



BRIEFING

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# The European Green Deal: Five tests it must pass

On 16 July 2019, Ursula von der Leyen presented the Political Guidelines for the next European Commission (2019-2024). Her agenda sets out six headline ambitions for Europe over the next five years, the first of which is to deliver a ‘European Green Deal’ within the first 100 days of the European Commission’s time in office.

## The time is now

The current rate of global warming and loss of nature is unprecedented in human history. **The window for limiting temperature rise to 1.5°C is closing rapidly and more than one million species are at risk of extinction.** Environment-related risks – including extreme weather, climate inaction and biodiversity loss – are now seen as the biggest challenges facing humanity, according to the World Economic Forum<sup>1</sup>. Action on an unprecedented scale is needed, and traditional views of what is politically possible must be re-examined. Above all, **we need to recognise that the climate and biodiversity crises are two sides of the same coin and cannot be tackled separately.** Protecting and restoring ecosystems is essential both to stopping climate change and preventing further biodiversity loss.

Provided it is commensurate with the challenges, and well-developed and implemented, **an integrated and cross-sectoral EU approach to tackling climate change and environmental degradation would be a remarkable shift in policy making.** This would benefit not only our environment and EU citizens, but also improve Europe’s global economic position and competitiveness.

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<sup>1</sup> [WWF statement on WEF’s Global Risks Report 2019, 16 January 2019](#)

Below we list the five ‘tests’ that WWF believes the upcoming European Green Deal needs to pass, for it to be a credible response to the twin climate and biodiversity crises. These recommendations are detailed further in this briefing.

### Five tests the European Green Deal must pass

1. Set **mutually reinforcing targets on decarbonisation and nature restoration**, based on what science dictates
2. Introduce **flagship initiatives to transition to sustainable food systems** in the EU and to address the EU’s global footprint
3. Focus on delivery: **zero tolerance for non-compliance or weak implementation** of environmental laws
4. **Stop all financial support for harmful economic activities** such as fossil fuel use and **shift public and private finance to a climate neutral and sustainable economy**
5. Guarantee a **just transition** ensuring no-one is left behind

### Mainstreaming the Green Deal across all EU policies and actions

The project group of Commissioners led by Executive Vice-President Timmermans must ensure that the Green Deal lives up to these five tests and is delivered across all relevant policy areas, including Agriculture, Health, Transport, Energy, Cohesion and Reforms, as well as Environment and Oceans, and Climate. For it to succeed, the European Green Deal must also be supported through the work on sustainable finance, led on by Executive Vice-President Valdis Dombrovskis, as well as trade and international partnerships.

### Showing international leadership

Credible EU leadership on global efforts to remain within a 1.5° scenario and halt global biodiversity loss hinges on coherent domestic action. **Measures proposed under the European Green Deal should therefore take into account their international dimension and implications.** The EU should provide substantial and increased support to partner countries and scale-up its financial assistance, as part of a global resource mobilisation effort to tackle the global climate and biodiversity crises.

# 1. SET MUTUALLY REINFORCING TARGETS ON DECARBONISATION AND NATURE RESTORATION, BASED ON WHAT SCIENCE DICTATES

To formulate an effective response, the **European Green Deal must contain an ambitious roadmap based on appropriate legally binding targets and immediate cross-cutting action on both climate and biodiversity**. Experience with previous strategies (such as the Environmental Action Programmes) has shown that it is not sufficient merely to set targets if they are not underpinned by concrete and comprehensive action, along with clear accountability.

Based on the political guidelines, Ursula von der Leyen's **European Green Deal should set out two headline targets:**

- Achieving a climate neutral Europe by 2040 [for now von der Leyen has only committed to 2050];
- Curtailing the loss biodiversity on land and in the sea in the next five years and bending the curve on biodiversity loss by 2030, both globally and in the EU.

These headline targets must be supported through *inter alia* a European Climate Law and the 2030 EU Biodiversity Strategy. In the development of these and other **legally binding instruments** it will be critical to recognise that the **climate and biodiversity crises are two sides of the same coin and cannot be tackled separately**. The root causes of these crises are often the same, their impacts reinforce each other, and the proposed solutions often address both challenges simultaneously: not only will halting and reversing nature loss greatly benefit climate mitigation and adaptation, but keeping global temperature rise to 1.5°C will dramatically reduce the risk of mass extinction and loss of natural habitats.

*“If we are to protect our biodiversity, we must address climate change. But to address climate change, we must protect our biodiversity. [...] They’re not separate issues—they’re one and the same. They’re threat multipliers, and tied to some of humanity’s biggest challenges,”* Patricia Espinosa, Executive Secretary, United Nations Framework Convention on Climate Change.

## Climate targets

**In the upcoming EU Climate Law, the EU as a whole must reaffirm its commitment to limiting temperature rise to 1.5°C, as set out in the Paris Agreement. Given its responsibility for historical emissions it should commit to achieving climate neutrality (zero net emissions) by 2040 and going into negative net emissions thereafter.** Of course, the next five to ten years are critical if we are to achieve the 1.5°C target, so in addition to a long-term goal, the following targets are needed for the nearer term:

- Upwards revision of the EU's greenhouse gas emissions reduction target for 2030 from at least 40% to at least 65%, as part of the first 100 days initiative;
- A target for doubling CO<sub>2</sub> removal through carbon sinks within the EU by 2030, in particular through ecosystem restoration (see below); and
- A mechanism for setting targets for 2035 and every five years thereafter - in line with the cycles of the Paris Agreement.

Several EU countries are already committed to reaching climate neutrality well before 2050. Finland recently announced its decision to reach net-zero emissions by 2035 and be climate-negative by 2050. Similarly, Sweden plans for net-zero emissions by 2045. Countries like Denmark have also shown that more ambitious immediate-term action is possible, as the country is aiming for a 70% reduction in greenhouse gas emissions by 2030.

In order to reach climate neutrality across the whole EU economy, the upcoming EU climate law must require sectoral legislation to be made consistent with climate objectives, including the industrial sectors which are often considered 'hard to abate'. To that end, the **announced industrial and circular economy strategies must be made fully consistent with the European Green Deal**. The European Commission's long-term climate strategy from November 2018 shows the opportunities that exist in high-emitting sectors such as steel, cement and chemicals to deliver a zero-carbon transition through circularity, investment in energy saving, renewable energy and clean breakthrough technologies. **In the case of the new circular economy strategy, the absolute reduction of resource-use in Europe must be placed at its heart.**

### Biodiversity targets

The EU has had ambitious biodiversity targets in place for several decades now, but has consistently failed to meet them, due to a lack of accountability and policy coherence. **The proposed biodiversity strategy for 2030 must thus move away from voluntary commitments and instead set out legally binding targets for the EU and its Member States.** It should lay out exactly how the EU and Member States intend to curtail the loss of terrestrial and marine biodiversity in the next five years and help restore nature, both in the EU and globally, by 2030. The legally binding strategy should **(1) make full use of the existing EU environmental acquis and ensure Member States fully implement existing nature laws and (2) set binding targets where nature protection laws do not yet provide for any.** It should be guided by the following objectives:

- Ensuring that by 2030 *all* species protected under the Habitats Directive are in a favourable or improved conservation status, and that *all* species protected under the Birds Directive show a secure or improved status; and
- Bringing the vast majority of EU rivers, lakes, streams, wetlands, groundwater, transitional and coastal waters back to good health by 2027 at the very latest, as set out by the Water Framework Directive and in line with the zero pollution commitment made by Ursula von der Leyen. Freshwater species worldwide have declined by 83% between 1970 and 2014 so there can be no EU Biodiversity strategy without a particular focus on freshwater ecosystems;
- Achieving urgently the Good Environmental Status (GES) in EU marine waters committed for 2020 and protecting the resource base upon which marine-related economic and social activities depend, as set out by the Marine Strategic Framework Directive. Over 40% of European citizens inhabit coastal areas and rely on healthy marine ecosystems for their livelihood and supply in seafood.
- Increasing the current target of 10% Marine Protected Areas to at least 30% by 2030 and guarantee the effective protection and management of all sites.

### Cross-cutting ecosystem restoration target

To secure the successful delivery of both the climate and biodiversity commitments of the European Green Deal, the package must **include a cross-cutting legally binding target of restoring 1 million square kilometres of natural ecosystems by 2030, through restoration of natural forests, wetlands, extensive grasslands and coastal zones. This would contribute to a doubling of EU carbon sinks by 2030 (see above) and would also improve resilience to the impacts of climate change.**

Nature-based solutions, such as protecting remaining intact natural ecosystems and ramping up efforts to restore ecosystems within and outside the EU will not only help in tackling climate change, but will also deliver flood defence, water purification, improved air quality and recreational space for people to enjoy, whilst providing a livelihood for people living in or depending on those ecosystems. Such solutions are the most socially acceptable, offer best value for money and are lowest risk for climate and investment. Where EU policies actively undermine restoration and hence the achievement of climate and biodiversity objectives - for example EU incentives to grow bioenergy crops or harvest forest biomass for energy - they should urgently be revised.

## 2. INTRODUCE FLAGSHIP INITIATIVES TO TRANSITION TO SUSTAINABLE FOOD SYSTEMS IN THE EU AND ADDRESS THE EU'S GLOBAL FOOTPRINT

The way we farm and manage natural resources globally and in Europe has an enormous influence on GHG emissions and on the state of nature, including soils, freshwater and wildlife on land and in the sea. EU is among the major global importers of a number of commodities associated with nature loss and climate impacts. In 2010, the amount of land used to satisfy our EU consumption, solely for agricultural goods and services, amounted to 269 million hectares. Almost 40% of this land is outside Europe, an area the size of Italy and France combined, which has driven deforestation, ecosystem conversion and land degradation. In addition, the EU's supply of seafood, including both fishing and aquaculture products, has increased to reach over 14 million tonnes per year, of which 70% is imported.

Within Europe, 40% of the EU's Natura 2000 network of protected areas is farmland, and agricultural habitats are the ones reported to have a poorer "conservation status"<sup>2</sup>. Unsustainable agriculture and fisheries are also putting at risk many other critical ecosystem services underpinning food production, such as pollination. Preserving the status quo in food production and consumption is not an option if the EU is serious about addressing the climate and nature emergencies.

The European Green Deal must ensure a transition to sustainable food systems in the EU and reduce the EU's global footprint through:

- **New legislation, as part of a broader EU action plan, stopping products that lead to deforestation, ecosystem destruction and human rights violations from being placed on the EU market.** This will allow carbon dioxide to remain in the ocean, soil and vegetation, helping to avoid further acceleration of climate change, and it will halt the destruction of valuable ecosystems and the biodiversity they host.
- **A long-term strategy to move towards sustainable food consumption and production in Europe.** This would include the implementation of current EU legislation on food and seafood production, as well as a fundamental reform of the Common Agricultural Policy to help drive the transition towards a farming system that protects natural resources and enhances the carbon storage potential of soils and vegetation. Diets and consumption must be part of the broader "**Farm to Fork**" strategy, aiming to bring animal protein consumption, including seafood, back to healthy and sustainable levels.

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<sup>2</sup> European Commission (2015). The State of Nature in the European Union, available here: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015DC0219&from=EN>.

### 3. FOCUS ON DELIVERY: FIGHT NON-COMPLIANCE AND WEAK IMPLEMENTATION OF ENVIRONMENTAL LAWS

In several areas the EU already has well-developed environmental laws in place. This is notably the case for species and habitats protection, fisheries and freshwater management as well as the marine environment<sup>3</sup>. However, these policies have not yet been able to reach their full potential. Poor implementation and non-compliance with the laws by national governments allows for illegality and inaction to continue. As a consequence, at least €55 billion annually is lost according to the Commission's own data<sup>4</sup>.

Similarly, the draft climate and energy plans by Member States do not stand up to the ambition of the Paris Agreement – showing weak commitment to commonly agreed rules and targets. On top of this, several poorly designed EU sectoral policies and laws further exacerbate environmental pressures such as unsustainable land-use and farming or unsustainable infrastructure construction (new road and gas infrastructure, hydropower ...). In this context, the European Green Deal must ensure it contains a 'zero tolerance' rule to non-implementation, with clear mechanisms and accountability for member states to deliver on the ambitions, and for policy coherence to be guaranteed. Failing this, existing and future ambitions set out through the Green Deal will remain to exist only on paper.

#### Increase staffing and step up enforcement

**In order to tackle complacency and non-compliance, the European Green Deal must include a strategy which ensures that the European Commission and EU countries step up the implementation and enforcement of the existing body of EU environment and climate law, including by limiting the use of exemptions in legislation.** To that end, the European Commission must increase its staff capacity and internal resources, in particular in those services dealing with climate and environmental policies. This will help ensure adequate staff capacity to mainstream environment and climate action in sectoral policies drafted by the Commission services, to better support Member States in the implementation process, and to appropriately handle complaints and carry through infringements with the European Court of Justice. When Member States drag their feet, the Commission must act. The Commission should also put in place a transparent process for handling complaints and make full use of interim measures to prevent damage before final decisions on cases are reached.

#### Overhaul the European Semester

**To help guarantee that all EU policies and laws are consistent with the objectives of the European Green Deal, the European Semester must in parallel be fundamentally overhauled,** through joined up efforts by Vice Presidents Frans Timmermans and Valdis Dombrovskis. In the future, the European Semester should integrate all targets of the European Green Deal to ensure Member States deliver concrete and measurable progress towards the EU wide objectives. In order for the Semester, which is currently mainly an economic governance tool, **to integrate the Sustainable Development Goals as committed by President von der Leyen, an overarching SDG implementation strategy is needed. This would provide Member States with a clear, EU specific framework to report against during the Semester process.**

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<sup>3</sup> Birds and Habitats Directives, Marine Strategy Framework Directive and Water Framework Directive

<sup>4</sup> COWI and Eunomia (2019), 'Costs of not implementing EU environmental law', available here: [https://ec.europa.eu/environment/eir/pdf/study\\_costs\\_not\\_implementing\\_env\\_law.pdf](https://ec.europa.eu/environment/eir/pdf/study_costs_not_implementing_env_law.pdf)

## Avoid negative impacts of “one in, one out” principle

The proposed “One in, one out” principle is fully incompatible with the ambitions expressed as the basis for the European Green Deal, and risks undermining and undoing any benefits of the much needed new initiatives under the Green Deal. The need for new protections does not imply that existing protections should be discarded. There is extensive evidence that environmental legislation brings clear EU added-value and does not create unnecessary burdens for businesses. It is therefore imperative that the introduction of new initiatives does not imply nor lead to weakening of existing laws and policies, or inversely, that the proposed “One in, one out” principle does not lead to a “chilling” effect, whereby much needed new measures are not put forward due to an arbitrary numbers game.

## 4. SHIFT TO A FULLY SUSTAINABLE ECONOMY AND HALT ANY FINANCIAL SUPPORT FOR UNSUSTAINABLE ECONOMIC ACTIVITIES

Governments and policymakers remain inconsistent as long as they grant public money and advantageous tax exemption regimes to those who pollute or exacerbate the climate crisis. On the one hand (a) **new measures should be proposed to ensure additional public and private investments go into sustainable economies**, and on the other hand (b) a **roadmap must be put forward on how to fully phase out environmentally harmful subsidies and public finance well within the mandate of the von der Leyen Commission.**

### Eliminate environmentally harmful subsidies

The immediate phase-out of public support to harmful economic activities such as fossil fuels development is a *sine qua non* for the European Green Deal to succeed.

Fossil fuel subsidies alone in Europe in 2017 stood at \$289 billion<sup>5</sup> annually according to the IMF. As part of the European Green deal, the EU should legislate to ensure that by 2020 there are no subsidies, tax exemptions and public finance for fossil fuels. This should apply to the European Investment Bank (EIB) too: the Commission should support a fossil-free EIB energy policy. Consistently, the Commission should urge Member States to phase out national unsustainable subsidies and public funding - notably by reforming the European Semester and ensuring it supports e.g. environmental taxation and green budgeting.

Similarly, other EU environmentally harmful subsidies and public support such as those fuelling overfishing, unsustainable land-use, hydropower infrastructure or transport in Europe and globally should be halted with immediate effect. In the case of fisheries subsidies, the EU must ensure that it does not allow subsidies for the construction of fishing vessels, the replacement and the modernisation of engines under the new EU budget. These subsidies would contribute to overcapacity and overfishing, and would not be in line with the EU’s position within the World Trade Organisation on finding a global agreement to ban harmful fisheries subsidies.

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<sup>5</sup> <https://www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509>

## Increase public finance to help fund the transition

As recognised in the Political Guidelines, large-scale investments into the sustainable economy will be needed and must consist of both public and private financing. To achieve the current EU's 2030 climate targets alone, we need €180-200 billion a year of additional investments in energy efficiency and renewable energy. Even more investments will be needed to achieve climate neutrality and to make progress with further environmental objectives of the EU in the field of freshwater, resource efficiency and the maintenance and restoration of ecosystems. **The €1 trillion of investment promised over the next decade in the Political Guidelines must therefore be additional to any commitments made thus far - e.g. through the expansion of the InvestEU fund and a major green bond issuance programme of the EIB, with such bonds bought especially by the European Central Bank as mentioned by Christine Lagarde, its incoming President.**

The EU budget for the next seven years can make a critical contribution and set an example for private investments. **To match the challenges ahead of us, 50% of the forthcoming EU budget should be invested in climate and biodiversity action, and it must be guaranteed that the remainder of the budget does not put any negative pressure on the climate or environment through mandatory guidelines.** The current tracking of spending must be improved to more realistically measure spending commitments and avoid over-accounting of policies that do not make a sufficient contribution.

## Shift private finance from brown to green

We will need more than just public finance. We need a massive sea-change in our entire economy. Today, only around 5% of the EU economy is based on activities that are climate friendly or fully sustainable. Private sector engagement is a must. **To allow investors to identify the climate and environmental impacts their money will have, the European Commission needs to revise the non-financial reporting directive and table a legislative proposal to upgrade large corporates' sustainability governance to include mandatory sustainability due diligence, strategy and targets.** Work should also continue to fully implement the EU Action Plan on Sustainable Finance - including legislative proposals on sustainability ratings and credit rating agencies, and a mid-term review of the Action Plan should be foreseen in 2020 to merge it with the new Green Financing Strategy required by Mrs von der Leyen.

# 5. GUARANTEE A JUST TRANSITION ENSURING NO-ONE IS LEFT BEHIND

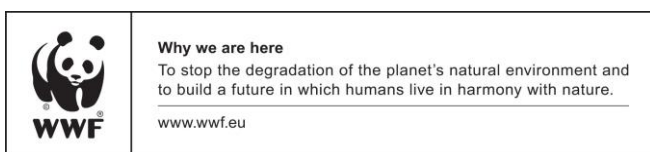
Although the energy and ecological transition will be economically positive overall, including through the creation of new and additional jobs in the green economy and massive savings in health costs and fossil fuel imports, challenges and industrial decline will occur in some European sectors and regions. Failing to proactively manage such changes will risk the transition faltering, or even being completely obstructed. This is valid for not only the energy but also agriculture, aquaculture and fisheries sectors, where sustainable practices will create new opportunities, on the condition that workers and local communities are supported in the transition.

Whereas it is welcome that the President-elect proposes to put in place an EU Just Transition Fund, this alone will be insufficient to replace or substitute other EU and national funding and would not suffice to carry the costs of the overall Just Transition in Europe. It could however



provide for stimulating action, or provide transition support in other ways. **The Just Transition Fund should fulfil a different role to national funds and existing EU programmes.** It should complement existing funding and could be used for capacity building, or as seed money for the development of strategic transition plans at regional level. The fund could also be used to communicate and educate the public about the transition, increasing awareness about how to adapt and engage with the transition.

In addition to the introduction of a Just Transition Fund, **the European Green Deal must establish clarity on what constitutes just transition actions. As a start, it should exclude any possibility of further investment in fossil fuels. It should furthermore ensure that governments put in place clear supporting frameworks to guide the transition in the form of long-term transition plans at national and local level and developed in consultation with the communities affected.**



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