



What is it	EEAC Working Session Outcome Summary
About	The EU Green Deal
What is asked	For your information

Introduction

During a one-day working session, EEAC members engaged with think tanks and other EU-oriented organizations and institutions to learn how these organizations perceive the ambitions and proposals included in the EU Green Deal. The insights acquired are important, since the content of the EU Green Deal largely defines the European context on those issues in which EEAC member bodies work in a national or sub-national context. Through exchange with the European experts, the EEAC Network aimed to enrich the advice that individual advisory bodies can give to their governments and parliaments.

Experts from Bruegel, IDDRI, IEEP, EESC-SDO, EPC and others shared their assessments of the EU Green Deal's content and potential, and provided more sectoral analyses as well. Without exception, these organisations considered the EU Green Deal a positive and timely initiative: positive because the EU Green Deal delivers a coherent and ambitious political discourse and represents the political spearhead of a European Commission that is the 'greenest' in the history of European Commission planning, and timely because it is launched as a prelude to important global milestones in which the EU wishes to play a trailblazer role, such as COP15 (prelude to the UN CBD) and COP26 (prelude to the UNFCCC).

Regardless the value of an ambitious and coherent political discourse and set of ambitions, the session highlighted five issues that should be taken into account when assessing the EU Green Deal's possible impact. In this summary the EEAC secretariat reports on the outcomes from working session broken down by these five main issues.

1. Financing the EU Green Deal

An important element of the EU Green Deal is the financial resources to support the materialisation of the Deal's ambitions. Although the European Commission presented an ambitious proposal for the financing of the EU Green Deal, experts warn of possible pitfalls and unrealistic hopes.

1.1. Current proposal

In early 2020, The European Commission presented the EU Green Deal's Investment Plan, entitled the Sustainable Europe Investment Plan. The Plan encompasses a complex range of public and private financial flows to create an framework to enable the transition to a climate neutral, green, competitive and inclusive economy¹. According to the calculations of the European Commission, the Plan should mobilize at least €1 trillion in sustainable investments over the next decade (2021-2027).

¹ See Annex A.



1.2. Reflections

As yet, however, it is still unclear whether the European Commission will actually be able to bring the proposed funds together. With negotiations on the 2021-2027 budget still continuing, it remains to be seen whether the contribution from Member States anticipated by the Commission will ultimately meet the required targets. Furthermore, experts pointed out that the proposed mechanism for financing the EU Green Deal does not include new financial resources, but only differing levels of existing resources, which are conditional on the outcome of the budget negotiations. In effect, it is merely a re-direction of existing funds. In addition, the proposed budget includes anticipated private investments. This represents another source with respect to which there is no guarantee that the anticipated resources will be collected. All in all, current signals do indicate that the European Commission might be forced to execute the EU Green Deal ambitions with (substantially) less in terms of financial resources than anticipated in the Sustainable Europe Investment Plan.

2. Policy initiatives and coherence

Developments in and coherence between several policy domains at the European level create the context for the work within these domains at national and sub-national levels. In the context of the EU Green Deal and the thematic interest of advisory bodies on climate change, the environment and sustainable development, special attention was paid to the relation between the EU Green Deal and Agenda 2030, Agriculture, the Circular Economy, Climate Policies, Energy Policies and Environmental Policies.

2.1. The UN Agenda 2030

The President of the European Commission, Ursula Von der Leyen, announced at an early stage that 'Each Commissioner will ensure the delivery of the United Nations Sustainable Development Goals within their policy area. The College as a whole will be responsible for the overall implementation of the Goals.' Her college also announced that the SDGs will be integrated into the European Semester².

Although the task for each Commissioner remains well-defined, and integration mechanisms are still expected to be put in place, experts are concerned that without an overarching sustainable development strategy at the EU level, the Commission might not be able to reach the holistic and integrated approach required to successfully implement the SDGs in the European territory. Instead, the College of Commissioners seems to prefer to opt for mainstreaming of the SDGs in the different policy areas. Since reaching a sustainable Europe by 2030 requires systemic change, mainstreaming sustainable development in existing policies and structures might not be sufficient to meet the goals, some experts argued.

2.2. Circular Economy

One of the conclusions was that the rhetoric of the European Commission's Circular Economy Action Plan from 2015 should be put into practice, since the levels of raw material consumption and waste generation are still very high in most EU member states. In addition, it was concluded that a decrease

² The European Semester provides a framework for the coordination of economic policies across the European Union. It allows EU countries to discuss their economic and budget plans and monitor progress at specific times throughout the year.



in the material footprint only could be demonstrated by discounting the material footprint of Europeans outside European territory. Hence, there is need for an action-driven Circular Economy Strategy. Such an action-driven strategy would, however, only be successful if the prevention of material usage would be included and implemented, experts warned. Lessons could be drawn from the approach chosen to ban single-use plastic, and the response by the public to this ban should be considered promising. The launch of the Circular Economy Strategy is expected in the first or second quarter of 2020.

2.3. Environmental and Water Policies

Within the context of the EU Green Deal narrative, the governance of the European Environment policies could be strengthened. In doing so, lessons could be learned from the governance mechanism of the European energy and water policies. The discussion on governance for environmental policies should be considered timely, because the 8th Environmental Action Plan will be devoted to this topic.

The relation between environmental policies and the Sustainable Europe Investment Plan was also discussed. Concerns were raised that the 'polluter pays' principle of European Environmental legislation would not work well with the approach of the Just Transition Fund (part of the Sustainable Europe Investment Plan). There would be a risk of the Just Transition fund being used by the very parties that caused the environmental burden in the first place.

The EU Water Framework Directive (WFD) and its daughter directives were also discussed in the context of the EU Green Deal. It was noted that the EU Green Deal includes many potential actions that might positively interact with the fresh water domain. These actions include: 1) the EU Green Deal's Investment Plan (financing mechanism), the upcoming Circular Economy Action Plan (efficiency), Biodiversity Strategy (enhancing water quality), Farm to Fork Strategy (integrated nutrient management), and the Chemicals Strategy (water quality and quantity) and the Zero Pollution Strategies for air, water, and soil (toxic substances). Debates within the European Commission on these issues are ongoing.

Although the EU Green Deal does provide options for mutually reinforcing policy initiatives to enhance the status of fresh water bodies in the EU, concerns were raised with regard to the time left to make these mutual reinforcing policies complement each other. In light of this challenge, the expectation is that many Member States will consider lowering objectives for water status as the only tool to avoid infringement procedures by 2027. The discussion of whether the Water Framework Directive needs to be changed for this reason is still not off the table, experts said, despite the positive result of the recent fitness check. However, a response it underscored that the goal should be a fine balance that would allow for possible continuation of activities after 2027, while not watering down the level of ambition prior to the 2027 time horizon.

2.4. The Farm to Fork Strategy and the Common Agricultural Policy

Critical remarks were shared with regard to introduction of a sustainable food system, as part of the EU Green Deal. The most important concern in this context is the lack of coherence between the proposed Farm to Fork Strategy of the Commission and the future Common Agricultural Policy (CAP),



as the latter is still taking shape. According to analysts, it is improbable that the Farm to Fork Strategy will exert a significant influence on the future CAP.

This concern was aggravated by the outcomes of a study commissioned by EVP Timmermans, which demonstrated the mismatch between the CAP (as it stands now) and the ambitions of the EU Green Deal. It was concluded that the future CAP, if it remains unchanged, would lead to a failure of the Farm to Fork Strategy as a whole.

2.5. Energy policies to curb climate change

Experts argued that the EU Green Deal theoretically provides an excellent instrument for arriving at a reliable and clear roadmap towards carbon neutrality by 2050. To strengthen the reliability and predictability of EU energy and climate change policies, additional targets for 2035 and 2040 should be presented as well. Such targets could also prevent possible lock-ins. In this context a coherent relationship between climate change and the energy and industrial policies of the EU is needed.

Spatial planning was raised as a point of attention in light of EU energy policies. Although spatial planning is not a domain in which the EU has competences, coherence among Member States' spatial planning for efficient energy production should be considered of interest. Experts described how the right geographical clustering, for example of energy intensive industries, could generate co-optimization. This example is just one of many possibilities that can come from taking into account all factors of a new energy system at the lowest possible system cost.

On the other hand, the social dimension of the required climate change and energy transition is one of the biggest hurdles the EU Green Deal faces. If the transition is not organized in a just and inclusive manner, the prevailing narrative may shift in favour of political voices that may hinder or at least delay the transition. The issue of a just transition will be introduced later in this summary.

Concerns were also raised with regard to the National Energy and Climate Plans. The current NECPs are to be considered only modestly promising, experts warned. Due to the vital role these Plans play in reaching the climate and energy goals as of 2030 and beyond, a proposal was made to link the progress and ambition levels of the NECPs to the negotiations of the Multi-Annual Financial Framework for 2021-2027. However, the appetite among the Member States for such a manoeuvre would be expected to be low. Consequently, it was concluded that Member States are not yet fully putting their money where their mouth is when it comes to tackling climate change. Following this conclusion, some analysts questioned whether Europe is at risk of preparing a new energy system for an old economy, when meeting the ambitions of the EU Green Deal and the adjacent ambitions and agreements the EU has committed to will require a truly systemic change.

3. The Social Dimension

In the context of the social dimension of the EU Green Deal, special attention was paid to the role of the leading economic model, and the importance of a 'just transition' to ensure that no one is left behind and that those actors that might not benefit equally from the transition towards a more sustainable Europe will not feel forced to hinder or delay the transition process.



3.1. The leading economic model

Full implementation of the ambitions of the EU Green Deal will, according to the experts, demand a systemic change. Europe's economy is still linear and takes a neo-liberal approach towards the concept of competition. However, this economic model will not allow the ambitions of the EU Green Deal to mature. Some experts argued that an economy of wellbeing should be developed in which the principle of competition would be redefined and the economic model would be shifted from a linear towards a circular approach.

In the debate about economic models, one question that was raised was why Europe is trying to solve a problem with the same thinking and rationale that created the problem in the first place, with the argument that this is a consequence of well-organized and deep-rooted vested interest. In addition, it was also suggested that industries and business are not receiving the right incentives, and some experts argued that the EU Green Deal falls short of delivering such incentives.

In addition, the role of fiscal policies was mentioned. The leading model that puts fiscal burden on labour should re-focus and instead put fiscal burden on natural resources/commodities, especially considering that commodity prices often do not include the real cost (specifically, but not exclusively, referring to the environmental cost in particular) and are therefore artificially low, while concerns about labour costs and employment levels may hinder the shift towards a sustainable energy transition.

3.2. A just transition

It was concluded that not all stakeholders will equally benefit from the transition that the ambitions of the EU Green Deal will require. It is therefore necessary to ensure that principles of justice, fairness, equality and equity of a just transition can act as a lever and guide to shape policies and practices to deliver the transformation. This will be challenging since there is no single definition or blueprint for action. In the debate it was also argued that policies to enhance a just transition should not be too narrowly defined, to prevent the Just Transition Fund from becoming a de facto coal phase-out fund. The experts agreed, however, that the debate about the social dimension of the EU Green Deal should be organized (or at least better organized) during the upcoming period.

The EU institutions

The European Institutions will play a pivotal role in implementing the ambitions of the EU Green Deal. The Council (Member States) and Commission (EU level) took the lead in the debates.

4.1. The Council

The Council may become a bottleneck when it comes to implementing the ambitions of the EU Green Deal. This conclusion was drawn by experts based on their expectation that the Council will be unwilling to transfer competences from the national to the European level in areas like social and fiscal policies, while such transfers would be required to successfully implement the EU Green Deal.

As underscored in the debate about the need for a just transition, an overarching and European approach is required to ensure a truly just transition that transcends sectoral and national interests. With the Council (most likely) unwilling to transfer competences from the national to the European



level with regard to social policies, we might face an imbalanced and insufficiently just transition towards a sustainable Europe, some experts fear.

Similar fears were shared with regard to the lack of competences at the European level for producing fiscal measures. Here again, on this issue the Council is expected to be unwilling to discuss a transfer of competences. A situation in which Member States alone decide upon fiscal regimes would most likely generate insufficient coherence to ensure a shift from taxing labour towards taxing natural resources/commodities.

Furthermore, the Council faces the risk of being left with the ambition level of the least ambitious Member State. This could become problematic, especially given the high ambitions of the EU Green Deal. The option to connect financial rewards (subsidies and funds) with progress made on EU Green Deal ambitions were discussed as a possible answer to this problem. In this context it was stated that advisory bodies on climate change, environment and sustainable development have a role to play as advisors of the governments and parliaments in EU Member States. The European Commission cannot bring the EU Green Deal to life on its own; the support of the Council of the European Union (and hence the Member States) is pivotal.

4.2. The Commission

Besides the option to submit policy ambitions, like the EU Green Deal, the European Commission has the competence to present regulations and is tasked with enforcing existing regulations and policies. Although there is a strong need for better implementation (Member States) and enforcement of existing policies (European Commission), the Commission seems inclined to shy away from robust regulatory measures. The assumption that regulations only generate undesirable red tape has led the Commission to principles such as the one-in-one-out approach, which dictates that for every new regulation an existing regulation should be abolished. Experts shared their concern about these practices, especially if the EU Green Deal will face funding shortfalls and regulations will be the only instrument left in the tool box of the Commission to ensure the EU Green Deal's success.

The level of buy-in of different Commission Directorates to the EU Green Deal was another concern among experts. The sheer speed at which the EU Green Deal was presented and some of its first policies were introduced may signal that not all directorates of the Commission are fully included, nor do they support the ambitions. The possible lack of buy-in should be considered a risk being that the EU Green Deal requires a system-wide, integrated and coherent approach. Proof of the lack of buy-in was demonstrated by the public clash between the Commission Directorate on Environment and the Directorate on Agriculture, demonstrating the different views and ambition levels with regard to biodiversity. If the College of Commissioners is unable to ensure sufficient buy-in, such openly conflicting views and ambitions within the Commission could seriously weaken the EU Green Deal's implementation, experts warned.

The Global Dimension

Issues such as climate change and biodiversity have a strong global dimension. The EU cannot deal with the challenges in those fields on its own. However, the EU was the only emitter (certainly, the only major one) at COP25 in Madrid that presented a pledge to raise ambitions. It is questionable



whether the EU will be able to sway others, like China, to up their ambitions before the next COP in Glasgow. Experts expect that China will play the waiting game until the results of the US elections become clear in 2021. With its primary leverage in 'soft power', the EU has no particularly strong means of pushing China to do otherwise. However, the possible impact of China either presenting higher ambitions or not is not expected to be decisive for the EU Green Deal's success, experts argued.

The relation between the EU and Africa was also discussed in the context of the EU Green Deal. Experts pointed out that political leaders on the African continent are left with the question of what the EU has to offer. Whereas the US and China have both presented clear offers to the political leaders in Africa, neither the EU Green Deal nor other EU policies do so at present.

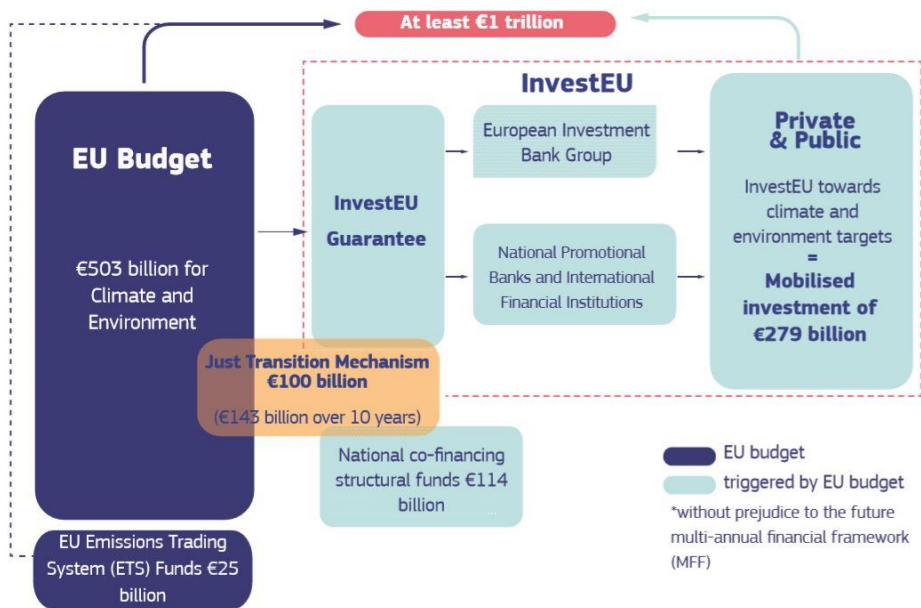
All in all

Following the introduction by experts and the rich exchanges that followed, it was concluded that the EU Green Deal is the **most positive strategic policy change** by and within the European Commission in many decades, although:

- ❖ As long as the governance, financial and budgetary mechanisms remain what they are, it will be considered a **'deal in vain'**
- ❖ As long as there is no real challenge to the paradigm's for agriculture, transportation etc., it will be considered a **'cosmetic deal'**
- ❖ As long as adequate social policies are not included in parallel with the transformation, it will be considered a **'mean deal'**.
- ❖ As long as there is no serious estimate of the jobs that will be lost and created, it will be considered a **'blind deal'** and
- ❖ As long as there is no buy-in, it will be considered a **'weak deal'**.

Annex A

WHERE WILL THE MONEY COME FROM?



*The numbers shown here are net of any overlaps between climate, environmental and Just Transition Mechanism objectives.

Source: European Commission, January 2020