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The corona recovery must be green

The Covid-19 pandemic will cause a global recession. In response, governments should invest in green recovery programmes

Read this article in German.

This year, we will see states surpassing their climate goals, with an emissions reduction resulting from the corona crisis. The sudden halt of production is not only an unprecedent shock to the world economy, but has also led to an unprecedent fall of CO2 emissions. For instance, China's emissions have dropped 25 per cent in February. In Europe, we are in the first month of the outbreak and already notice an emission reduction greater than the one during the global financial crises.

We also see from the reaction to the corona crisis that it is eminently possible to solve the climate crisis: the broad fiscal space that states suddenly put to work, the radical deprivation citizens are willing to accept to protect public interest as well as the bold decision-making, where it's not the markets but science that dictates policy. So environmentalists could leap for joy.

But the conclusion that Covid-19 is good for the climate is mistaken. These emission reductions are a one-time off and associated with difficulties around the world for businesses, workers and companies. No one should take this humanitarian and economic crisis as a victory for climate protection. We saw the bounce-back of the oil price as well as the greenhouse gas emissions after the financial crisis in 2008. Moreover, the economic response to the crisis is burdening state budgets and might be followed by even harsher fiscal austerity afterwards – another lesson that we learned in 2008.

It will be UNFCCC's task to take a close look at the reason for emission reductions this year and differentiate between the economic crisis and real climate efforts. Nothing so far indicates structural change to our economies, which is necessary if we want to win the battle against climate change. For the climate protesters too, the Covid-19 outbreak is an ambiguous event. While finally decision-makers are listening to the

science, some countries are introducing harsh measures, restricting civil rights and the freedom of movements. If democracies find their way back to the pre-pandemic state of freedoms (which is not a given at all), infringing on human rights in authoritarian countries can easily reduce space for civil society.

Where's the climate crisis?

Meanwhile, the corona crisis has also diverted all attention away from the climate crisis. Digital school strikes as well as online demonstrations are not as effective as the Greta Thunberg on the street. The United Nations Secretary General pointed rightly out that the corona virus is temporary, whereas the threat from bushfires, flash floods, heatwaves and droughts will outlast 2020.

With the rising curve of corona infections, we have also seen a sudden fall in the global oil price. Will this at least be good for the climate? The sudden drop in the price of oil is a result of the Russian and Saudi price war, which is directly linked to the corona crisis. Aramco, Saudi Arabia's state oil company, saw the big economic crisis coming already in January with the slowdown in China, a market that buys more than 50 per cent of Saudi oil. The rich kingdom hence provoked the historic low of USD 23 per barrel in March 2020 (in December 2019, it was USD 60) trying to push competitors such as the US and Russia out of the market. Experts even say the world is running out of storage room, which is why it could fall to an all-time low of USD 10 per barrel in the coming months. That's not a good dynamic to cut emissions: Industries and businesses are discouraged to phase-out dirty fuel as oil is cheaper than green energy sources.

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On the other side though, oil and gas are not even the worst: low oil and gas prices have helped replacing more polluting energy sources such as coal. Germany reduced greenhouse gas emission within four weeks as coal-fired power has been quickly replaced by cheap natural gas. For new discoveries in gas and oil fields, the pandemic delays further discovery projects: Many of them, such as the sources in the Eastern Mediterranean, have always been at the threshold of economic profitability.

Energy companies were conducting sample drillings in the maritime waters of Lebanon, Cyprus and Turkey – waiting for the oil price to get up. Those fields are less probable to now be explored. Renewable energy

advocates were therefore quick to forecast a rise in small-scale renewables for the next months: The virus breaks with the confidence in oil prices, while trust in renewable energy sources and demand for residential electricity could rise.

This is the opportunity for a green transformation

How will governments deal with these twin crises? Many of the corona-torn countries such as France, Germany, the UK, China and Italy were frontrunners in the battle against climate change. While these economies will suffer, the opposition will argue that climate change should be the least priority in face of high unemployment numbers, bankrupt small and medium companies and impoverishment.

In Germany for example, the pro-business lobby, particularly in form of the Liberal Party, has already called to revisit the new climate protection law and lower the CO2 price the coalition agreed on last year. If governments are falling into this trap, they could revitalise polluting economies such as they did during the financial crisis in 2008, when the EU had injected nearly €8bn in loans into the car industry.

While Trump wants to buy cheap oil to save the national petroleum industry, we can see some positive signs from Brussels this time around. The EU aims to make their emergency measures compatible with the Green Deal. This won't be an easy battle as member states like the Czech Republic have already stated to 'forget about' the Green Deal in this emergency situation.

Governments should also use the low oil price for climate action: subsidies of the oil industry become unnecessary and could be shifted into low-carbon sectors. Or, even bolder: they could nationalise coal, fracking, oil or gas companies to organise a smooth and just phase-out of fossil fuels.

As we speak, trillions of euros in public money are being mobilised for stimulus packages. The recovery from the economic recession following the corona crisis could offer a great opportunity to secure the necessary investments to fight the climate crisis. A socio-ecological transformation would allow us to build a social and green economy, providing opportunities for businesses and green jobs – instead of bankruptcy and insecurities for self-employed.



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