



EUROPEAN COMMISSION

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Dear Speaker,

The Commission would like to thank the Riksdag for its Opinion on the Communication “The European Green Deal” {COM(2019) 640 final} and welcomes the Riksdag’s overall support for its approach.

The European Green Deal is the first priority of President von der Leyen’s Political Guidelines and remains essential as a roadmap and a growth strategy towards a prosperous and healthy future for all people on our continent, including in Sweden. This has only become more evident due to the impact of the COVID-19 crisis on our health and economic well-being.

As the Commission underlined in its Communication “Europe’s Moment: Repair and Prepare for the Next Generation”¹, unprecedented temporary investments will be needed to overcome the impact of the COVID-19 crisis on jobs, incomes and businesses. The Commission realises that the political choices we make today will define tomorrow’s future for the next generations. That is why it does not want to invest in an outdated fossil-fuel-based economy. We want to build a green, digital, inclusive, and resilient economy that is fit for the 21st century. The Commission wants to do so by helping to repair the short-term damage from the crisis by investing as of now in that long-term future. For this, it has proposed to harness the full potential of the EU budget to mobilise investment and frontload financial support in the first years of recovery.

The Commission updated its Work Programme for 2020² to reflect the context of the crisis and reiterated its commitment to accelerate the twin green and digital transitions. This will ensure overall consistency and coherence of its legislative proposals and will base them on comprehensive impact assessments that will reflect the ambition of the Green Deal.

The Commission welcomes the Riksdag’s support to its efforts to ensure that the European Union plays a global pioneering role to become climate-neutral by 2050. On

¹ COM(2020) 456

² COM(2020) 440

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4 March 2020, it adopted its proposal for a “Climate Law” Regulation³. It proposes that the Commission should regularly assess collective progress towards the 2050 climate-neutrality objective and review the consistency of Union measures and national measures with this objective. The Commission will take necessary measures or issue recommendations to Member States if progress is insufficient or if measures are inconsistent with the climate-neutrality objective. One of the reasons why the Commission presented its proposal was precisely to avoid that climate action, a generational task, be side-lined by more pressing and immediate challenges.

By September 2020, the Commission will present the 2030 climate target plan to increase the EU’s target for greenhouse gas emission’s reduction for 2030 to at least 50%, possibly 55%, compared with 1990 levels. The Commission intends to modify its proposal for a climate law accordingly. By June 2021, the Commission will review and propose to revise where necessary, all related policy instruments. Achieving our climate ambition will require action at the EU level and coordinated EU policies, while taking into account different capabilities to act among Member States. The EU single market will be a strong driver for cost-efficient change and innovation.

The Commission notes the Riksdag’s concerns on the use of qualified majority in the area of energy taxation. The Commission is aware that taxation is a sensitive area for Member States. This is why it has launched the debate about the need to move from unanimity to qualified majority in the area of taxation, in certain circumstances. In its 2019 Communication “Towards a more efficient and democratic decision making in EU tax policy”⁴, the Commission explained that moving to qualified majority voting would not affect the current competences of Member States in the field of taxation, and would lead to more effective, relevant and ambitious outcomes for EU tax policy. Reaching the European Green Deal objectives requires effective carbon pricing and the removal of fossil fuel subsidies. Well-designed taxes play a direct role and, in this context, the Commission announced a revision of the Energy Taxation Directive. The Commission will soon launch a public consultation on the matter. Member States, including national Parliaments, will continue to be closely involved in the decision-making process.

The Commission would like to offer additional clarifications in Annex to address in more detail the Riksdag’s comments. It hopes that these clarifications address the issues raised by the Riksdag and looks forward to continuing the political dialogue in the future.

Yours faithfully,

Maroš Šefčovič
Vice-President

Frans Timmermans
Executive Vice-President

³ COM (2020) 80

⁴ COM (2019) 8

Annex

Sustainable Development Goals and European Semester

The Commission is fully committed to implementing the United Nation's 2030 Agenda and the Sustainable Development Goals (SDGs). SDGs are an integral part of our agenda. We agree that the European Green Deal and the implementation of the 2030 Agenda should be closely interrelated. The Commission has refocused the European Semester process of economic policy coordination to integrate the sustainable development goals, and the 2020 Annual Sustainable Growth Strategy fully reflects the ambition of the European Green Deal.

EU's climate objectives for 2030 and 2050

Strong international diplomacy and leadership should aim to increasing climate ambition in third countries. Should differences in levels of ambition worldwide persist, as the EU increases its climate ambition, the Commission will propose a carbon border adjustment mechanism, for selected sectors, to reduce the risk of carbon leakage. As such, the main objective of the carbon border adjustment is fighting climate change by avoiding carbon leak.

The Commission welcomes the support to a new ambitious EU Adaptation Strategy, while taking account of national characteristics. Plans for such a strategy are announced in the European Green Deal. Its adoption is now scheduled for the first quarter of 2021, as announced in the adjusted Commission Work Programme 2020. A dedicated impact assessment will look at the most appropriate measures that can be taken at EU level to achieve a climate resilient economy and society.

Clean and safe energy supply at a reasonable price

Fundamental progress has already been made in transforming Europe's electricity production. The global expansion of renewable energy, instigated by EU leadership, led to massive cost decreases in the last ten years, in particular in solar and on- and off-shore wind. Today, more than half of Europe's electricity supply is free from greenhouse gas emissions. The clean energy transition would result in an energy system where primary energy supply would largely come from renewable energy sources. By 2050, more than 80% of electricity will be coming from renewable energy sources (increasingly located off-shore). Together with a nuclear power share of about 15%, this will be the backbone of a carbon-free European power system.

Hydrogen also offers a lot of potential for a decarbonised energy system that is fit for the future. The European hydrogen strategy recently presented takes a full value chain approach to underline how to upscale investments in the demand and supply of renewable hydrogen, how to mobilise Member States, regions and industry, how to advance the regulatory framework for infrastructure and markets, how to strengthen the

research agenda and how to position Europe internationally. In the strategy, the Commission underlined the importance of a holistic approach, where for example the EU and EU countries invest in clean hydrogen infrastructure in ports and at the same time in ways for heavy-duty transport to use this new energy source. Furthermore, the European energy sector integration strategy announces measures to facilitate a truly integrated energy system, where heat pumps, electric vehicles and data centres become an integral part of the energy supplies to the wider community.

Industry should work to achieve a clean and circular economy

Europe has an important industrial base that we need to preserve and strengthen. The pandemic crisis has revealed a number of areas where Europe needs to be more resilient to prevent, protect and withstand future shocks. To do this, Europe must focus on enhancing its strategic autonomy, economic security and potential for job creation and incentivise European industrial and business leadership in a number of key ecosystems, notably those linked to the twin green and digital transition. The EU industrial strategy and circular economy action plan⁵, adopted in early March of this year, underline the central role of innovation and technology in ensuring that EU industry continues to lead in this twin ecological and digital transition.

These initiatives provide a future-oriented agenda for achieving a cleaner and more competitive Europe where the use of materials is reduced and reused before they are recycled into new materials. The sustainable products initiative aims to change the way products are designed or produced. The main instrument to achieve this will be an extension of the Ecodesign Directive to cover the widest possible range of products, beyond energy-related products. European standards will aim to reducing EU environmental footprint and digital technologies should get free reign to improve the energy efficiency and energy use of products. The circular economy action plan focuses also on future measures to empower consumers in the green transition, for instance, by giving them better repair options. Investing in a more circular economy has the potential to create at least 700,000 new jobs by 2030 and help the EU to reduce its dependency on external suppliers and increase its resilience to global supply issues.

The Commission confirms that, as part of the review of the Industrial Emissions Directive, it will assess the extent to which and how the Industrial Emissions Directive could further contribute to the circular economy, including by promoting the use of safer chemicals

Buildings and renovating in an energy and resource efficient way

The Renovation Wave is a prime example of how investments in the European Green Deal can improve the welfare of our citizens. The European Green Deal stresses the need to renovate the EU building stock to achieve the EU's climate and energy objectives. Renovation lowers energy bills, improves living conditions and can reduce

⁵ COM(2020) 98 and COM(2020) 102

energy poverty. It can also boost the construction sector and is an opportunity to support SMEs and local jobs. Although the up-front investment cost can be a challenge, the annual benefits from better-insulated buildings massively compensates this initial investment. Such renovation efforts should be achieved in full respect of the circular economy principles. The forthcoming Renovation Wave initiative will take this into account. In addition, to incentivise the uptake of carbon removal and increased circularity of carbon, the Commission will explore the development of a regulatory framework for certification of carbon removals.

Accelerating the shift to sustainable and smart mobility

The Communication “Europe’s Moment: Repair and Prepare for Future Generations” confirms the crucial role that transport plays in our society. To help create more jobs, there will be a focus on accelerating the production and deployment of sustainable vehicles and vessels as well as alternative fuels.

The adjusted Commission work programme confirms the objective to adopt the Strategy for sustainable and smart mobility in the fourth quarter of 2020. In parallel, the Green Deal Communication highlights that the EU transport system and infrastructure will be made fit to support new sustainable mobility services that can reduce congestion and pollution, especially in urban areas. The Communication also emphasises the potential for automated and connected multimodal mobility, together with smart traffic management systems. The Commission will help develop such systems and “Mobility as a Service” solutions, through its funding instruments, such as the Connected Europe Facility programme. The Commission will also look into the opportunities of collaborative business models to make transport more sustainable. It will draw conclusions from the ongoing evaluation of the Urban Mobility Package. The Commission will work towards a revamped agenda for sustainable urban mobility, including cycling and walking infrastructure, with involvement of cities and regions.

As announced in the European Green Deal, a substantial part of the 75% of inland freight carried today by road should shift to rail and inland waterways. This will require not only better multi-modal connections and better data availability along the logistics chain, but also sufficient infrastructure capacity on rail and improved operational efficiency by rail freight companies. In the area of passenger transport, it requires initiatives to improve passenger rail connections between cities, making these connections quicker and easier to book. By 2021, the Commission will therefore propose a comprehensive action plan to achieve these aims, coinciding with the European year of rail.

From “Farm to Fork”– designing a fair, healthy and environmentally-friendly food system

Farmers are the guarantors of our food supply and the stewards of our nature. To achieve a climate-neutral European economy in 2050, farmers will play a crucial role. The proposed Common Agricultural Policy (CAP) already aims to make a substantial contribution to achieving the EU objectives on climate action, natural resources,

biodiversity and animal welfare. Together with European farmers, the Commission will work on a way forward to manage the sustainability transition. The Commission will ensure that the national CAP strategic plans are assessed against robust climate and environmental criteria. These plans should also help rural communities move towards climate neutrality in a socially inclusive and just way. The cross-cutting CAP objective on fostering knowledge exchange, innovation and digitalisation in agriculture and rural areas will be key.

The Commission adopted the Farm to Fork Strategy on 20 May 2020⁶. This initiative launched a broad stakeholder debate covering all the stages of the food chain, and paved the way for steps needed to ensure climate-smart and biodiversity friendly food systems that provide healthy food while securing a decent living for EU farmers and fishermen. In the Staff Working Document published alongside the Farm to Fork Strategy, the Commission services concluded that the CAP proposals are compatible with the Green Deal as long as key provisions of the CAP proposals are maintained. It also concluded that certain improvements in the final CAP legislation would close the identified gaps, notably minimum ring-fenced spending for eco-schemes, additional indications of agricultural practices that could be supported by eco-schemes and the integration of relevant elements of legislation on animal welfare and antimicrobial resistance in the CAP. In this context, the Commission will work with the Council and Parliament to ensure that the reformed CAP will be fully aligned with the ambitions and objectives of the Farm to Fork Strategy and of the relevant targets and objectives of the twin EU 2030 Biodiversity Strategy.

Biodiversity and forestry

Protecting and restoring biodiversity and natural ecosystems is key to boosting our resilience and preventing the emergence and spread of infectious diseases. This redoubles the importance of the EU Biodiversity Strategy for 2030⁷, adopted on 20 May 2020, and the upcoming EU Forest Strategy.

The EU biodiversity strategy proposes ambitious EU actions and commitments to halt biodiversity loss in Europe and worldwide. The aim is for the EU to show ambition to reverse biodiversity loss, lead the world by example and action, and help agree and adopt a transformative post-2020 global framework at the 15th Conference of the Parties to the Convention on Biological Diversity. The strategy brings forward steps to put Europe's biodiversity on the path to recovery by 2030, including transforming at least 30% of Europe's land and seas into effectively managed protected areas and bringing back at least 10% of agricultural area under high-diversity landscape features. It also proposes to establish binding targets to restore damaged ecosystems, improve the health of EU protected habitats and species, enhance organic farming and other biodiversity-friendly farming practices, bring back pollinators to agricultural land, reduce pollution, green our cities and improve the health of European forests.

⁶ COM (2020) 381

⁷ COM (2020) 380

Building on the 2030 biodiversity strategy, the Commission will prepare a new EU forest strategy covering the whole forest cycle and promoting the many services that forests provide. The aim is a qualitative and quantitative improvement of the EU's forested area. The new EU forest strategy will take the form of a non-legislative initiative and is planned for adoption by the first quarter of 2021.

The Commission recognises the potential of a sustainable bioeconomy to create green jobs and growth, including in rural areas of the EU as an example of new rural value chains alongside clean energy and the circular economy, to improve farm viability, and to stimulate innovation. Promoting the growth of a sustainable bioeconomy is reflected in the specific objectives of the future CAP. By-products from agri-food and forestry could for example find new value as inputs for bio-based industries and can help supporting both the energy transition and the wider nutrient recycling. Horizon 2020 and the future Horizon Europe programmes support research and innovation for sustainable circular bioeconomy solutions.

Zero-pollution action plan

In the context of the European Green Deal's zero pollution ambition for a toxic-free environment, the Commission will present still in 2020 a Chemicals Strategy for Sustainability. The chemicals strategy will set a comprehensive framework for action to combine better health and environmental protection from hazardous chemicals, encourage innovation for the development of safe and sustainable alternatives. The current Covid-19 crisis has increased the urgency to step up action to also enable and support the socio-economic recovery of the European industry producing and using chemicals, and to promote EU's strategic autonomy for those chemicals essential to society and health (e.g. for the production of pharmaceuticals or disinfectants).

Pursuing green finance and investment and ensuring a just transition

The Commission's proposals for the next EU multiannual financial framework include 25% of the next EU multiannual financial framework dedicated for climate action, a greater share of public spending than ever before. This was proposed already in May 2018. In the 17-21 July 2020 European Council, it was agreed that 30% of the total expenditure from the 2021-2027 multiannual financial framework and NextGenerationEU will target climate-related projects. Specific objectives for spending on climate objectives have been included in the relevant sectoral legislation. The EU budget will also crowd in private funding through guarantees and help make the transition a just one by facilitating public sector investments in the regions most affected by the transition through the Just Transition Mechanism.

The European Investment Bank (EIB) plays a key role in financing the shift to a carbon-neutral, sustainable economy. It uses its own resources and EU budgetary support under various programmes and facilities to finance climate action and environmental investments both inside and outside the EU. The role of the EIB in financing the sustainable transition will grow as it becomes the EU climate bank.

Mobilising research and fostering innovation

The Commission agrees on the essential role of research and innovation to implement the European Green Deal objectives. The Commission recalls that a number of key instruments support Green Deal-related innovation at EU level, in particular Horizon Europe, the Innovation Fund and InvestEU. At least 35% of Horizon Europe's budget will be dedicated to climate-related activities. Four of the five Missions under Horizon Europe are also Green Deal-focused, for example to achieve climate-neutral and smart cities or the one on adaptation to climate change. The planned mission in the area of soil health and food will be particularly relevant to support the Green Deal ambitions in the areas of climate, biodiversity, farm to fork and zero pollution. Public-private partnerships will also operate in critical sectors, including clean steel, clean hydrogen, batteries, carbon neutral and circular industry, bioeconomy and bio-based industry, oceans, the built environment, ecosystem restoration and biodiversity. The Commission underlines the importance of cooperation on research and innovation with and among Member States and industry, for example based on the national energy and climate plans and the Strategic Energy Technology Plan.