



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the proposal for a Council Recommendation on ensuring a fair transition towards climate neutrality {COM(2021) 801 final}, which has been adopted by the Council on 16 June 2022 (2022/C 243/04).

The Commission is pleased that the Bundesrat shares the view that – in our strive for the EU to become the first climate-neutral continent by 2050 in line with the European Green Deal and the European Climate Law – the transition must be just and inclusive, with a particular focus on people who are likely to be most affected and in vulnerable situations. The Commission also welcomes the Bundesrat’s call to Member States to put in place an integrated policy framework that consider employment, education and social aspects to promote a fair green transition across all policy areas in light of the country-specific 2030 headline targets, taking into account distributional effects and envisaging adequate, transparent and systematic evaluation.

Furthermore, the Commission appreciates that the Bundesrat acknowledges the importance of the availability, accessibility and affordability of sustainable modes of transport and the possible implications of ‘transport poverty’. In this context, the Commission welcomes that the Bundesrat supports the further development of the concept, including the development of appropriate indicators, which is indeed still to be defined at the EU level, particularly within the context of the green transition towards a sustainable well-being economy.

In its Opinion, the Bundesrat refers to the ongoing examination of introducing compulsory insurance for natural damage at national level as a consequence of the flood disaster in 2021. Against the background of the Commission’s proposed guidance for Member States to consider improving risk-awareness, risk reduction and risk-transfer

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solutions in this context, the Commission welcomes the Bundesrat's call on the Federal Government to take action to increase the availability and affordability of insurance solutions, particularly for people and households in vulnerable situations, and its emphasis that investment in disaster risk management and adaptation is necessary. In the context of the EU Strategy on Adaptation to Climate Change and the Strategy for Financing the Transition to a Sustainable Economy, the Commission will continue to work towards closing the climate protection gap, including by strengthening the dialogue between insurers, policymakers and other stakeholders.

The Commission appreciates that the Bundesrat considers the monitoring of the implementation of the Recommendation as crucial. In this light, the final Council Recommendation confirms the Council's support for the Commission's intention to conduct progress reviews in the context of multilateral surveillance in the European Semester and to consider the guidance provided in the Recommendation under the Energy Union and Climate Action Governance regulatory framework. Indeed, in the Council Conclusions on the 2022 Annual Sustainable Growth Survey and Joint Employment Report (14 March 2022), the Council encouraged the Commission to monitor the employment and social impacts of the green and digital transitions under the European Semester framework. The Commission takes note of the concerns expressed by the Bundesrat that this might entail risks of overburdening the European Semester. The Commission is committed to ensuring that the monitoring arrangement will be adequate while not adding unnecessary administrative burdens.

Furthermore, in its Opinion, the Bundesrat refers to the Social Climate Fund, which as rightly noted is still being discussed by the European Parliament and the Council. The Commission proposal to establish a Social Climate Fund acknowledges that Member States, in consultation with regional authorities, are best placed to design and to implement Social Climate Plans that are adapted to their local, regional and national circumstances, their existing policies in the relevant areas and their planned use of other relevant EU funds. Moreover, according to Article 4.1 (j) of the Commission proposal, Member States in their Social Climate Plans are to set out inter alia a summary of the consultation process for the preparation and, where available, for the implementation of the Plan and indicate how the input of the stakeholders is reflected. Consultations of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders would be conducted in accordance with Article 10 of Regulation (EU) 2018/1999 and with the national legal framework. The Commission takes note of the request of the Bundesrat to the Federal Government to closely involve the Länder, communal umbrella organisations, social and charitable associations, environmental associations and economic and social partners in the preparation of the national plan.

The Commission and notably its Directorate-General for Translation would like to thank the Bundesrat for correctly pointing out the errors in the German translation of the proposal for a Council Recommendation. The Commission is committed to avoiding similar mistakes in the future. The necessary measures have been taken to ensure a correct German translation of the final Council Recommendation.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Bundesrat and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-President*

*Nicolas Schmit
Member of the Commission*