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Introduction

In this policy briefing the mainline messages from the State of the Union 2020 by European Commission President Ursula von der Leyen are summarized. In addition, a preview of the issues on the agenda of the upcoming Agriculture and Fisheries Council are included. Updates on the work of the European Parliament's Environment Committee and the European Economic and Social Committee are also part of the briefing.

The European Commission

State of the Union

Yesterday (16/9/2020), the President of the European Commission Ursula von der Leyen delivered the [State of the Union address 2020](#). The Commission President modelled her speech along the lines of four main themes, including: A) Making good on Europe's promises; B) Building a world we want to live in, C) A vital Europe in a fragile world, and D) A new vitality for Europe. In this briefing note, a brief summary of all four themes is included.

Making good on Europe's promise

In the opening part of her speech, Von der Leyen focused on the protection of lives and livelihoods in the EU. In order to do so Europe needs to "continue to handle the Covid-19 pandemic with extreme care, responsibility and unity", Von der Leyen argued. This should include a stronger health union and better crisis preparedness and management. Furthermore, Von der Leyen argued in favour of better protection of livelihoods. "In our Union the dignity of work must be sacred" the Commission President stated, declaring that the Commission will for example set up a framework for minimum wages.

Furthermore, Von der Leyen made a plea for a stable social market economy. Important elements to achieve such economy are the immediate investments already made after the Covid-19 crisis in Europe, as well as a strong Euro. She, however, invited Member States to make "structural reforms in our economies and complete the Capital Markets Union and the Banking Union".

The third element of Von der Leyen's vision on making good on Europe's promises, included the opportunities that Europe brings. The Commission President started with the Internal Market (tear down barriers), moved on to the Schengen Zone (new Schengen strategy is needed) and concluded



with the announcement that the EU's industry strategy will be updated 'to ensure industry could lead the twin green and digital transition'.

Building the world we want to live in

The second part of the State of the Union strongly focused on a green and digital recovery / future. Von der Leyen started by pointing out that "there is no more urgent need for acceleration than when it comes to the future of our fragile planet". In this context she underlined that the EU Green Deal is the blue print for the transformation Europe needs to make. The Commission is dedicated to this transformation, Von der Leyen argued, referring to the college's ambition to increase the 2030 target for emission reduction to at least 55% (vis-à-vis 1990 levels). The Commission's ambition follows an impact assessment that – according to Von der Leyen – "clearly shows that meeting this 2030 target would put the EU firmly on track for climate neutrality by 2050 and for meeting our Paris Agreement obligations".

Although much attention was given to Europe's climate ambitions, the Commission President clearly stated that "the mission of the European Green Deal involves much more than cutting emissions". She continued by saying that "we need to change how we treat nature, how we produce and consume, live and work, eat and heat, travel and transport". Hence: Von der Leyen argued that Europe needs to "tackle everything from hazardous chemicals to deforestation to pollution". She linked these ambitions with the NextGenerationEU budget:

1. 37% of the NextGenerationEU budget will be spent directly on EU Green Deal objectives.
2. 30% of NextGenerationEU budget is to be raised through green bonds.
3. NextGenerationEU should push hydrogen, renovation and 1 million electric charging points.

Following the Commission President's speech on proposed climate and environmental measures and goals, she continued by presenting the Commission's digital ambitions. Von der Leyen argued in favour of creating a European data cloud, based on GaiaX, as well as for the establishment of a secure European e-identity. Such identity should be one that "we trust and that any citizen can use anywhere in Europe to do anything from paying your taxes to renting a bicycle. A technology where we can control ourselves what data and how data is used", Von der Leyen explained. The Commission President finalized her remarks on the role of digitalization by urging for the completion of broadband connection throughout the whole of Europe. "This is a huge opportunity and the prerequisite for revitalising rural areas", she argued.

A vital Europe in a fragile world

The Commission President continued her speech by touching upon the challenges the Covid-19 crisis presents, and how the EU acted differently and more openly than other governments around the globe. She furthermore reiterated the importance of multilateralism, while she also admitted that "the need to revitalise and reform the multilateral system has never been so urgent".

Furthermore, Von der Leyen included the Commission's views on global developments from Hong Kong to events in Belarus, Turkey and Russia. She then touched upon the relationship with the UK and



USA, warning the UK that it cannot unilaterally change, disregard or dis-apply the Brexit agreement. “This a matter of law, trust and good faith”, Von der Leyen said.

She concluded her third theme of this year’s State of the Union by touching upon the relationship between the Balkan and the EU and the issue of Global Trade. In the context of the latter the Commission President included the Carbon Adjustment Mechanism (should motivate foreign producers and EU importers to reduce their carbon emissions) and the possibility of a digi-tax (Europe will seek alliance within OECD and G20, but will proceed alone if no progress is made by 2021).

A new vitality for Europe

In the fourth part of her speech Von der Leyen touched upon issues such as migration. On this politically flammable issues, the Commission President called for unity: “We simply must be able to manage the question of migration together”. The Commission will contribute by assisting Greece in a pilot project with asylum and return processes and improve the conditions for = refugees, Von der Leyen stated. Following the one flammable issue, she moved to the next: “the rule of law”. She announced that before October, the Commission will adopt its first annual rule of law report, covering all Member States. “It is a preventive tool for early detection of challenges and for finding solutions”, Von der Leyen told her audience.

Moreover, she argued that progress on fighting racism and hate is fragile. –. In a response, the Commission will A) improve education and knowledge, B) tackle unconscious bias and C) appoint the Commission’s first-ever anti-racism coordinator. Furthermore, the Commission President underlined the importance of equality, with special attention paid to the equal position of the LGBTQI community.

To conclude

The Commission President concluded her speech by stating that “the future will be what we make it. And Europe will be what we want it to be. So let’s stop talking it down. And let’s get to work for it. Let’s make it strong. And let’s build the world we want to live in”.

Action Plan on Critical Raw Materials

Already in August, the Commission presented its **A) [Action Plan on Critical Raw Materials](#)**, **B) the 2020 [List of Critical Raw Materials](#)** (see Annex II) and **C) a [foresight study on critical raw materials](#)** for strategic technologies and sectors from the 2030 and 2050 perspectives.

The Action Plan

The Action Plan looks at the current and future challenges and proposes actions to reduce Europe's dependency on third countries, diversifying supply from both primary and secondary sources and improving resource efficiency and circularity while promoting responsible sourcing worldwide. The actions will foster *the European Union’s* transition towards a green and digital economy, and at the same time, bolster Europe's resilience and open strategic autonomy in key technologies needed for such transition, the Commission stated.



The four main objectives of the Action Plan include: A) the development of more resilient value chains for EU industrial ecosystems, B) reducing dependency on primary critical raw materials through circular use of resources, C) Increasing the product lifetime and the use of secondary raw materials, D) strengthening of domestic sourcing of raw materials in the EU and to diversify sourcing from third countries by reinforcing the use of trade policy tools (such as Free Trade Agreements) and engaging in strategic partnerships with resource-rich third countries.

List of critical Raw Materials

The List of Critical Raw Materials has been updated to reflect the changed economic importance and supply challenges based on their industrial application. The EU Critical Raw Materials List is being applied in support of adjacent EU policy development (e.g. to eliminate trade distortions and identify investment needs). The 2020 EU Critical Materials List now classifies a total of 30 raw materials as “critical” due to their application in a broad range of sectors.

The foresight study

This joint report ‘Study on the review of the list of Critical Raw Materials’ serves as the background document in support of the 2020 list of CRMs for the EU. The report includes information on the criticality assessments carried out on the materials covered for this 2020 exercise. Further information is presented in the materials factsheet, for both critical and non-critical materials.

The European Council and the Council of the European Union

The European Council

The European Union and China held a Leaders’ Meeting via videoconference on 14 September 2020. The agenda of the meeting covered A) trade and investment, B) climate change and biodiversity, C) the response to the COVID-19 pandemic, as well as international affairs and other issues.

On climate change and biodiversity, the EU encouraged China to strengthen its climate commitments in terms of peaking carbon dioxide emissions and setting the goal of climate neutrality domestically. The EU also stressed the importance of a moratorium in China of building coal-fired power plants and financing their construction abroad, at least as part of a global initiative.

The EU also encouraged China to launch its national emission trading system soon. The two sides agreed to establish a High-Level Environment and Climate Dialogue to pursue ambitious joint commitments on these issues. More on the possible impact and relevance of this meeting on the issue of energy and climate change will be included in the EEAC WG Energy and Climate Change briefing note, due in October

The Council of the European Union

The Agriculture and Fisheries Council is scheduled on 21 and 22 September. The German Council presidency is aiming to wrap up a reform of the Common Agricultural Policy (CAP) by 2021, putting to



bed negotiations that have continued for two years. However, it is expected that getting a deal on the legislation this year will be complex.

There are several hurdles that need to be taken. First of all, the CAP as such is a politically sensitive topic, as ministers will seek to balance the interests of farmers - whose revenues have been squeezed by the Covid-19 crisis - and the EU's new goals for tackling climate change, which likely means new environmental conditions for farmers to access funding.

Secondly, there is the expected tension between the Commission's Farm to Fork Strategy and the CAP. The keyword here is: eco-schemes. The Commission has stressed the importance of eco-schemes to the Green Deal's agricultural objectives, underlining the need to designate specific funding for these measures. Despite this, many agricultural ministers are still arguing against a minimum ring-fencing for eco-schemes. Furthermore, Member States repeatedly expressed concerns that if a percentage of the CAP budget is specifically earmarked for eco-schemes, they could lose money if they do not manage to spend all the funds allocated to environmental actions.

Regardless of the outcome of the debate, a renewed CAP won't be ready in time to launch from January 1st 2021, meaning the Commission proposed a so-called bridging law to ensure farmers can keep getting paid. Member States want this transitional period to last two years, but the Commission says any longer than one year could delay the start of the new CAP's eco-schemes. To be continued.

Besides the debate on the future of CAP, also Biodiversity is on the agenda. Topics that are expected to be discussed are the funding for achieving the biodiversity targets, as presented in the EU Biodiversity Strategy, and the extent to which the targets take account of national circumstances.

The European Parliament

Fresh Water: Further to the Fitness Check of the Water Framework Directive (WFD), the ENVI Committee held an exchange of views with the Commission, and has prepared two Oral Questions with a Motion for a Resolution on the issue. In their draft motion for a resolution, co-sponsors welcomed the success of the WFD in setting up an adequate governance framework and the assessment of the Commission that the WFD is fit for purpose, yet they underlined that its implementation needs to be improved and speeded up. Co-sponsors highlight the fact that the objectives of the WFD are not reached due to inadequate funding, slow implementation, insufficient enforcement and broad use of exemptions. [Read More](#)

Energy and Climate: The Parliaments Environment Committee (Envi Com) voted on the Climate Law. The vote covered the more than 1000 amendments to the proposed Law, as well as several hundred amendments submitted by the opinion giving committees, many of which have been incorporated into the 15 compromise amendments agreed upon by the political groups. In this memo two positions taken by the Envi Com are center-staged. **A)** a new EU-wide target to reduce carbon emissions by 2030, **B)** the establishment of an independent EU Climate Change Council



The European Parliament's environment committee voted for a new EU-wide target to reduce carbon emissions with 60% by 2030 compared to 1990 levels, setting the stage for tough negotiations with EU countries and the European Commission, which proposed a 55% goal during the State of Union address. To be continued.

In addition to their position on the 2030 target, MEPs also agreed to propose the establishment of an independent EU Climate Change Council, made up of 15 experts who will propose further adjustments to the bloc's emission reduction targets, in line with the latest science. It is very interesting to note that the adjustments would be calculated on the basis of a CO2 budget, scientifically determined by the Climate Council rather than the Commission's initial idea to tighten emission reductions by a fixed percentage each year, starting in 2023.. After the vote in the Envi Com, the full European Parliament is now expected to vote on the proposals in a plenary vote scheduled for October. Therefore a more in depth analyses of the Parliamentary stance will be made in the EEAC WG Energy and Climate Change briefing note, due in October.

Just Transition: Hours before the European Commission announced higher climate objectives for 2030, the European Parliament voted to allow funding for fossil gas projects under the bloc's Just Transition Fund. Green MEPs and the head of the Parliament's environment committee, Pascal Canfin (Renew Europe), tried pushing for the exclusion of fossil fuels from the fund but they ended up being defeated when the bill came to a vote in the Parliament's plenary. However, the French MEP and the Greens did manage to limit the scope of the fund to "a very limited number of gas projects" which are deemed compatible with the EU's carbon neutrality target for 2050 and updated climate goals for 2030. Finally, Canfin recalled that the Parliament vote was only an "intermediary step," saying final "trilogue negotiations" will now take place with the member states and the Commission, with the latter taking a clearer stance to exclude all fossil fuels from the fund. To be continued.

European Economic and Social Committee

The European Economic and Social Committee held its plenary when this briefing note was sent. The EESC's agenda includes a debate on the past years of the EESC's Presidency. This debate is scheduled since the mandate of the current members and therefore the President is ending. The outgoing members will however still vote upon the following opinions: Minimum Wages, the SME Strategy, the Energy Transition, Data Mining, as well as upon the Farm to Fork Strategy, the EU Economy and the issue of Supply Chains. [Read More](#)

In the spotlight

The first annual [Strategic Foresight Report](#), presented the Commission's strategy to integrate strategic foresight into EU policy-making. It identifies first lessons from the COVID-19 crisis, introduces resilience as a new compass for EU policy-making, and discusses the role of strategic foresight in strengthening the resilience of the EU and its Member States. The report analyses resilience along four interrelated dimensions:



social and economic

The pandemic has deepened inequalities, increased demographic imbalances and poverty, accelerated automation, and had a disproportionate impact on service sector jobs. Strategic foresight can be used to identify the skills for the future that we need to invest in now, and for having a larger societal conversation about updating the social and fiscal contract

Geopolitical

The crisis has highlighted the EU's over-reliance on third countries for critical raw materials crucial in key technologies needed to achieve a carbon-neutral and digital society. Strategic foresight can help identify possible scenarios and define strategic options to boost the EU's open strategic autonomy.

green and digital

A shift to a greener economy could create 24 million new jobs globally and its impact in the recovery from the COVID-19 crisis could be significantly larger than previously thought. Strategic foresight can help us explore the drivers of change, understand the future structural shift in the labour market and guide a reskilling of people who have lost their jobs during the crisis or who are likely to in the future due to technological developments and automation.

The crisis has accelerated hyper-connectivity and the integration of new technologies affecting the human condition and the way we live. Strategic foresight can help us anticipate how key emerging technologies could develop, their impact on all spheres of life, and ways to seize upcoming opportunities.

To conclude

The report furthermore explains the importance of resilience of these four dimension for achieving strategic long-term objectives in the context of the digital, green and fair transitions. The report was issued on September 9th 2020.