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| <b>What is it</b>    | <b>Secretariat Information Memo (internal EEAC document)</b> |
| <b>About</b>         | <b>Update on the European Green Deal</b>                     |
| <b>What is asked</b> | <b>For your information</b>                                  |

### Introduction:

The impact of the SARS-CoV-2 on public health, life, wellbeing and the economy is vast. Governments respond with measures that focus on immediate containment, control and relief. In addition, medium-term measures to battle the expected economic and social fallout are being prepared. These measures are all necessary. However, some governments and non-governmental actors are already proposing to curtail sustainability policies, in the name of crisis management. In a response, European Commission spokespersons underlined that “The long-term work on the Green Deal continues in parallel to the coronavirus firefighting, and continues to be one of the priorities as well’.

This Commission statement made it clear that the EU Green Deal should – for this moment – be seen separated from the Covid19 crisis. It is therefore that in this memo an overview of analyses about the relation between the crisis and the EU Green Deal is included: [CNBC](#), [María Mendiluce](#), [The Guardian](#), [Climate Home News](#), [Clean Energy Wire](#), [Greenpeace](#), [Friends of Europe](#), [The Guardian](#), [Ignace Schops](#), [Club of Rome](#), [Johan Rockström and Sandrine Dixon-Declève](#), [Bloomberg](#), [CSIS](#), [Mats Engström](#), [BPIE](#), [Birdlife](#), [World Economic Forum](#), [Business Europe](#), [EEB](#), [E3G](#), [Dimitri Zenghelis](#), [WCR](#), [Jamie Margolin](#), [Finance & Commerce](#), and [Stay Grounded](#). This overview is kindly provided by the colleagues of FRDO-CFDD.

### The Council of the European Union

In a response to the Covid19 crisis, some EU Member States representatives immediately called upon the European Commission to shy away from its Green Deal Ambitions. For example the Czech Prime Minister called upon the Commission ‘[to forget about the Green Deal and to focus on the Covid19 virus instead](#)’ and the Polish deputy Minister for State Assets requested the Commission [to put the ETS mechanism on immediate hold](#) . However, so far the European Commission seems to choose a parallel approach focusing on both the measures needed to respond to the Covid19 crisis and the continuation of the EU Green Deal, although admitting that the Commission will have to reorder its priorities which would – most likely – mean that the Biodiversity Strategy and the Farm-to-Fork Strategy are to be delayed by a few weeks.

Besides the immediate (political) responses, regular discussions in the context of the EU Green Deal also took place in the Council. [The Environmental council configuration](#) met early March to discuss – among others – the proposed EU Climate Law<sup>1</sup> and the European Fresh Water policies fitness-check.

In a first response to the proposed EU Climate Law, general political support for the 2050 net-zero target was displayed, whereas positions of the Member States on a 2030 target are split. A group of

<sup>1</sup> An EEAC Secretariat Memo on the EU Climate Law has been produced for the working group on energy and climate change. If you wish to also receive this memo, do please reach out, [secretariat@eeac.eu](mailto:secretariat@eeac.eu)



western and northern members - such as Finland and the Netherlands - support an ambition that includes a 55% cut in emissions. Coal-reliant countries are resisting over concerns that it could affect jobs and competitiveness. The European Institutions are treating the matter carefully. Officials are aware that attempts to push a higher 2030 goal past EU members without their full backing bears major political risks.

Another relevant discussion in the Environment Council was about EU fresh water policies. The discussion whether the EU Water Framework Directive should be reopened and changed was an interesting test for the 'Green Deal' mentality in the council, experts argued. In prelude to the discussion in the Council both [industry](#) and [NGOs](#) were expressing their ambitions with regard to the Water Framework Directive and its desirable future. The Council response itself delivered a mixed picture. Several Member States hold a position where they do want to open the Water Framework Directive, to improve some aspects or change goals or deadlines, while some others prefer to keep the directive untouched. According to EU procedures it's now up to the European Commission to decide upon the next steps. [The EEAC Working Group on Fresh Water Affairs](#) will continue to monitor the situation closely.

The European Council (heads of state) met on Thursday March 26<sup>th</sup> to discuss an immediate response to the Covid19 crisis and its social and economic fallout. A rather tense meeting ended without a common solution because EU leaders continued to disagree over the economic response to the Covid19 crisis. Several – foremost – northern countries rejected the idea of issuing joint debt, known as "coronabonds", to finance the recovery. The stalemate resulted in a watered down text on the European economic response to the crisis. Eventually, the European Council passed the unresolved issue to the Euro-group (finance ministers), who will once again try to propose solutions to the economic fallout from the coronavirus within the next two weeks.

### **The European Parliament**

In a response to the proposed EU Climate Law, Parliament underlined again its support for the 2050 target. With regard to the emission reduction ambitions for 2030, Parliament wants nothing less than a 55% reduction target, and some political groups want much more. However, the European People's Party, the Parliament's biggest group, only warily backed the 55% target in January, and with conditions.

Regardless of the support for enhanced targets, Parliament broadly opposed the European Commission's proposal to include the - so called - delegated act as part of the Climate Law's governance structure. For example, Greens Member of European Parliament Bas Eickhout told Dutch media that 'the Commission's move wasn't smart, likely triggering a grueling battle between the institutions', whereas other politicians accused the Commission of power grabbing. The Parliament's plenary will come with its formal response to the proposed Climate Law mid-July, after which the triologue (European Council/European Commission/ European Parliament) will start.



## The European Commission

Following the launch of the European Green Deal in December 2019, the European Commission issued the proposed EU Climate Law, the Circular Economy Action Plan and the new Industrial Strategy for a green and digital Europe in March 2020. These initiatives are all part of the European Green Deal package.

On Tuesday 10 March, the Commission presented the new [European Industrial Strategy](#). The Commission stated that the Strategy aims to bolster Europe's competitiveness and its 'strategic autonomy' amid testing global markets and future challenges related to sustainability and digitalisation. The Strategy focusses on for example competitiveness (Europe's industrial and strategic autonomy), competition (competition legislation and state aid, both controversial and debated issues), digitalization (part of the overarching strategy by Von der Leyen), a strategy for small and medium size enterprises (SMEs), workforce and innovation.

In this EEAC information memo emphasis is put on the ambition of the Commission to realise an industry that paves the way to climate neutrality. To this end, the Commission proposed to give top priority to modernising and decarbonising energy-intensive industries. However, so far no actual goals are set in the strategy. Furthermore, the Commission announced a new chemicals strategy for sustainability. Such strategy should help better protect people and the environment against hazardous chemicals and encourage innovation in the sector to develop safe and sustainable alternatives. On this topic the Dutch Council for the Environment and Infrastructure released [a report](#) in March 2020.

In its industrial strategy, the Commission also touched upon the role of energy efficiency, the role of renewable energy and energy connectivity. To support an 'energy efficiency first approach', the Commission argues that planning and investment in low-carbon generation technologies, capacity and infrastructure is required. Furthermore, a more strategic approach to renewable energy industries is required, supported by efforts to better connect Europe's electricity systems to increase security of electricity supply and integrate more renewables, the Commission argues.

Another important issue in the context of the European Industrial Strategy was the repeated pledge of the Commission to propose a Carbon Border Adjustment Mechanism by 2021. Such mechanism should reduce the risk of carbon leakage. Implementing such mechanism is, however, easier said than done, since it should be in full compatibility with WTO rules.

Civil society organizations generally shared disappointed responses. The lack of clear sectoral targets for emission reduction and the insufficient paths towards climate neutrality were often mentioned. Also, the call to include the discussion about natural resource consumption should be made part of



the strategy, some experts argued. An overview of responses by different members of organized civil society can be found in the footnote<sup>2</sup>.

Subsequently to the launch of the Industry Strategy, the European Commission launched its [Circular Economy Action Plan](#)<sup>3</sup> (CEAP). According to the Commission, the main goal of the CEAP is mainstreaming circularity and decoupling it from resources extraction. Due to the nature of the Plan, it does not contain hard legislation at this stage. Yet, the Action Plan includes ambitions on for example waste reduction, reparability, and boosting investments in circularity.

On waste, the Commission aims at halving municipal waste by 2030, including new targets to reduce packaging waste, and “mandatory essential requirements” for all packaging placed on the market. Furthermore, the Commission’s aim is to make all packaging placed on the EU market reusable or recyclable in an economically viable way by 2030. The Commission also included mandatory requirements on use of recycled plastics in areas like packaging, construction materials and vehicles.

The CEAP also includes the – so called - ‘Circular Electronics Initiative’. This initiative includes a ban on the destruction of unsold goods and built-in obsolescence<sup>4</sup>. It also includes the ‘right to repair’ principle. These measures are especially targeting electronics manufacturers. Besides electronics manufactures, also the textile industry is included in the Commission’s ambitions. However, the Commission plan seems to go soft on fashion. The textile strategy will take a carrot rather than stick approach. It will be focused on research and eco-design measures, as well as helping people get better access to reuse and repair services, instead of mandating tough targets.

Furthermore, the Commission announced a “strategy for a sustainable built environment” to promote circularity principles throughout the whole lifecycle of buildings. This will include green criteria for public procurement in construction. The Commission will also introduce a new EU-wide target on food waste reduction, as part of the EU Farm-to-Fork Strategy.

To conclude, another important element of the CEAP is the strategy’s attempt to redirect the EU’s economy towards a more circular model. To this end, the Commission wants to steer investments by developing an EU ecolabel for financial products. Other financial tools include encouraging the broad application of environmental taxation, including landfill and incineration taxes, as well as using VAT rates to promote the circular economy.

The real battles are still to come as the Commission will gradually roll out the [35 pieces of legislation](#) outlined in the plan’s annex over the next three years. In general there seems to be support for the proposed measures. However, criticism is also shared since the CEAP fails to deliver an overall resource consumption target. Although such target was considered in earlier drafts, the objective does not appear in the final version of the Plan. Another area of possible disappointment could be the lack of measures for energy intensive industries like steel, cement and chemicals, which environmentalists

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<sup>2</sup> [WWF, Bellona, Wind Europe, CAN, IndustriAll, ESBA, E3G, IEEP, Eurobat, SME United, France and other Member States, chemical industries, Industry4Europe.](#)

<sup>3</sup> [Action Plan, Annex, Staff Document.](#)

<sup>4</sup> – the term for companies making products designed to eventually stop working and then be replaced



say would benefit the most from adopting circular approaches. It is remarkable how strongly the criticism to the CEAP is comparable with the remarks made following the release of the European Industrial Strategy.

**In addition**

Following remarks made during the EEAC Working Session on the EU Green Deal in Brussels last February, we would like to inform you that the often mentioned report on the Common Agricultural Policy and Biodiversity is made publically available.

On Friday March 27<sup>th</sup>, the European Commission released its report about the impact of the Common Agricultural Policy (CAP) on biodiversity. The "[Evaluation of the impact of the CAP on habitats, landscapes and biodiversity](#)" lays bare the complex relationship between the narrative and approach of CAP and the ambition to improve biodiversity rates in the EU.

Due to the relation between the CAP, Farm-to-Fork Strategy, and the Biodiversity Strategy (both part of the Green Deal) this report is both important and alarming, experts stated.