

Informal videoconference of the Environment Ministers on 23 June 2020

Contribution of environmental and climate policies to the recovery from COVID-19

- Presidency background paper -

The COVID-19 pandemic is an exceptional public health crisis, with very severe consequences for citizens, societies and economies. In addition to the tragic loss of lives, the human suffering and social impacts of the crisis, it is estimated to entail the most drastic economic setback in the history of the European Union, affecting all segments of our economies, endangering the jobs and livelihoods of millions.

The most urgent priority is to tackle the health crisis and its immediate consequences, but at the same time, the recovery from the COVID-19 crisis offers an opportunity to make a step change and advance the green agenda in order to build a more sustainable, competitive, resilient and fairer Europe for the next generations and foster the EU's leadership in the green and digital transition.

The Members of the European Council, in their Joint Statement of 26 March 2020, called on the European Commission to develop a coordinated exit strategy, a comprehensive recovery plan and unprecedented investment to prepare the return to a normal functioning of our societies and economies and achieve sustainable growth, integrating inter alia the green transition and the digital transformation. Several initiatives supported by a number of Member States and broad range of other stakeholders have equally encouraged the Commission to look into elements of the Green Deal that can be advanced to boost green recovery and a just transition, pointing out that the battle against the climate and environmental crisis has to remain high on the political agenda.



On 27 May 2020, the European Commission presented a package for a comprehensive recovery plan in the aftermath of the COVID-19 pandemic, together with a proposal for a reinforced MFF for 2021-2027. One of the main elements of the package is a European Union Recovery Instrument that contains, among others, measures to restore labour markets, to reinvigorate potential for sustainable growth and employment in order to strengthen cohesion among Member States and support their transition towards a green and digital economy, to provide support to businesses affected by the impact of the COVID-19 pandemic facing solvency constraints, measures to strengthen the strategic autonomy of the Union in vital supply chains, support for research and innovation in response to the COVID-19 pandemic, and for maintaining efforts of territories towards a just transition and support rural areas in addressing the impact of the COVID-19 pandemic. In this context, the Commission proposes to increase considerably the funds available to achieving a Just Transition.

The European Green Deal presented in December 2019 as Europe's new growth strategy is one of the policy fundamentals of the recovery and a guiding principle to repair damage from the crisis and prepare a better future for the next generations. Public investments in the recovery should respect the green oath to "do no harm" while the private investments will be guided by the sustainable finance taxonomy in order to ensure that the support is consistent with the EU's climate and environmental objectives.

As Member States' national recovery plans should be based on the investment and reform priorities identified as part of the European Semester, in line with their National Energy and Climate Plans (NECPs), Just Transition Plans, and Partnership Agreements and Operational Programmes under EU Funds, effective climate and environmental policies are essential to ensure that these recovery plans contribute to the green transition.

To put the European Green Deal into policy action, the Commission has in the first half of 2020 presented, inter alia, three new major initiatives: the European Climate Law, the Circular Economy Action Plan and the EU Biodiversity Strategy for 2030. These initiatives constitute core elements in framing the EU's long term policies in the field of climate and environment, and together with other European Green Deal initiatives will support the EU's recovery plan for a modern, clean and healthy economy, which will help to secure the livelihoods of the next generations.



The European Climate Law

On 4 March 2020, the Commission presented its proposal for the first European Climate Law, which aims to enshrine in legislation the objective of achieving a climate-neutral EU by 2050 as endorsed by the European Council in December 2019. The proposal is one of the key initiatives set out in the European Green Deal and aims to ensure that all EU policies contribute to this goal and that all sectors of the economy and society play their part.

In addition to setting a legally binding target of net-zero greenhouse gas emissions by 2050, the proposal aims at enhancing adaptation efforts and establishing a process to set out an EU-wide trajectory for greenhouse gas emission reductions from 2030 to 2050, with measures to regularly assess progress and to allow further action to be taken if needed. As a necessary step to reach the 2050 target, the Commission has announced its intention to propose an impact assessed plan to increase the EU's greenhouse gas emission reductions target for 2030 to at least 50% and towards 55% compared with 1990 levels in a responsible way.

When endorsing the objective of climate neutrality, the European Council recognised the need to put in place an enabling framework and that the transition will require significant public and private investments. According to the Commission's Next Generation EU communication, public investments should be guided by, inter alia, National Energy and Climate Plans (NECPs) and Just Transition Plans, as backbone instruments of the climate transition.

By providing certainty and long-term predictability to public authorities, investors, businesses and citizens with regard to the EU's climate objectives and direction of travel, the Climate Law, together with the upcoming proposal for more ambitious emissions reduction targets for 2030, can help to unlock the private investments needed and thus foster prosperity and job creation. The Commission has estimated that already meeting the existing 2030 climate and energy targets can add 1% of GDP and create almost 1 million new green jobs.

Thus, with a high potential for generating green growth and jobs in the long term, the Climate Law is in line with the aim of the EU's recovery plan to build a more sustainable, resilient and fair Europe for the next generation, which is all the more reason for ensuring that the green transition remains at the heart of Europe's recovery and the European Green Deal as the basis for the necessary economic transformation.



The Circular Economy Action Plan

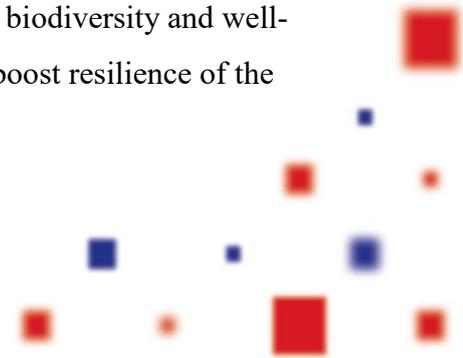
Adopted on 11 March 2020, the new Circular Economy Action Plan (CEAP) presented a broad range of measures aiming to decouple economic growth from resource use and contribute significantly to achieving climate neutrality by 2050. Together with the new Industrial Strategy, the objective of the Action Plan is to modernise and make the EU's economy fit for a green and sustainable future, strengthen its resource efficiency and long-term competitiveness while protecting the environment.

The COVID-19 crisis has amplified the message of the Action Plan on the need to rethink our production and consumption patterns and to lower the EU's dependency on the import of primary raw materials. It has also showed the importance of investing in economic sectors and infrastructure with direct positive impact on human health and the environment.

A robust sustainable product policy, with strengthened eco-design and safe by design approaches and circularity in production processes, together with the focus on the key product value chains and stronger waste prevention and management measures all have great potential for job creation in the EU (as many as 700 000 new jobs), and for fostering innovation and entrepreneurship. These as well as additional targeted measures also aim to create a well-functioning market for secondary raw materials thus ensuring more resilient supply chains, boost local economies and investments in strategic value chains, while strengthening the global long-term competitiveness of the EU. As set out in the Action Plan, EU's efforts towards transitioning to a circular economy at global level must be stepped up, which in turn will also contribute to creating new business opportunities for European companies.

The EU Biodiversity Strategy for 2030

Adopted on 20 May 2020, in the middle of the COVID-19 pandemic, the EU Biodiversity Strategy for 2030 is a central element of the EU's recovery plan. The pandemic has brought the links between human health and the health of ecosystems and of the increased risk of emergence and spread of infectious diseases as a result of nature's devastation to the fore. It has demonstrated the need for sustainable supply chains and consumption patterns that do not exceed planetary boundaries. The protection and restoration of Europe's biodiversity and well-functioning ecosystems, which the Strategy aims at, is therefore key to boost resilience of the EU economy and societies and to prevent pandemics in the future.



Nature restoration and biodiversity conservation has potential direct economic benefits for many sectors of the economy. Over half of global GDP depends on nature and the services it provides, with three key economic sectors – construction, agriculture, and food and drink – all highly dependent on it. Natural capital investment, including restoration of carbon-rich habitats and climate-friendly agriculture, is recognised to be among the five most important fiscal recovery policies, which offer high economic multipliers and positive climate impact. Nature restoration also provides jobs to local communities in the EU. 1.3 million farming jobs and 3.1 million jobs in tourism are directly or indirectly linked to Natura 2000 network. The funding proposed under the recovery package will further contribute to nature restoration and biodiversity conservation, investing into more sustainable growth.

In addition, the Strategy sets out a number of actions and measures to raise the level of ambition and commitments on biodiversity at a global level, including through an ambitious post-2020 global biodiversity framework to be agreed at 15th Conference of the Parties to the Convention on Biological Diversity in 2021. A better protection of natural ecosystems worldwide, coupled with efforts to reduce wildlife trade and consumption, will help prevent and build up global resilience to possible future diseases and pandemics.

Against this background, Ministers are invited to reflect upon the following questions:

Questions for discussion:

- 1. How can measures from recently presented initiatives of the European Green Deal, such as the Circular Economy Action Plan and the Biodiversity Strategy, most effectively contribute to the recovery from the COVID-19 crisis and help to build resilience and create a more sustainable and future-proof Europe?*
- 2. How can the implementation of the recovery plan ensure a stable and forward-looking investment environment that generates green growth and jobs, thus keeping the EU on the right track towards the objective of achieving a climate-neutral Europe by 2050?*

