unprecedented nuclear situation in France. So, this is very important because it was not only a gas crisis, but it was also an electricity crisis altogether.

Dr. Majkut: Compounded.

Mr. Tagliapietra: And Europe managed to go through all of these. So, you understand that it was not just a matter of luck, but it was in my view a combination of a very solid response by families and businesses in reducing their energy consumption that was mainly driven by the very high prices. So, the pricing signal I think played the defining role, and facing rapidly increasing electricity and gas bills, companies and families did reduce significantly their energy
consumption in both sectors, but mainly in the residential, I have to say.

There was also the feeling that that was a way to contribute to the cause of Ukraine and to, you know, avoid this trap that put in place, I would say for Europe. So, there was also motivation behind energy consumption. And then I think policy Europe managed, notwithstanding the fact that energy policy as you know, in Europe remains a shared competence between the national states, the EU level, no, we don’t have, let’s say of course a federal level solid energy policy because we need to all the time negotiate this with 27 countries.

Dr. Majkut: We don’t really have that in the United States either, but it’s a different structure.

Mr. Tagliapietra: It’s even more difficult in Europe. I can assure you it’s a different structure indeed. But notwithstanding this historical problem of coordination we have, we managed to take unprecedented coordination actions. And one of them is certainly the decision to altogether decrease gas utilization. But then we had others like the quest for supply alternatives. I think the European Commission played a good role in steering the diplomacy around that, both with the United States, but then also with African countries, and so on. And the idea of having a new energy strategy power, you aimed at doing what? At fast-tracking the permitting procedures for renewable energy. So, to accelerate the rollout of renewables and try to replace as much as possible and as quickly as possible the gas volumes.

Dr. Majkut: And in that context, like gimme your outlook. I want to talk about the longer-term issues, but you know, I have to think, give me your sense of the next year. What did you learn over the last year and a half, what are the metrics that you’re watching, the sort of external factors that are going to be important for outcomes as we look toward the fall and the winter, everybody’s now focused on the seasonal cycle of European gas demand because it has like incredibly important international connotations. So, help us understand that, whether it’s two or five or seven or 11 things, what are the coin flips you’re watching?

Mr. Tagliapietra: I will say, really three main elements here. Great. So, the first is gas demand. And I think it’s very important to monitor that gas demand in Europe remains reduced by the level agreed by the countries,
which is 15 percent vis-a-vis the usual levels before the crisis. Because if we maintain gas demand reduced at these levels, I think this is a fundamental contributor to energy security. The second element I would say certainly is the LNG market. LNG now is the fundamental pillar of European gas security supply. U.S. LNG plays the fundamental role because it’s now 50 percent of our total LNG imports and therefore the short-term outlook of, of the allergy market is determinant. And that’s why you see volatility in the European gas price all the time because if something happens in case of the Chinese gas demand seniors or if something happens on the supply side, I mean immediately this gets reverberated in the European gas price because we remain on a tight market and we will continue to be on a tight market for a couple of years to come.

So, this is the new normal for Europe, which has significant industrial, also competitiveness, repercussions. And the third indicator is the storage. So, as you know, Europe has a strong, very important system of gas storage. And the very good news on that, which is reassuring for the coming winter, is that these storages are now 70 percent full, which is unprecedented for this season, typically much lower than that at this point of the year. So that tells you that there are filling operations that will be much easier this year than last year when we were to rush to refill the storages that were de-planted. And that created a big demand for LNG, which you know, brought up the prices immensly and so on and so forth, easier, nothing of that will come, will happen again. So, I think that gas demand and the level of that, the LNG situation, and storage are the three main indicators to basically measure the fever of the patient here.

Dr. Majkut:
Let’s talk about the politics of this. The transatlantic relationship I think was really bolstered after the Russian invasion of Ukraine because that was such an affront to post-war stability and the U.S. and Europe kind of forming this now very important energy partnership seems to have helped, but it’s not always clear to me that that has made a big political difference or what the path forward might be. From your perspective, how does this sort of new dependence on the U.S. LNG system read to European policy makers? What concerns do they see? What opportunities do they see in that relationship? Well,

Mr. Tagliapietra:
First of all, U.S. LNG saved the day. That has to be very clear. Without U.S. LNG for Europe, it would’ve been very difficult to end the situation. The second point is that that came at a huge cost for the European citizens, right? That was not for free, of course it came
at a very high price, and I honestly don’t think this was really, let’s say, you know, fostered much by political coordination, which was entirely commercially based relationship.

Dr. Majkut: That’s partially why the U.S. industry is the one that’s supplying, right? These are not, these are destination flexible contracts.

Mr. Tagliapietra: Exactly. So, the price in Europe was much higher than elsewhere in the world. Europe was a very attractive market. That was the destination. That’s it. No need for a high-level summit for this to happen. So, I don’t really buy the story that sometime is out there that this was a sort of apolitical coordination among allies. Not at all. This was just market-driven from my perspective. And I think what we learned, and I think that’s something that is also in the interest I understand here in Washington of the U.S. is that a dependency or over-dependency is something that is not good in energy markets. And we need to make sure we don’t replicate dependencies in the green transition as Europe had in the traditional energy space. And here, I think of course at our perspective over dependencies on China when it comes to critical raw materials, but also clean tech.

And I think that in these areas and namely the critical raw materials, there is really scope for a strong transatlantic partnership because we have the same challenge. And if we move, individually, let’s say we might just out be the charter in a number of, supply countries, so maybe there is really scope for coordination in this space, while maybe in other spaces, you know, like clean tech and all of that competition prevails here, there is a clear, it’s a no-brainer to do something together. And I think this could be another heritage, let’s say, of the energy crisis that we learn to do something together where our interests are fully aligned.

Dr. Majkut: I mean, the other place where we kind of see opportunity, but I, it’s hard to know exactly how to articulate it, would be things like hydrogen, right? So, hydrogen and plays a big part of the repower EU plan, the U.S. is now preparing to very generously subsidize hydrogen production. And you know, even though it’s much more complicated to shift or ship hydrogen or ammonia or whatever form compared to LNG, you sense that industry players and some government officials see that as a future opportunity. Do you have any read on that?

Mr. Tagliapietra: Yes, I think we need to work out the economics. I think the economics of that is still unclear. I think it is still to be seen whether
it makes economic sense to ship ammonia over the Atlantic. I think with the energy transition, we will certainly have a rewriting also of the industrial map in Europe and elsewhere in the world. I think we have traditionally seen in history that particularly the energy intensive industries tend to follow the availability of natural resources and the cheap energy sources. That was also the case in Europe where the industry developed around coal deposits and hydropower, etc. You know, one of the fears we have in Europe is that maybe some parts of our supply chains don’t make any more much economic sense in Europe because the energy prices, the energy cost is going to be higher for longer before renewables really manage to slash this cost.

So maybe we could think about, you know, doing some import substitution of certain products rather than you know, engineering all this trade to make something in Europe that doesn’t make much, economic sense and thinking at fertilizers and specific, for example, segments of the chemical industry that will inevitably go under stress in the future. And when it comes to hydrogen, I think the first, let’s say continent that Europe is targeting its strategy is Africa. And that is really due to the geographical proximity. Now the problem or I think the main challenge, let’s say there is not to engineer an energy partnership between Europe and Africa on hydrogen and renewables, that smells of neocolonialism and extra-activism. The challenge is to do something that is in the interest of both, which means addressing the problem of energy assets, which is a key problem of Africa. So, trying to have an energy partnership that is good for Europe because there might be exports of, for example, electricity or ammonia from Africa to Europe. But then part of this energy needs to also stay in Africa for the electrification for the increase of the energy assets of the continent, which is the primary priority for these countries.

Dr. Majkut:

So. And do you see that same logic extending to minerals and the manufactured goods necessary for transition as well?

Mr. Tagliapietra:

I think so. I think so. And I think that in that case, the issue becomes an industrial policy issue because certain African countries rightly say, why should we just be as we currently are with the Chinese, a source of minerals, raw materials, and then everything gets shipped to China, why can’t we do for example, some processing here? So, I think what the European Union will try to do is to build this kind of partnership with African countries. We are not particularly interested in having processing activities in Europe just be for the sake of having them if it makes more sense to have them in Africa but developed in a serious and sustainable manner from the labor
conditions to the environmental standards. Why not do that? I mean if that is something that can create jobs in Africa that’s in the full interest of Europe, to have.

Dr. Majkut:

And this is I think is probably a place where the U.S. and the EU can really work together, right? The combined size of our markets would be incredibly powerful.

Mr. Tagliapietra:

You know, coming to Washington I was of course thinking for quite some time about, okay, what can we really do together? That is a question that I have to say is a question to which I still don’t have a full answer. When I read the final communique of these transatlantic energy council, et cetera, you know, I see a long shopping list. It looks like we are working together on everything. But I don’t think that is always very effective, if I may say. So, I think we really need to understand, okay, what are the items where we can really make a difference together? And if I think of that, I think minerals is one and then a joint action to foster, you know, the energy development, not only decarbonization energy development in a sustainable manner in the global south. I think it’s important to give an alternative model of what China has to offer because these countries are eager to have an alternative model. Look at the Democratic Republic of the Congo. They want to renegotiate all the contracts because they see this is not in their interest of these countries with the Chinese. So, I think we have scope to make a difference out there, but I still struggle to see the policy to do that in a coordinated manner.

Dr. Majkut:

Yeah, when you sit back here at a think tank and you go, gosh, what would you develop? You can imagine things like a climate and energy club, which would require certain buy-in on emissions reductions. It would, but it would bring benefits. And here actually one of the things we think about on the U.S. side is the strategic asset of having all this gas export capacity, whether it’s used for energy security purposes or displacing coal. And that I think is a place where the U.S. and the Europe can really work together in establishing, you know, how would you actually form cooperative partnerships that don’t turn into protectionist isolating devices, but really are open to participation from a lot more countries around the world.

Mr. Tagliapietra:

Absolutely. And I think that we need to get better at this. I think we made an attempt with the just transition partnerships, right? But for example, in the case of South Africa, it’s difficult to see that really
moving forward. So, we really need to understand how to get better at this. And since you mentioned the climate club or the climate and energy club, maybe I can also spend one little minute on CBAM because I know spend time, this is something that is important here and I know that carbon border adjustment and the way Europe wants to do that and is doing that actually was not particularly appreciated in the United States, which in my view it has always been very surprising because if I look at the sectors of U.S. exports that will be interested by this, it’s basically still an aluminum, right? And that is what 3 percent of the total U.S. exports to Europe.

Dr. Majkut:
Yeah, it’s quite de-minimizing.

Mr. Tagliapietra:
It’s a negligible share. And I don’t understand what’s the problem is with that. And honestly, if I look at this, I also see an opportunity for the U.S. industry because the carbon intensity of American steel and aluminum is much lower than the carbon intensity of the Chinese steel and aluminum. So, I don’t want to say, but I think the U.S. can also gain market share with this. So, I struggle to see all these political problems around CBAM. CBAM is not a protectionist measure. It’s not the wanting to slash a tariff on the U.S. and all of that. This is just an environmental measure that by the way, every country that sooner or later will, you know, get the solid carbon pricing system and everything we’ll have to adopt simply because that’s a mirror of what you do internally, and you need to mirror that to the border. So, it’s really not a trade, let’s say a protectionist measure is a climate measure, that by the way, it’s not going to impact much the U.S. So, I’m a bit sorry that this item poisoned a bit the conversation over the last years, and I really think we can move forward because this really doesn’t make much sense.

Dr. Majkut:
I’ve argued the same to the U.S. audience. I mean I’ve said that one immediate impact on U.S. exports appear to be pretty small. Now maybe, you know, if we develop a hydrogen industry or if the CBAM extends to the chemicals industry as the parliamentary proposal did last year, you could see a bigger impact on trade. But even if that impact is real or bites in the future, this is a mechanism I think the U.S. wants to see work. And it’s pretty clear to me that as Europe moves ahead with its CBAM, you’re seeing opposition in political venues and in official trade venues like the WTO from India, China, and others. And to me it’s like the U.S. should just be broadly supportive because we want it. That’s a mechanism that is useful for international decarbonization.
Mr. Tagliapietra: And maybe because sooner related the U.S. might have won as well.

Dr. Majkut: Completely.

Mr. Tagliapietra: Correct. Not necessarily based on the carbon pricing system at the federal level, but also based on the environmental regulation and the climate policy that one has, you know? Right.

Dr. Majkut: So, I think it’s mostly a problem of just sort of a misunderstanding about what the mechanism is doing.

Mr. Tagliapietra: Which is not far from the misunderstanding we had on the IRA in my view, from our side, European side at this point, even if there are actually some points that are critical from a WTO perspective. But I think that CBAM and IRA have become two items that I think we need to sort out and then move forward, right? Because otherwise we get stuck in this and I don’t think it’s beneficial for us for our relationship and for the impact we can have out there in the world. Yeah.

Dr. Majkut: Yeah, it’s hard to know how to bring others into the fold. Speaking of bringing others into the fold, in some cases removing them, the last year also saw Europe and the U.S. intentionally try to move away from Russian energy supply. Maybe you could give us a quick up update on your views on the price cap for Russian crude exports into global markets, but also Europe’s real attempt to move off of a Russian supply chain altogether.

Mr. Tagliapietra: Look on this, I think it is very clear now that Russia basically did the embargo on gas because we didn’t do that. It was a Russian weaponization strategy. So, Russia cut the, the supplies and as I said, we were at 40 percent of our total supply coming from Russia. Now we are less than 10 percent. So, when it comes to gas, the situation has been, the shift has been dramatic. Now we still have some remaining volumes via pipeline, not much. What we really have, that’s the most important part, is Russian LNG Europe still imports Russian LNG, that’s the second largest supplier of LNG to Europe after the United States. It accounts for 16 percent of the European LNG imports and around 7 percent of the total gas supply of Europe. I think that’s a problem. I think Europe should and can get rid of Russian LNG.
I think we have seen over the last months increasing calls to do that. I think LNG as we know, is a fungible market more fungible than pipeline gas, right? So, I think technically that is a viable option and I think Europe should go for that. And in my view, gas should be also sanctioned. So, I think Europe should sanction Russian gas, both pipeline and LNG also to avoid problems in the future. And when I mean problem, I mean avoiding in the future, the possibility which now is on is not on the table, but you never know in the future, of Russia actually weaponizing the energy the other way around. So, it's opening the top to friendly countries, or you know, trying to buy support from some European countries selling again the gas. I think we need to prevent that. I think we need to manage that at the U level with a unique entity, maybe the energy platform that we have so that all what happens with Russia in the future is dealt by at the central level and we decide the rule of the game, not the Russian. So, I think Europe on gas needs in the coming months to take action.

Dr. Majkut:

This is an interesting point and I think I understand what, but for the listener, let me make an intervention and say, so Russia has restricted supply that causes the market to reorganize around LNG prices. You have hedging going on that that expects certain prices in the future. And the concern is that you'd get a market manipulation on the positive supply side from Russia and that would sort of like crush the balance sheets of a bunch of utilities in Europe.

Mr. Tagliapietra:

Absolutely, yes. And that's for gas when it comes to oil. I mean Russia used to basically make 25 percent of the European you know, crude oil consumption and 40 percent of the European rode the diesel consumption. So, the role of Russia was massive and that's where Europe really, I think took the brave step and went this full in with this embargo that apart from certain exemptions, right? For example, Hungary and other small eastern countries is really working and has really worked to cut down the oil rent of Putin. Just to give you one simple number, before the war, Europe used to pay for Russian crude oil and oil products, 80 billion euros per year. Now for where we are, it's less than 8 billion per year. So, which means that we are down to a 10th of what we used to pay Russia. Now Europe still imports, for example, oil products that are refined let's say in India or in China or in the United Arab Emirates in other countries from Russia crude.

So, we have this kind of dynamics where Russia sends the crude oil to India and then India refines and then send the products to Europe that is there. But it's also the idea of the price cap, right? So,
the idea of the price cap was not to impede Russia to export crude oil and oil products, but the idea was to actually keep the market, with Russian supplies not to see a spike in the oil prices that namely the U.S. didn't want to see, right? So, I think the price cap came from Washington and then there was a coordination between Yellen and Draghi last year that worked that out at the very beginning. And I think the world idea was to still allow Russia to sell, but at the price that we say should be not below basically the price we set with the cap.

So, I think the system is for now working, maybe the price cap is not always respected. We can get better at monitoring that, but overall, I think it’s doing pretty well the system and I think we have been successful as G7 and Western alliance to implement this. We still have another problem with Russia because then we cut the cold supplies that is done. But we have nuclear fuel; nuclear fuel is not so important from a financial perspective. So, Russia doesn’t make a lot of money out of the uranium export to Europe. But I think it’s very important to move forward with sanctions on nuclear fuel. Strategically, we cannot leave Russia having a role to play in this market, which is so strategic also for security, etc. I think we will have to move as European Union to sanction Russian nuclear fuel because that is in my view of necessity. And once we have done that, we have covered all because if we act on the remaining gas, nuclear fuel, oil is covered, coal is gone, Russia is out of the map and that will fully be aligned with the European strategy of fully cutting off Russia by 2027.

Dr. Majkut: And on nuclear fuel, this is a challenging thing, right? Because of the characteristics of the fuel that a lot of reactors in Eastern Europe that they require Russian fuel cycles, their use fuel goes back to Russia. So that part of divorce is really challenging.

Mr. Tagliapietra: Absolutely. But something that will have to happen.

Dr. Majkut: Let me ask you to look forward just a little bit, you know, we're, what’s the next problem to solve? Europe has done, we didn’t even talk yet about the common buying mechanism for gas, the intervention in the power markets to prevent price bikes like we saw last year. But the impression I got from you is those things kind of seem to be working without imposing too much cost. What needs to go right over the next few years for Europe to really in your view succeed in making this transition both away from Russian energy and also accelerating the green transition?
Mr. Tagliapietra: So next year we will have the U.S. elections, but we will also have the European elections, so the elections for the European parliament. And in my view, a defining question for the European elections will be can we keep going with the green transition at the speed we have set with the European green deal or is it that detrimental to the European industrial competitiveness? I think this trade off or you know, the question whether or not there is a trade-off between the green transition and this speed of deep decarbonization and industrial competitiveness will be at the core of the campaign because as we said, energy prices in Europe are going to remain higher for longer. There is an issue of industrial competitiveness, and this is really becoming the central focus of European politics. Now I think the energy transition is an important response to this challenge because the situation where we are in is entirely due to spike in fossil fuel price, namely gas, right?

So, it’s a gas crisis, it has been always a gas crisis. The rollout of renewables can only help to lower structurally the electricity prices moving forward and helping to get rid of gas. So, I think the energy transition is now even more important than before for the security reasons we discussed we need in Europe to get better. The industrial component of this. So, our overall European green deal is based on the concept that this is a growth strategy and that with this we will also create some jobs. Now in the U.S., the IRA has been targeting that very clearly, very forcefully. We still don’t have a sort of European IRA, partially because this is something we do at the national level mainly. So, coordination at the U level, it’s always a bit of a struggle. Secondly, because we don’t like subsidies in the same way they are done in the U.S.; we have a slightly different doctrine on that.

So now we feel a bit squeezed between, you know, on the one hand, the Chinese doing all what they have always been doing in terms of industrial policy, interventionists and all of that. On the other, U.S. in IRA, we have seen also the components of it that are not necessarily aligned with WTO. So, we have been asking ourselves, are we the last ones out there playing by the rule of the game, the WTO and all of that? So, we have now a very strong industrial policy conversation going on and this is fundamental because, um, Europe will need to develop an industrial policy ally European, right? So, we need to find our own way. But that is very important because if we fail to develop, for example, the manufacturing of these green technologies in the continent, we will have a big problem in the future for the very simple reason that first we have already lost the
train of digital technology that are predominantly by now manufactured either in Asia or in the United States.

Second, our economy is very much carbon intensive. Not only the energy industry as such, but the automotive industry, very important in Germany and a number of European countries. If we don’t replace these jobs that will be necessarily phased out in the future with new green jobs, Europe will have a significant problem, an economic problem in the future. So, this is a very important question to which we are now starting to try to find an answer. And I think the answer we give to this question will be defining for the future of the European economy and our social fabric as well, because really a number of jobs are entailed in this conversation.

Dr. Majkut: I’ve really enjoyed reading your work over the last year and a half. I’ve enjoyed speaking with you today and I hope we can do it again soon.

Mr. Tagliapietra: Absolutely. With pleasure. Thank you so much for asking. Thank you. Thank you.

Ms. Hyland: Thanks to Simone for joining us this week. I’ve included in the show notes some of his recent work and encourage you to take a look. You can find more episodes of Energy 360, wherever you listen to podcasts and at www.csis.org. For updates follow us on Twitter @CSISEnergy. And as always, thanks for listening.