

PRELIMINARY WWF ANALYSIS OF THE EUROPEAN GREEN DEAL COMMUNICATION

11 December 2019, WWF European Policy Office

For the first time ever, the European Commission is rolling out a truly comprehensive package of measures and commitments to tackle the environmental challenges the world is facing. With the publication of the <u>European Green Deal Communication</u> on 11 December, a step in the right direction has been taken.

Following WWF's <u>media reaction</u>, we provide here below our initial analysis of the key elements of the European Green Deal Communication, along with recommendations on what must be improved for the EU to successfully tackle the biodiversity and climate crises. The analysis follows the structure of the main titles of the Communication.

The announcement on 11 December 2019 should be seen as part of a longer process, in which Member States, Parliament and Commission must now work closely together to strengthen and complement the proposals made by the Commission.

PRELIMINARY ANALYSIS BY HEADING

"Increasing the EU's climate ambition for 2030 and 2050" & "Supplying clean, affordable and secure energy"

WWF welcomes:

- The fact that the EU 'climate law' will enshrine the climate neutrality objective in EU law.
- The recognition that climate and energy policies will need to be revised to reflect increased ambition and that all sectoral policies should be aligned with the climate neutrality goal.
- The call for the **rapid phasing out of coal** (but fossil gas should be mentioned too).
- The commitment by the European Commission to assess the final National energy and climate plans (NECPs) by June 2020. But this should assess compliance with the full template, not just the targets, and the Commission should also assess the national Long Term Strategies.

- The recognition that decarbonisation of EU industry is key to achieving a clean and circular economy.
- The clear statement that any **Carbon Border Adjustment Mechanism** would be an alternative to other measures such as allocation of free allowances under the ETS.
- The section on buildings contains strong commitments to rigorously enforce legislation and develop new initiatives on renovation, which is much preferable to an inclusion of emissions from buildings in European emissions trading.
- The recognition that near-complete decarbonisation of transport is needed, including by ending fossil fuel subsidies and closing tax loopholes for aviation and shipping.
- The acknowledgement that **just transition** is a key component of mainstreaming sustainability in EU policies (for recommendations on how this should be developed, please see further below).
- The proposal to involve citizens more fully through a climate pact. To be successful, this must offer people the chance to consider all EU climate-related policies as a whole and provide meaningful input, rather than being a vehicle for citizens to commit to behaviour change.

Further improvement needed:

- The Communication acknowledges the climate (and biodiversity) emergency, but falls short on translating the urgency into the measures suggested. Reaching climate neutrality by 2050 would be too late, as this fails to take into account Europe's responsibility for historical emissions; WWF calls on the EU to commit to reaching economy-wide climate neutrality (zero net emissions) by 2040.
- Similarly, increasing the EU's 2030 greenhouse gas emission reduction target by only 50-55% is inconsistent with the 1.5°C temperature goal as the recent <u>UNEP emissions gap report</u> makes clear. WWF calls on the Commission to **present by early 2020 a 65% greenhouse gas emission reduction target by 2030, as science dictates,** and include that target in its EU climate law proposal.
- The Commission is complacent on the **risks of fossil gas**. Instead of calling for its rapid phase out it calls for "the decarbonisation of the gas sector" and appears to support further spending on "upgrading" infrastructure. Green gases such as hydrogen will have a role to play in certain sectors, but the vast existing gas grid is likely to become largely redundant.
- The Communication makes virtually no mention of the **need to reduce or constrain consumption**, whether that is in aviation or in the amount of meat produced and consumed in the EU. This is a major failing, as without such action we will not stop catastrophic climate change.
- The commitments on reforestation and forest restoration are positive, but this communication fails to recognise the scale of benefits to climate mitigation and adaptation that ecosystem restoration could deliver, and that other ecosystems such as wetlands, grasslands and marine ecosystems are also critical.

WWF welcomes:

- The commitment to propose regulatory and non-regulatory measures to promote imported products and value chains that are not linked to deforestation and forest degradation is welcome but could be a double-edged sword. We welcome that new regulatory measures will be taken, but legislation should ensure that all products on the EU market are free of deforestation, as well as conversion of or degradation of natural ecosystems and comply with international standards and obligations on human rights.
- Given the climate and biodiversity emergency, it is welcome that the Commission will consider drafting a plan for nature restoration, which is crucial to both, and identify which measures, including legislation, would help member states to improve and restore damaged ecosystems to good ecological status, including carbon-rich ecosystems. In WWF's view this nature restoration plan must cover all ecosystems, including natural forests but also peatlands and organic agricultural soils, biodiversity rich grasslands, coastal zones and marine areas, as these can all deliver significant carbon storage and ecosystem services; WWF calls for a "legally binding nature restoration initiative for Europe".
- The intention to set out objectives to increase the coverage of protected biodiversity-rich land and sea areas building on the Natura 2000 network and the focus to protect and restore more effectively the areas covered by the Natura 2000 network. WWF calls for 30% of the EU's land and sea to be covered by well managed and connected 'protected areas.

Further improvement needed:

- The Communication provides little information on tackling biodiversity loss and restoring nature compared to previous announcements. It is thus unclear whether the Commission's plans will amount to credible action; WWF calls on the Commission to provide further detail and concrete actions by March 2020. The Commission must advocate for a rigorous post 2020 global biodiversity framework under the UN Convention on Biological Diversity with as mission to halt and reverse biodiversity loss by 2030 and this needs to be accompanied by coherent and ambitious action in the EU.
- Measures to address the main drivers of biodiversity loss must be based on legally binding targets for the EU and its Member States, rather than voluntary commitments. The EU has had biodiversity targets in place for several decades, but has consistently failed to meet them due to a lack of political will, accountability, and policy coherence.
- Any reforestation and/or afforestation initiative needs to be taken forward carefully. In general, careful consideration of species and genotypes chosen, and the specific land where the afforestation/restoration should take place, will be crucial - not just for biodiversity but also for carbon sequestration and climate resilience.
- The EU has the world's largest maritime territory in the world, yet very little "blue" is to be found in the European Green Deal; in particular, the current trajectory of the EU's Maritime and Fisheries Fund (EMFF) will not achieve the climate and biodiversity ambitions of the European Green Deal. The Green Deal highlights that they are not on track to meet the Convention on Biological Diversity targets yet there are no mechanisms articulated to achieve more connected and well-

managed marine protected areas. If a Sustainable Blue Economy is to play a central role in the European Green Deal then much more substance on ocean recovery and resilience to climate change is required.

"From 'farm to fork': designing a fair, healthy and environmentally-friendly food system"

WWF welcomes:

- The Green Deal creates the opportunity to collaboratively develop a long-term vision for sustainable food systems in the EU, which must become the guiding document to enhance policy coherence and governance, bringing together the multiple food-related policies and aligning their objectives, indicators and interventions.
- The commitment of the Commission to work first with co-legislators, and then with Member States and stakeholders to ensure the Common Agricultural Policy post-2020 reflect the ambition of the Green Deal and Farm to Fork strategy. CAP strategic plans should not be approved by the Commission if Member States do not aim to achieve reductions in GHG emissions from agriculture, effectively protect soils and water, or halt the loss of farmland biodiversity.

Further improvement needed:

- The willingness to reduce the use of agro-chemicals and increase the area under organic farming in Europe announced in the European Green Deal must become quantified time-bound targets in the Farm to Fork Strategy, well in time to influence the funding made available toward these objectives under the CAP post-2020.
- The 'Farm to Fork' Strategy must show a much higher ambition to accelerate change in food consumption in the EU, going well beyond offering information to consumers. The EU must explore all policy levers that can help create food environments where the healthy sustainable food options are the simplest and most affordable ones.

"A zero pollution ambition for a toxic- free environment"

WWF welcomes:

• The adoption of a 'zero pollution action plan for air, water and soil' in 2021. This includes the commitment to restore the natural functions of ground and surface water, and is recognised as being essential to preserve and restore biodiversity in lakes, rivers, wetlands and estuaries.

Further improvement needed:

To tackle water pollution, curtail freshwater biodiversity loss, and improve resilience to climate change impacts, the European Commission must first and foremost announce that the Water Framework Directive is fit for purpose and is here to stay in its current form during the mandate. The EU should make use of the 3rd cycle of River Basin Management Plans to set the needed ambition to bring Europe as close as possible to the 2027 target.

WWF welcomes:

- The commitment to review the Non-Financial Reporting Directive (NFRD). In the review of the NFRD, the Commission should ensure mandatory, harmonised and integrated reporting by large companies, and smaller companies in high-risk sectors, on their risks, dependencies and impacts on the environment.
- The attention given to the role of sustainable private finance, by inter alia, presenting a new sustainable finance strategy, encouraging Council and Parliament to adopt a sustainable taxonomy, sustainable labels for retail investments and EU green bond standard. The Commission also commits to better manage and integrate climate and environmental risks into the financial system and will develop standardised natural capital accounting practices within and outside the EU.

Further improvement needed:

- The 25% minimum spending for climate action within the EU budget must be doubled and should cover biodiversity and nature protection as well. Moreover, the entire EU budget must be compatible with the EU's international commitments under the Paris Agreement, Convention on Biological Diversity and Sustainable Development Goals.
- As it stands, no guarantees have been given by the European Commission that the Sustainable Investment Plan will bring "fresh money" rather than a repackaging of existing commitments made under the MFF, InvestEU and recent EIB announcement of its updated lending policy.
- Additional legal requirements on sustainable corporate governance are missing: WWF calls for an EU corporate governance framework on environmental and human rights due diligence; sustainability strategies and targets; and director's duties.

"Leave no one behind (Just transition Mechanism)"

WWF welcomes:

- The Just Transition as a key part of the Green Deal. The centrality of a just transition to "mainstreaming sustainability in all EU policies" is positive. Key measures include addressing energy poverty through improving energy efficiency
- The need to link just transition support to promoting a transition to low carbon and climate-resilient activities.
- The **recognised importance of all EU funds in contributing to the just transition**, as well as the need to leverage private investment and align national budgets to this goal although it does not recognise that new money may be needed.
- The just transition mechanism will be available to regions on the basis of carbon-intensity: actions over the next ten years will be critical in determining whether we attain climate neutrality and a just transition is therefore needed across the board.
- The intention to **support territorial transition plans**. This is a welcome start to recognising that a just transition must be implemented on the basis of on-term comprehensive and locally developed transition plans.

Further improvement needed:

- Consistency with a pathway that keeps global temperature rise to a maximum of 1.5°C as a condition for just transition projects is lacking. The Communication promotes ending fossil fuel subsidies, but does not explicitly recognise the need to end all fossil fuel investment. The Just Transition Mechanism must ensure that actions are consistent with achieving climate neutrality by 2040 at the latest.
- Support through the mechanism should be contingent on clear commitments
 to phase-out fossil fuels, or should support the creation of strategies which lead to
 fossil-fuel phase-out dates being set. If there is no transition, there should be no funding
 for a transition.
- A just transition mechanism should respect and reinforce the Partnership Principle. All partners must be involved in the development and implementation of just transition plans: not just regions and national governments. Relevant stakeholders include civil society, local municipalities and communities directly affected by the transition.
- The role of each stakeholder and their decision-making power must be defined. Not all stakeholders have equal expertise or weight at the table and some have conflicts of interest.
- Provisions must be included to support capacity building of stakeholders on the just transition. Regions and local municipalities must be part of the solution.
 Building their capacity to develop just transition plans, as well as access and use EU funds is crucial.

"A green oath: 'do no harm"

WWF welcomes:

- The commitment to integrate the Sustainable Development Goals in the European Semester process, with the aim to put the SDGs at the heart of the EU's policy making and action. The Commission must now first and foremost commit to a Sustainable Europe 2030 strategy as called repeatedly called for by Member States and European Parliament, and as recently as in the conclusions of the General Affairs Council on 10 December 2019.
- The promise to push for better and more effective implementation and enforcement of existing environmental legislation. To that end, the Environmental Implementation Review process should be transformed into a comprehensive strategy, which ensures close monitoring and helps secure additional (human) resources within the European Commission to handle complaints and take follow-up action.
- The Commission's **commitment to improve the way its better regulation guidelines and supporting tools address sustainability issues**, and for all other EU initiatives to live up to the green oath to 'do no harm', with all proposals to include a specific section explaining how the initiative upholds the principle. Sustainability must be at the heart of everything the European Union does, and should be **mainstreamed at all stages of the policy life-cycle**, from impact assessments to evaluations.

Further improvement needed:

• The Communication includes a reference to working with stakeholders to identify and remedy incoherent legislation that reduces the effectiveness in delivering the Green Deal,

- however, further detail on how this will be carried out in practice is not given. Such a review must focus on sectoral policies dealing with inter alia agriculture, fisheries, transport and finance.
- The Communication fails to mention how the 'green oath' will be squared with the proposed 'one in, one out' principle the European Commission put forward in its political guidelines. This discrepancy should be explained as the 'one in, one out' principle risks undermining the environmental ambition.

"The EU as global leader"

WWF welcomes:

- A renewed emphasis in playing a leading role globally by integrating climate and environmental issues across EU external action, including in particular in the future comprehensive strategy with Africa, in its relations with neighbouring countries and by boosting green deal diplomacy efforts and innovative forms of engagement with all partner countries and regions.
- A commitment to engage more intensely with partner countries to increase the level of ambition in tackling climate change globally, notably by supporting them in revising and updating their NDCs and long term strategies. This however hinges on truly ambitious domestic action, as well as on a decisive commitment to work towards ending global fossil fuel subsidies, redirecting global financial flows and provision of substantial additional financial resources for developing countries.

Further improvement needed:

- While acknowledging the need for mobilizing additional resources, both public and private, to achieve the transition at global level, the communication falls short of increasing the EU's targeted expenditure for climate and environment in its Neighbourhood, Development and International cooperation instrument. WWF has been calling for a 50% target for climate and environment relevant spending across future external financing instruments to promote actions with clear and identifiable co-benefits, including social and economic ones, across a wide range of sectors.
- It misses the opportunity of identifying the CBD COP15 in Kunming, China in 2020 as a crucial moment to agree on an ambitious global post-2020 Biodiversity framework that should aim at halting and reversing nature loss by 2030, and to work towards that goal with key strategic partner countries.
- The proposal to affirm the respect of the Paris Agreement as an essential element of every future trade agreement is insufficient and risks being symbolic as the EU's own actions are at the moment not yet compatible with the Paris Agreement target (see above). Future trade agreements must include a *binding*, *enforceable* and ambitious dedicated chapter on sustainable development, especially for environmental and social provisions. In addition, the Paris Agreement should not be the only international commitment that is referred to in trade agreements, and commitments on biodiversity such as those made under the Convention on Biological Diversity are just as important. In general, trade agreements should support the agenda of sustainable trade; ensuring products covered by trade agreements are sustainable in every respect.

For further reading:

WWF: The European Green Deal: Five tests it must pass (Oct 2019)

WWF: <u>Tackling the water crisis</u>: <u>WWF recommendations</u> (Nov 2019)

WWF/Greenpeace: A European Climate Law - WWF's 12 asks (Oct 2019)

NGO briefing: Game-changer: Financing the European Green Deal (Sept 2019)

Green 10: Position on proposed "One in, one out" principle (Sept 2019)

For further information:

Ester Asin, Director, WWF European Policy Office, easin@wwf.eu

Angelika Pullen, Director of Communications, WWF European Policy Office, apullen@wwf.eu

Imke Lübbeke, Head of Climate & Energy, WWF European Policy Office, iluebbeke@wwf.eu

Katarina Macejakova, Head of EU Development Funding & Policy, WWF European Policy Office, <u>iluebbeke@wwf.eu</u>

Samantha Burgess, Senior Advisor, Marine Policy, WWF European Policy Office, sburgess@wwf.eu

Andreas Baumüller, Head of Natural Resources, WWF European Policy Office, abaumueller@wwf.eu

Sebastien Godinot, Economist, WWF European Policy Office, sgodinot@wwf.eu

Tycho Vandermaesen, Head of Public Affairs, WWF European Policy Office, tvandermaesen@wwf.eu



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To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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