



An ambitious Green Recovery Plan - ensuring green investments delivering climate neutrality



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Webinar hosted by Miapetra Kumpula-Natri MEP & Maria Spyraiki MEP

Co-Chairs of the European Parliament Intergroup
On 'Climate Change, Biodiversity and Sustainable Development'

Speakers:

- **Miapetra Kumpula-Natri**, MEP
- **Maria Spyraiki**, MEP
- **Diederik Samsom**, Head of Cabinet of Executive Vice President for the European Green Deal Frans Timmermans, European Commission
- **Jouni Keronen**, Chief Executive Officer, Climate Leadership Coalition
- **Steven Stone**, Chief, Resources and Markets Branch, Economy Division, UN Environment Programme
- **Davide Sabbadin**, Policy Officer for Climate and Circular Economy, EEB
- **Jytte Guteland**, MEP, S&D ENVI Committee Coordinator and Rapporteur on the EU Cli-

Welcome by the co-chairs

MEP Miapetra Kumpula-Natri

MEP Miapetra Kumpula-Natri reminded the public that this event was supposed to be held in March and while the COVID-19 pandemic happened in between, an ambitious climate policy and action is still of the essence. **Ms. Kumpula-Natri** added that climate change needs to be at the heart of recovery measures and that we must move towards a truly circular economy. As the shift towards a clean economy is a big challenge, **Ms. Kumpula-Natri** emphasized that it was needed to ensure a fair transition and to invest in re-training and education for the new jobs that will be created. Another important challenge mentioned by **Ms. Kumpula-Natri** is the amount of investment required to make the clean transition happen and to become the first climate neutral continent. **Ms. Kumpula-Natri** stressed that it required tools and guidelines to motivate all relevant actors to take necessary measures and that the Climate Law could offer the necessary framework. Last but not least, **Ms. Kumpula-Natri** raised the point of the carbon footprint related to consumption as we must consider the local consumption but also the emissions embedded in the consumption of imported products. **MEP Miapetra Kumpula-Natri** recommended the adoption of this broader view for climate policy and the use of the carbon border adjustment as a potential tool towards this direction.

MEP Maria Spyrali

MEP Maria Spyrali recalled the audience that the Green Deal was all at once a wide program, an ambition, and a transformational tool, but also an idea in order to create a sustainable economy. **Ms. Spyrali** named some of the numerous policy initiatives included in the Green Deal such as the new Circular Economy Action Plan, the Just Transition Mechanism, the Strategy for Sustainable and Smart Mobility or the recently released Farm-to-Fork and EU Biodiversity strategies. Moreover, as **Ms. Spyrali** agreed with the recent declaration of the United Nations Secretary-General that “we need to turn the recovery into a real opportunity to do things right for the future”, she highlighted that Next Generation EU was a stimulus and a transformative package in terms of economy and companies in all sectors, but also for our everyday life. Concluding, **Ms. Spyrali** called for a new and more sustainable system, taking on board all the SDGs of the UN, without making compromises and using all available instruments.

Europe’s way: the green recovery

*Keynote address by Diederik Samsom, Head of Cabinet of Executive Vice President for the European Green Deal
Frans Timmermans, European Commission*

Mr. Diederik Samsom started his address by highlighting that the Green Deal stood out from other environmental policies for three important reasons; firstly, for its ambition, driven by the urgency and the science, to cut emissions, to tackle the loss of biodiversity and to create a zero-pollution environment. Secondly, it’s holistic and inclusive approach, and thirdly, **Mr. Samson** considered that the Green Deal stood out as it is a socio-economic policy and not only an environmental one. However, with COVID-19, **Mr. Samson**

acknowledged that the situation has changed, and while there was an urge to come back to the situation before the crisis, this must not be the case. Indeed, **Mr. Samson** stressed that we must use the crisis to create a new and better future with the redesign of the Green Deal into Next Generation EU. In addition, **Mr. Samson** illustrated his point with two examples; first, he mentioned the renovation wave that will create a better environment while creating jobs and growth and that we must focus on hydrogen for energy as it brings added value. Finally, **Mr. Samson** outlined that the European Commission would provide the Member States with investment opportunities.

How will green investments happen and deliver EU climate neutrality?

Dr. Jouni Keronen, Chief Executive Officer, Climate Leadership Coalition

Dr. Jouni Keronen presented the Climate Leadership Coalition's view on how to accelerate green investments and the key points in the Recovery Plan for the industry. First and foremost, **Dr. Keronen** introduced its association which gathers companies, cities, associations, trade unions, universities and think tanks. Moreover, **Dr. Keronen** demonstrated with some figures about GHG emissions in Europe that percentagewise we must triple investments to achieve Paris agreement's objectives. Indeed, **Dr. Keronen** described the past climate policies were unclear in the long term while industrial investments require good predictability because they have a long-life cycle. **Dr. Keronen** mentioned several key elements that could improve predictability for companies, as long-term targets, a more systemic market-based solution, as CLC considers that it is needed to widen the use of the EU emissions trading system gradually, and a binding carbon budget. For the green recovery, CLC proposed two elements; firstly, to stimulate the demands, with for example quotas for new pivotal technologies, secondly, to use the price of carbon, to promote the competitiveness of existing and new carbon-free energy. Finally, **Dr. Keronen** concluded his presentation by emphasizing that the Green Deal and the Green Recovery were good opportunities to improve the EU trade balance, increase jobs, reduce external fossil costs and create new businesses while reducing the GHG emissions. He also added that we must take into account the consumption-based emissions in order to eliminate the carbon leak and to create a level playing field.

Steven Stone, Chief, Resources and Markets Branch, Economy Division, UN Environment Programme

Mr. Steven Stone began his intervention by describing the green recovery plan as an interesting way of responding to the crisis and one of the leading initiatives. At the same time, **Mr. Stone** mentioned estimates: it will cost 10% of the world's GDP to achieve the goals set for 2030, while the current global investments reach 20% of the GDP every year. **Mr. Stone** highlighted that green investments should be scaled up as it will also benefit businesses. In addition, **Mr. Stone** mentioned UNEP's recent initiative *Principles for Responsible Banking*, that illustrates its aspiration to work closely with industries and banks as they are the ones investing and that truly know the market. **Mr. Stone** also explained that there were huge possibilities for governments as well, as there was a lot of money spent on servicing which is another area that can progress towards more sustainability.

Davide Sabbadin, Policy Officer for Climate and Circular Economy, EEB

Firstly, **Mr. Davide Sabbadin** welcomed the recovery plan's high-level narrative and political commitment. However, he underlined that it seemed more difficult to agree on constructive, common, and shared objectives and to allocate money on them. **Mr. Sabbadin** explained that it was potentially very dangerous for the EU institutions as specific measures needed to be coherent with the commitments taken at the political level. Furthermore, **Mr. Sabbadin** stressed that the EU must align its objectives with science which states that a 65% reduction of emissions by 2030 is essential to limit the temperature rise and that climate neutrality must be achieved by 2040. Therefore, **Mr. Sabbadin** emphasized that transitional fossil fuels were not a possibility, and that we must make sure that we are not locking the EU again in a "business as usual" path where hydrogen replaces fossil fuels. According to **Mr. Sabbadin**, the priority should be on targeting what is delivering more in terms of environmental action, job creation and economy recovery, mentioning circular economy, energy efficiency and nature restoration and conservation. Last but not least, **Mr. Sabbadin** called the EU to give public funding to regions and companies upon clear commitments and clear zero-pollution plans.

Reaction by MEPs

MEP Jytte Guteland, S&D ENVI Committee Coordinator and Rapporteur on the EU Climate Law

First of all, **MEP Jytte Guteland** emphasized the importance of ramping up the ambition towards climate neutrality. **Ms. Guteland** explained that a new road towards climate neutrality will lead to more investments, more jobs, higher welfare, and a better situation for health. On the Climate Law, **Ms. Guteland** recognized the importance of achieving climate neutrality but also of respecting the Paris Agreement. **Ms. Guteland** argued in her proposal to level up ambition for 2030 by choosing a reduction of 65% of emissions and to set an intermediate goal for 2040. Besides, **MEP Jytte Guteland** advocated for a fair Climate Law that integrates all sectors, including international ones such as maritime transport and aviation. **Ms. Guteland** also made the argument that all Member States should deliver, going at the same pace and helping each other, proposing a binding target for the Member States as well. Last but not least, **Ms. Guteland** outlined that it was essential that money went to green investments and not fossil fuels.

MEP Petros Kokkalis

MEP Petros Kokkalis explained that the Recovery Plan was a welcomed and much needed tool to enable a transition to a more resilient and fair society. **Mr. Kokkalis** also emphasized that the funds of the Recovery Plan will be utilized under the rules of MFF, proving that it was a well-tested system. While welcoming the fact that it will be based on EU's own resources, **Mr. Kokkalis** underlined that it was important to employ public funds for projects that create jobs and sustainable growth while integrating final climate risks into the financial system as a whole. Moreover, it is essential, according to the MEP, that we end direct and indirect subsidies to fossil fuels. Besides, **Mr. Kokkalis** called on the European Commission to provide a broad taxonomy to complement the existing one, to make sure we include social cohesion criteria. On the green

finance gap, **Mr. Kokkalis** admitted that we must find ways to bridge it as it does not take into account adaptation costs. Last but not least, **Mr. Kokkalis** mentioned that there were discussions on the possible exemption of investments necessary for mitigation, adaptation and just transition from the Stability and Growth Pact.

MEP Pierre Larrouturou

MEP Pierre Larrouturou also tackled the question of financing the EU recovery in his intervention. Firstly, **Mr. Larrouturou** admitted that, despite the unprecedented amount of 750 billion euros for recovery, it will not suffice. As we need a massive and sustainable recovery, the EU's own resources might be the key to unlock negotiations according to the MEP. Indeed, **Mr. Larrouturou** presented a first potential solution to fund the green recovery which could be a small financial transaction tax, inspired by the Barroso Commission's proposal in 2011. **Mr. Larrouturou** explained that this financial tax could raise €57 billion a year as the financial markets are still very active in 2020 despite the crisis, representing 10 times more than the digital tax. Moreover, there are already several countries supporting this proposition, as indicated by the speaker. A second solution highlighted by **Mr. Larrouturou** would be to fight tax competition by proposing a Common Corporate Tax Base of 5% that will enable the EU to raise €75 billion per year. **Mr. Larrouturou** concluded that these two own resources could double the EU budget and raise more than €120 billion per year for climate and jobs.

Q&As session

The first question dealt with Climate Law and the idea of sectoral binding targets and country-based budget. **Mr. Jouni Keronen** replied on the account of industries, arguing that the wider the market system is, the more solid investments cases are for the companies. **Mr. Keronen** proposed binding targets for EU, rather than deciding on separated sectoral budgets, while still including maritime transport and aviation. **Mr. Davide Sabbadin** answered to the second question on the role of the bio economy in the Green recovery. **Mr. Sabbadin** explained that, as bio economy is part of the circular economy, there is a role for bio economy and sustainably produced biomass in the recovery. However, he pointed out to the limited role of biogas as a feedstock for industry, as it should not be integrated into the existing grid and used as an excuse not to change the grid. The last question addressed the issue of actors from the public and private sector who were not convinced that the Green Recovery and the Green Deal were essential. **Mr. Petros Kokkalis** responded that it was the role of politicians to popularize the opportunity side of the Green Recovery by redefining values, highlighting the pathways of sustainable recovery, and therefore, creating a new narrative. **Mr. Keronen** intervened to mention the TFCO approach which promoted the quantification of climate risks and opportunities and brings on board many companies.

Closing remarks & take-away messages by MEP Maria Spyrali

In her closing remarks, **MEP Maria Spyra**ki underlined that it was key to have a very stable and clear investment environment in order to attract green investments. In the context of the discussions for an agreement for MFF and the recovery package, **Ms. Spyra**ki reminded the importance to have own resources in order to have stability. At the same time, **Ms. Spyra**ki clarified that we must aim at a smooth transition for energy, by embracing technologies and using biogas as a transitional fuel. **Ms. Spyra**ki also added that affordability of energy and security of supply remained key elements. To conclude, **Ms. Spyra**ki emphasized that we must use all existing financial instruments.