



# **The EU Green Deal and Economic Recovery after Covid-19**

**Anne-Charlotte BOURNOVILLE**  
Head of Unit, International relations and enlargement  
DG ENERGY – European Commission

**Elin BARDHAM**  
Head of Unit, International relations  
DG CLIMA – European Commission





”

*"The European Green Deal  
is our new **growth  
strategy**.  
It will help us cut emissions  
while creating **jobs**."*

*Ursula von der Leyen, President of the  
European Commission*

**#EUGreenDeal**



European  
Commission



# 1 | The Green Deal

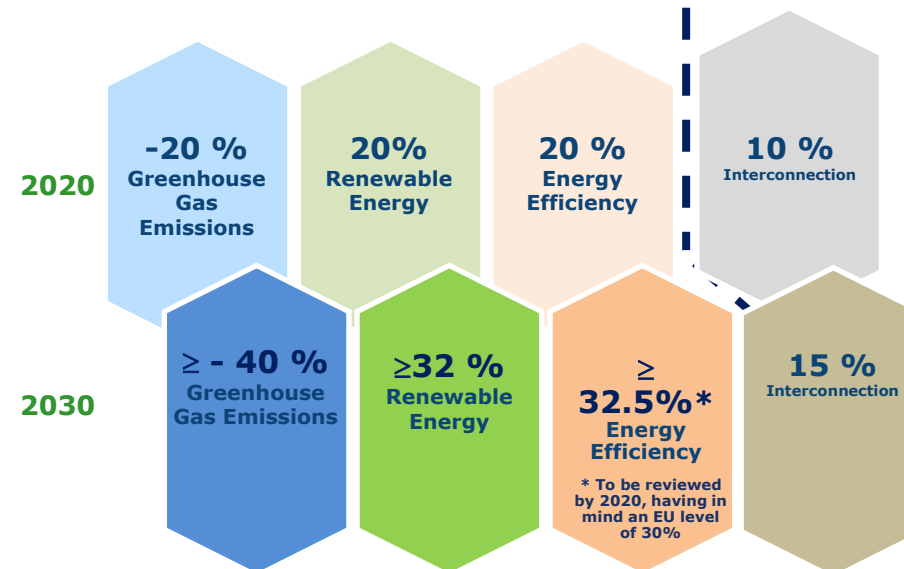
## Context



PARIS2015  
UN CLIMATE CHANGE CONFERENCE  
COP21·CMP11

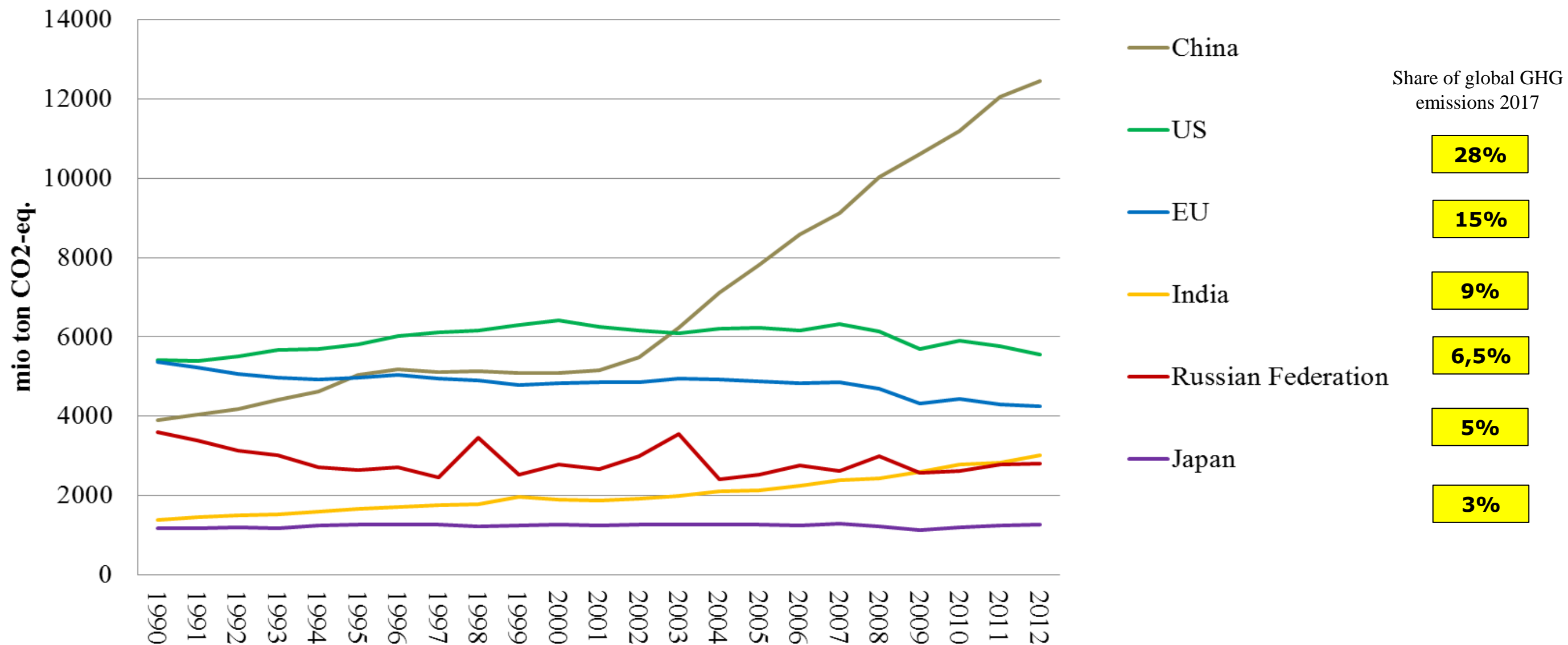
## Paris Agreement

## EU NDC - 2030 targets



## Towards climate neutrality

## Emissions (all greenhouse gases, all sources and sinks)



Source: Historical emissions data: inventories data to the UNFCCC emissions with land use, land-use change and forestry; for China and India data from EDGAR, all GHG emission, all sources and sinks, excl. forest and peat fires

# 1 | The Green Deal

## Our vision

- The European Green Deal is the EU's **new growth strategy**;
- It aims to lead the EU into an ecological transition towards a modern, resource-efficient and competitive economy where there are no net emissions of greenhouse gases in 2050, the natural capital is protected and **where economic growth is decoupled from resource/energy use and pollution**;
- It is about creating jobs, increasing competitiveness and boosting innovation;
- It propels the transformation to a climate compatible and sustainable economy irreversibly at the epicentre of the European project;
- The European Green Deal is an integral part of the of the EU strategy to implement the Paris Agreement and 2030 Agenda and its Sustainable Development Goals.

# The European Green Deal

Designing a set of  
deeply transformative policies

Transforming the  
EU's economy for a  
sustainable future

A zero pollution ambition  
for a toxic-free environment

Preserving and restoring  
ecosystems and biodiversity

From 'Farm to Fork': a fair, healthy and  
environmentally friendly food system

Accelerating the shift to  
sustainable and smart mobility

Mobilising research and fostering  
innovation

Leave no one behind  
(Just Transition)

Mainstreaming  
sustainability in all EU policies

A European  
Climate Pact

The EU as a  
global leader

**"Next Generation EU"**

Building and renovating in an energy  
and resource efficient way

Mobilising industry  
for a clean and circular economy

Supplying clean, affordable  
and secure energy

Increasing the EU's Climate ambition  
for 2030 and 2050



# 2 | The Green Deal

## Coordinated climate action

Increasing the EU's Climate ambition for 2030 and 2050

- European '**Climate Law**' enshrining the 2050 climate neutrality objective in legislation
- **Comprehensive plan** to increase the EU's climate target for 2030 to at least 50% and towards 55% in a responsible way by October 2020
- Review and revise where needed all relevant legislative measures to deliver on this increased ambition by June 2021
- Carbon border adjustment mechanism for selected sectors by 2021.
- A new EU **Strategy on Adaptation** in 2020/2021

| The EU as a global leader

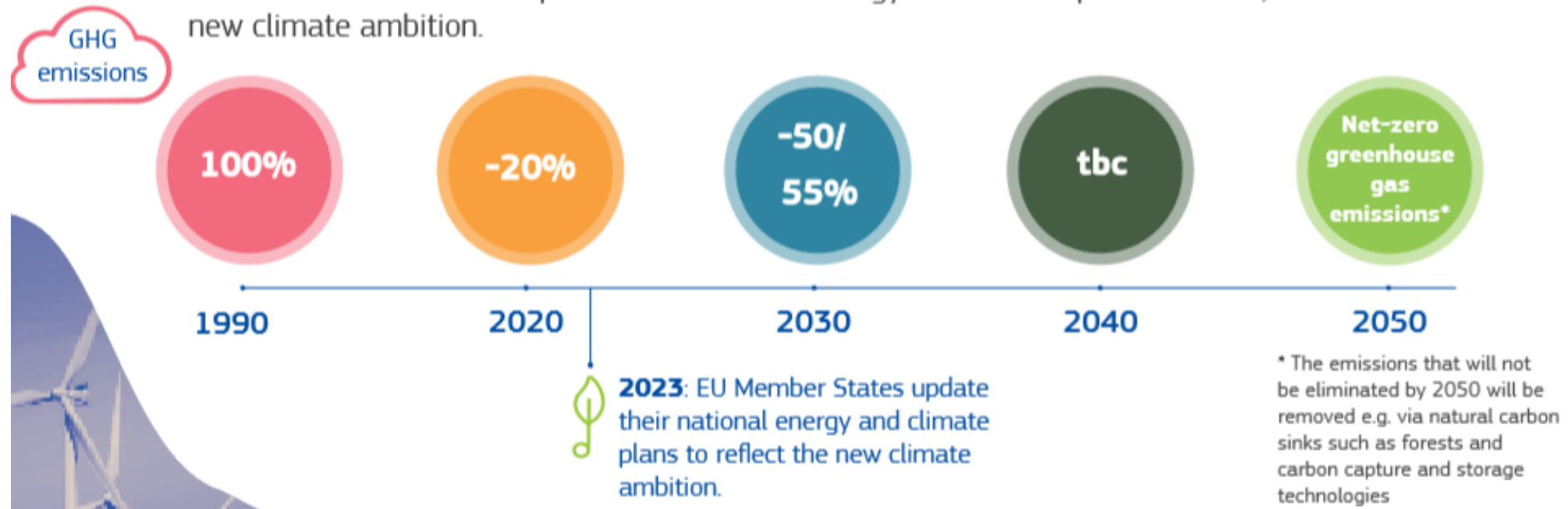
| A European Climate Pact

# 3 | The Green Deal

## Increased ambition on climate action

### The European Commission will make proposals to increase the EU's climate ambition for 2030.

Relevant energy legislation will be reviewed and where necessary revised by June 2021. EU Member States will then update their national energy and climate plans in 2023, to reflect the new climate ambition.





# 4 | The European Climate Law

## Why is it important?

### *It sends a strong political message:*

- Our path to climate-neutrality by 2050 is irreversible;
- Keeps our promise to citizens to act within 100 days and increase ambition;
- A clear signal to investors about the direction of policy for next 30 years;
- Europe leads on its commitment to the Paris Agreement.

- Article setting objective of climate-neutrality by 2050 into law;
- Articles ensuring discipline and accountability;
- Article establishing the mechanism for developing a trajectory to 2050;
- Integration of the climate neutrality objective into the impact assessment of Commission proposals;
- Articles highlighting the role of adaptation and public participation.

# 5 | The Green Deal driving the recovery

## International magnitude of the crisis: key trends and economic impact

- **Over the next two years, governments will seek to spend more than 10 trillion euros**, effectively borrowed from the youth;
- Concertation of international effort, **global solidarity and multilateralism are crucial to avoid lapsing in to fossil fuel** and resource intensive recovery => short termism – lock-in – stranded assets;
- The green economic recovery agenda is **not driven by ideology, but by scientific evidence and economic logic**;
- In the months and years to come, the post-COVID economic recovery and the transition to a sustainable, socially just, resilient and climate neutral economy should go hand in hand. **We must “do-no-harm”**;
- The EU has a blueprint for implementing a **green recovery** model ready – the European Green Deal, Europe’s growth strategy, with the European Climate Law, the Industrial Strategy and circular economy action plan, the sustainable Finance Strategy as well as the European Digital and Data Strategy;
- With the **EU recovery plan**, we will be able to move even faster and more decisively, using the opportunity of large-scale public investments in our future when recovering from the COVID-19 crisis towards **competitive sustainability**.

# 6 | The Green Deal driving the recovery

## Energy at the core of the green recovery

Supplying clean, affordable  
and secure energy

- Assess the ambition of the final **National Energy and Climate Plans** by June 2020
- **Strategy for Energy System Integration** in July 2020
- **EU Clean Hydrogen Strategy** in July 2020
- **Renovation wave** for the building sector in the autumn 2020 **doubling the renovation rate**
- **Renewable offshore energy** initiative in the autumn 2020
- Review and revise where needed the **Renewable Energy and Energy Efficiency Directive** by June 2021
- Review of **TEN-E Regulation** (Trans-European Networks- Energy Regulation)

Building and renovating in an  
energy and resource efficient  
way

Designing a set of  
deeply transformative policies

The EU as a  
global leader

A European  
Climate Pact



# 7 | Energy - Three Priorities of the Recovery

## 1. Energy System Integration and Hydrogen

*The EU future energy system will be based on:*

- Circular, efficient use of energy ;
- High shares of renewable power and direct electrification of end-use sectors (electrification of transport, heating or some industrial processes);
- Decarbonise hard to abate sectors through decarbonised fuels;
- Renewable hydrogen providing missing link with multiple benefits.

# 7 | Energy - Three Priorities of the Recovery

## 2. Renovation Wave

*The EU is reducing energy needs and bills and creating jobs:*

- Buildings are responsible for approximately 40% of EU energy consumption and 36% of the greenhouse gas emissions;
- Strong existing legislative framework:
  - Energy Performance of Buildings Directive revised in 2018;
  - Energy Efficiency Directive revised in 2018;
- Energy efficiency of buildings: residential, public and commercial;
- labour-intensive work that involves local companies.

# 7 | Energy - Three Priorities of the Recovery

## 3. Offshore Renewable Energy

*The EU supports investments and innovation in RE:*

- Strong existing legal framework:
  - Renewable Energy Directive (revised in 2018);
  - EU-wide target of at least 32% by 2030;
- The EU global leadership on renewables (30% of global patents);
- Offshore Renewable Energy Initiative;
- Industrial and technological success story of the EU;
- Renewable Energy Financing Mechanism.



# 8 | Just Transition

## Coal phase-out

- 40% of global electricity generation;
- In the EU electricity generation from coal has decreased by 27% since 2005;
- Hard coal and lignite generation combined in Q3 2019 +36% vs Q3 2018;
- **17** EU Member States have decided to stop **using coal for electricity generation**;
- 48% of EU's existing coal power capacity to be phased out by 2030;
  - **Gross electricity generation from coal in Denmark: from 43.8% in 2010 to 21.6% in 2018;**
  - **Gross electricity generation from coal in Germany: from 41.7% in 2010 to 35.6% in 2018;**
  - **Gross electricity generation from coal in Greece: from 53.7% in 2010 to 32.3% in 2018.**

# 8 | Just Transition

## Making sure no one is left behind – Coal Regions in Transition

- Introduction of Just Transition Mechanism to ensure that no region is left behind in clean energy transition and mobilise at least EUR 100 billion, through:
  - **Financial Support;**
  - **Transition Plans;**
  - **Attractive Conditions;**
  - **Technical Assistance;**
- Platform for Coal Regions in Transition promotes knowledge sharing and exchanges of experiences between EU coal regions.

# 9 | Next Generation EU

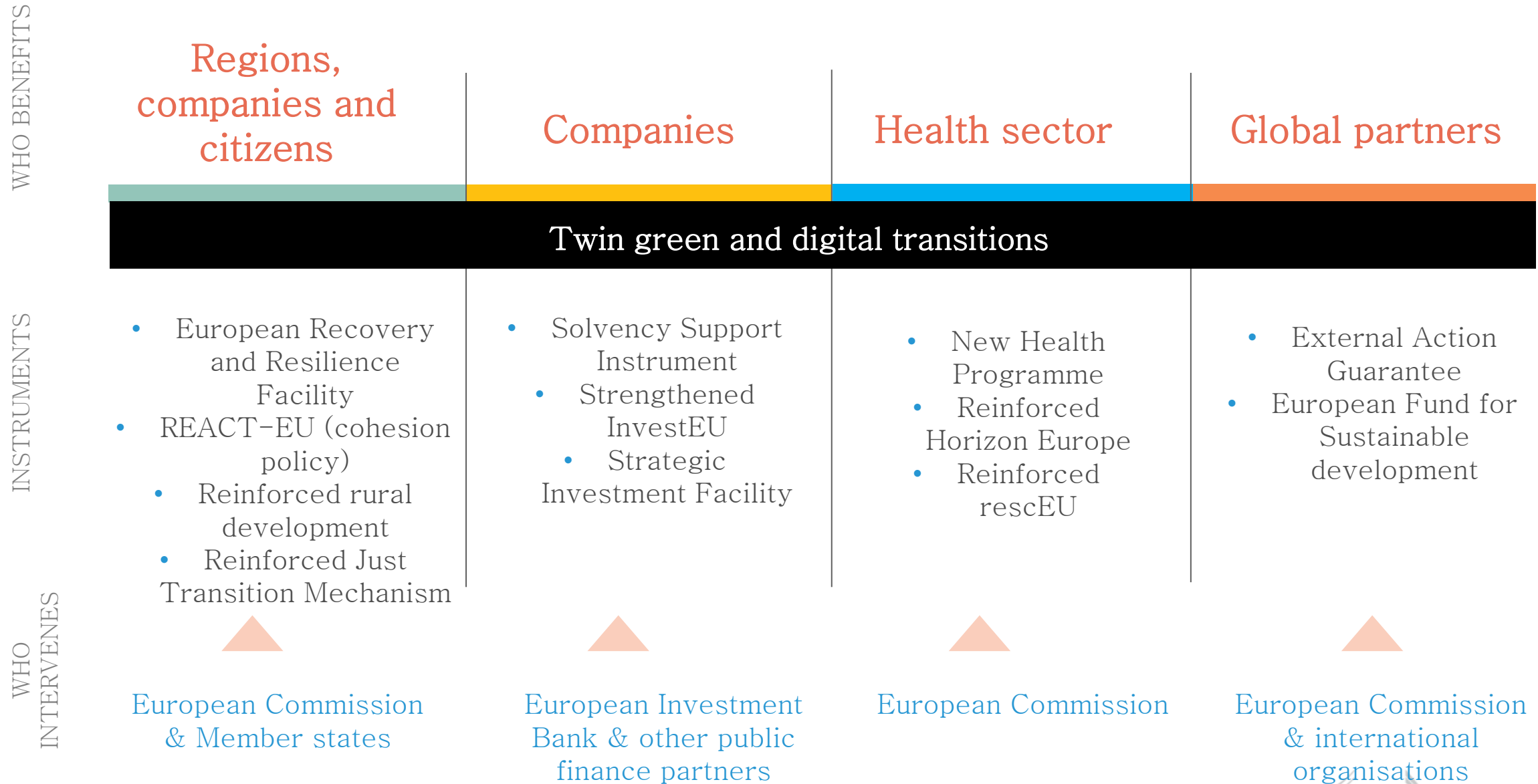
## Repair and Prepare for Next Generation

- **€ 750 billion** (€ 500 billion in grants and € 250 billion in loans) over 7 years;
- Three main pillars:
  1. **Support to MS for investment and reforms**: enhance cohesion among countries (Recovery and Resilience Facility (€ 560 billion), top up to cohesion policy for redistribution and supporting social policies (€ 55 billion), Top up to the Just Transition fund (€20 billion);
  2. **Incentivising private investment**: support companies through crisis (Solvency Support Instrument (€ 31 billion), EU budget guarantee for investments (upgrading InvestEU) and prioritise strategic investment (Facility of € 15 billion);
  3. **Lessons learned from the crisis**: Building EU resilience (EU4Health programme (€ 9.4 billion) and supporting partner countries (including humanitarian assistance for € 16.5 billion);



## 9 Instruments for the Recovery Plan

## Supporting Member States to recover, repair and emerge stronger from the crisis



# Examples of green recovery measures

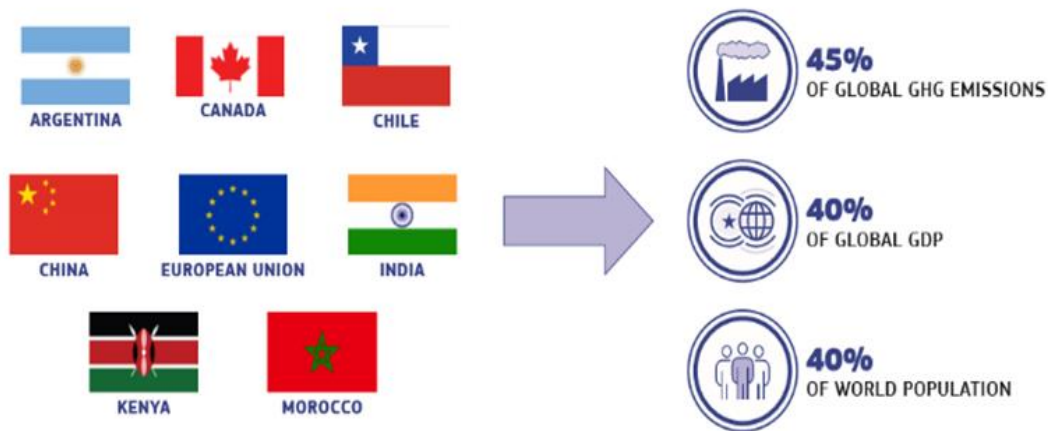
Discretionary fiscal measures	Financial measures
<ul style="list-style-type: none"><li>○ Changes in taxes and public expenditure (e.g. short-term tax payment deferrals)</li><li>○ Carbon pricing, energy and environmental taxation, and phasing out fossil fuel subsidies (in order to mitigate post-crisis low fossil fuel prices while addressing social concerns)</li><li>○ Support to renewable energy options</li><li>○ Reduce and eliminate harmful incentives that undermine environmental objectives</li><li>○ Issuance of sovereign green bonds (as an innovative way to finance public expenditure in favour of climate and environment action)</li><li>○ Climate-smart budgeting, procurement and public investment decision-making: climate assessment of investment projects and climate expenditure tagging (“green budgeting”)</li></ul>	<ul style="list-style-type: none"><li>○ Better integrating climate and environmental risks into the EU prudential framework and assessing the suitability of the existing capital requirements for green asset (taxonomy and TCFD-aligned disclosure)</li><li>○ Easing of collateral standards by relaxing capital requirements for low carbon, climate change adaptation, and environmental footprint loans, using “agreed and established methodology” (taxonomy)</li><li>○ Liquidity support/quantitative easing: public liquidity provisions, guarantee schemes (incl. for short-term risk sharing)</li><li>○ Credit lines</li></ul>

# 10 | Financing the Green Transition

## Achieving climate action through the mobilisation of international private investors

- The **global nature of financial markets** offers a great potential to help all countries on their transition path by linking financing needs to global sources of funding. This potential however, is still largely untapped;
- To **mobilise international investors** => promoting integrated markets for environmentally sustainable finance and, develop a coordinated approach, while respecting national and regional contexts;
- This is the reason why the **European Union** together with relevant **public authorities** from **Argentina, Canada, Chile, China, India, Kenya and Morocco** launched on 18 October 2019: **International Platform on Sustainable Finance (IPSF)**;
- In 2020, five new countries have joined the IPSF: **Indonesia, New Zealand, Norway, Singapore, and Switzerland.**

### Members



### Observers





# 10 | Financing the Green Transition

## The International Platform on Sustainable Finance

### Objectives



**PROMOTE INTEGRATED MARKETS**  
for environmentally sustainable finance



**SCALE UP THE MOBILISATION**  
of private capital towards environmentally sustainable finance at global level



- Exchange and disseminate information to **promote best practices** in sustainable finance
- Compare the different initiatives and identify **barriers and opportunities** to help scale up environmentally sustainable finance internationally
- Respecting national and regional contexts, enhance international coordination where appropriate

### Main focus of work

- **Green taxonomies** (i.e. classification of sustainable economic activities)
- **Green financial product standards and labels** to provide more confidence to investors and
- **Disclosures of sustainability-related information**



#### WHAT THE IPSF IS

It is a multilateral forum for facilitating **exchanges**.

It compares and coordinates efforts on initiatives and approaches to environmentally sustainable finance, while respecting national and regional contexts.

It is a forum for **public authorities** in charge of developing environmentally sustainable finance policies and initiatives (ministries of finance/economy, central banks, and supervisory and regulatory authorities).



#### WHAT THE IPSF IS NOT

It is **not an institutionalised body**, nor does it create any binding, legal or financial obligations on any member under domestic or international law.

It does not create global standards nor does it impose to its members to adhere to other members' rules or approaches on environmentally sustainable finance.

It is not a forum for **private companies** whether or not, working on environmentally sustainable finance issues.

# 11 International cooperation

## Making sure that our ambitions don't work in isolation

- Ensure green recovery in the context of the multilateral frameworks in particular the Paris Agreement and 2030 Agenda
- Demonstrating increased ambition on climate change ahead of COP 26
- The G20 countries are responsible for around 80% of GHG:
  - Support the long term goals of clean energy transition and objectives of the Paris Agreement;
  - Commit to promoting open, transparent, flexible and competitive energy markets;
  - Continue working on energy efficiency; access to modern, affordable, sustainable, and clean energy for all; phase out inefficient fuel subsidies.

**» The EU is keen on consulting with Korea in the run-up to COP 26 in Glasgow, ahead of G20 meetings and other key international meetings such as P4G**

# 12 Towards a clean energy transition and climate neutrality

Key focus areas – cooperation with Korea

- **Reform the energy market:**
  - ✓ Price signals, competition, transparency;
  - ✓ Energy efficiency first;
  - ✓ Conducive framework for renewable energy;
  - ✓ Optimal combination of all energy sources and infrastructure;
- **Holistic governance and consistent approach:** coal phase-out, predictability, establishing Green Deal linked with green recovery measures
- **Mobilise public and private finance towards green investments;**
- **Inclusiveness** (whole-society-effort), **awareness-raising, Just Transition.**



**Thank you for  
your attention!**