

# The EU Green Deal: challenges and opportunities 2nd Part

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# The European Green Deal

CLIMATE PACT AND CLIMATE LAW

PROMOTING CLEAN ENERGY



INVESTING IN SMARTER, MORE SUSTAINABLE TRANSPORT

PROTECTING NATURE



STRIVING FOR GREENER INDUSTRY

FROM FARM TO FORK



ELIMINATING POLLUTION

LEADING THE GREEN CHANGE GLOBALLY



ENSURING A JUST TRANSITION FOR ALL

MAKING HOMES ENERGY EFFICIENT

FINANCING GREEN PROJECTS

## **I. Key Approaches**

1. Climate change - 'Fit for 55'
2. Energy - 'Fit for 55'
3. Green Finance (Taxonomy)
4. Sustainable Transport
5. Zero pollution environment
6. Methane and Industrial Plants
7. Carbon-free circular economy
8. Natural Heritage (CAP, Forest, Nature Protection)

## **II. Funds**

## **III. Critical Remarks**

## 3. Green Finance



## 3.1. Taxonomy Regulation

- + Regulation (EU) 2019/2088 (Regulation 2019/2088) established some sustainability-related disclosure obligations, as well as a number of definitions
- + supplemented and significantly amended by the **Regulation (EU) 2020/852 of 18 June 2020**
- + Unlike Regulation 2019/2088, Regulation (EU) 2020/852 is focused on environmental aspects of sustainability, while the social and governance aspects are addressed only marginally.



Regulation (EU) 2020/852 establishes certain criteria in order to determine whether an economic activity **qualifies as environmentally sustainable** with respect of financial products or corporate bonds that are made available as environmentally sustainable.

## 3.1. Criteria for an economic activity to qualify as environmentally sustainable



a) contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;



b) does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;



c) is carried out in compliance with the minimum safeguards laid down in Article 18;



d) complies with technical screening criteria that have been established by the Commission

## 3.1. Environmental objectives

The **environmental objectives** set out in Article 9 of Regulation 2020/852 are as follows: Towards a new legal framework for sustainability under the European Green Deal

- + a) climate change **mitigation**;
- + b) climate change **adaptation**;
- + c) the sustainable use and protection of **water and marine resources**;
- + d) the transition to a **circular economy**;
- + e) **pollution** prevention and control;
- + f) the protection and restoration of **biodiversity** and ecosystems.



## 3.2. Modified Non-Financial Reporting Directive (NFRD) Directive 2014/95/EU

Enabling the investors, consumers, and other stakeholders to evaluate the **non-financial performance** of large companies, and to encourage them to develop a more responsible approach to business.

In virtue of **Directive 2014/95/EU**, large listed companies, banks and insurance companies with more than 500 employees are required to publish reports on the policies in relation to environmental protection, social responsibility and treatment of employees, human rights, anti-corruption and bribery, diversity on company boards

## 3.2. Modified Non-Financial Reporting Directive (NFRD) Directive 2022/2464

- + Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC

Companies will have to report on how sustainability issues affects their business and the impact of their activities on people and the environment (in terms of age, gender, educational and professional background).

Investors and stakeholders have access to the information they need to assess the impact of companies on people and the environment and for investors to assess financial risks and opportunities arising from climate change and other sustainability issues.

50 000 companies obliged to implement detailed EU sustainability reporting standards (increase from the 11 000 companies that are subject to the existing requirements).



## 4. Sustainable Transport

# 4.1. Sustainable and Smart Mobility Strategy



Transport (1/4 of the EU's GHG; 90% reduction to achieve climate neutrality by 2050)

- + Development for multimodal transport systems (Review Combined Transport Directive)
- + Abolish subsidies
- + Increase prices for fossil fuels
- + Include **shipping in the ETS**
- + Tightening CO<sub>2</sub> pollutant emissions standards as well as CO<sub>2</sub> for **cars and vans**

## 4.2. Curbing CO<sub>2</sub> Emissions – Cars and Vans

- + Tightening CO<sub>2</sub> pollutant emissions standards as well as CO<sub>2</sub> for **cars and vans**
- + By 2030, 30 millions zero-emission **cars** and 80 000 zero-emission **lorries** in operation.
- + By 2050, nearly all cars, vans, buses as well as new heavy-duty vehicles will be zero-emission.

**Regulation (EU) 2023/851** of 19 April 2023 amending Regulation (EU) 2019/631 as regards strengthening the CO<sub>2</sub> emission performance standards for new passenger cars and new light commercial vehicles in line with the Union's increased climate ambition

## 4.2. Curbing CO<sub>2</sub> Emissions- maritime transport

**Regulation (EU) 2015/757** of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport

## 4.2. Curbing CO<sub>2</sub> Emissions Energy Taxation Directive

- + On 14 July 2021, the Commission tabled a proposal for a revision of the Energy Taxation Directive, as part of the Fit for 55 package.
- + Its aim is to align the taxation of energy products with EU energy and climate policies, promote clean technologies and remove outdated exemptions and reduced rates that currently encourage the use of fossil fuels.
- + In June 2023, the Council, under the Swedish Presidency, noted it had made further progress on the file and had found a number of compromise solutions. Nevertheless, further work was still needed in order to reach a compromise.

## 4.3. Fuels and Transport

**FuelEU Maritime** = promotion of renewable and low-carbon fuels; targets for reducing the GHG intensity of energy used on boats; certification of fuels



Regulation (EU) 2023/1805 of the European Parliament and of the Council of 13 September 2023 on the use of renewable and low-carbon fuels in maritime transport

**ReFuelEU Aviation** = promotion of sustainable aviation fuels (SAF) and synthetic fuels



Final act was adopted by the Council on 9 October 2023 and signed on 18 October 2023, and is waiting for publication in the Official Journal of the EU.



**+ Alternative fuels infrastructure (AFIR) Regulation =**  
recharging and refuelling road vehicles and ships with  
alternative fuels

## 5. A zero pollution vision for toxic free environment

- + Revision of the Union's **air quality standards**;
- + Measures to reduce pollution from urban runoff and particularly harmful sources such as **micro-plastics** and pharmaceuticals;
- + Review and upgrade of the Union's chemicals regulation with regard to the assessment and management of environmental risks



## 5. A zero pollution vision for toxic free environment

- + The Regulation on the registration, evaluation, authorisation and restriction of chemicals (REACH) is the main EU law to protect human health and the environment from the risks that can be posed by chemicals.
- + The long-awaited revision to REACH was originally expected at the end of 2022.
- + In October 2023, the EC announced it was abandoning the revision of reach and a ban on the export of prohibited chemicals from the EU to the rest of the world.

## 6. Methane

- + Direct methane emissions from the oil, gas and coal sectors and from biomethane once injected in the gas network.
- + Exploration, production, distribution, underground storage, of fossil fuel gases, LNG terminals, operated and closed coalmines
- + Reduction of emissions through mandatory leak detection and repair

# 6. Methane and Industrial Plants

Review the large industrial installations Directive  
Commission is undertaking an impact assessment



# 7. A carbon-free circular economy

Products and Waste: reform of waste law



## 5. A carbon-free circular economy

- + Double the **recycling rate** by 2030
- + Foster sustainable product design, reuse and recycling with a particular focus on resource-intensive sectors such as textiles, construction, electronics and plastic
- > “A New Industrial Strategy for Europe” (Industrial Strategy) and a “Circular Economy Action Plan” (Circular Action Plan)

## 7. Batteries and waste batteries



REGULATION (EU) 2023/1542 OF THE EUROPEAN  
PARLIAMENT AND OF THE COUNCIL OF 12 JULY 2023  
CONCERNING BATTERIES AND WASTE BATTERIES





## 8. Natural Heritage

# 8. Natural Heritage



+ 8.1. Farm to Fork Strategy

+ 8.2. Forest Strategy

+ 8.3. Biodiversity Strategy



## 8.1. Greening the CAP from farm to fork



## 8.1. Greening the CAP from farm to fork



At least 40% of the CAP's overall budget and at least 30% of the Maritime Fisheries Fund should clearly contribute to climate action



Reduce significantly the use and risk of chemical pesticides, fertilisers and antibiotics



Measures to enhance transparency about the ecologic performance of agricultural and food products

## 8.2. Forest Strategy

- + EU's biodiversity objectives
- + GHG emission reduction target of at least 55% by 2030 and climate neutrality by 2050.



## 8.2. Objectives of the Forest Strategy

- + Ensure resilient and multifunctional forest ecosystems role of forests
- + Adapt Europe's forests to the new conditions, weather extremes and high uncertainty brought about by climate change.
- + Support the socio-economic functions of forests
- + Boost forest-based bio-economy within sustainability boundaries.
- + Reverse biodiversity loss

## 8.3. Objectives of the Forest Strategy

- + Protecting EU's last remaining primary and old-growth forests
- + Re- and afforestation of biodiverse forests
- + Providing financial incentives for forest owners and managers for improving the quantity and quality of EU forests

## **8.3. Deforestation and forest degradation**

**Regulation (EU) 2023/1115** of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation



## 8.3. Biodiversity Strategy

### Strictly protected Areas

Only 3% of land and less than 1% of marine areas are strictly protected in the EU.

+ 10% of EU land

+ 10% of EU sea – should be strictly protected

Strictly protect at least a third of the EU's protected areas, including all remaining EU primary and old-growth forests.



## 8.3. Biodiversity Strategy

### A coherent network of protected areas

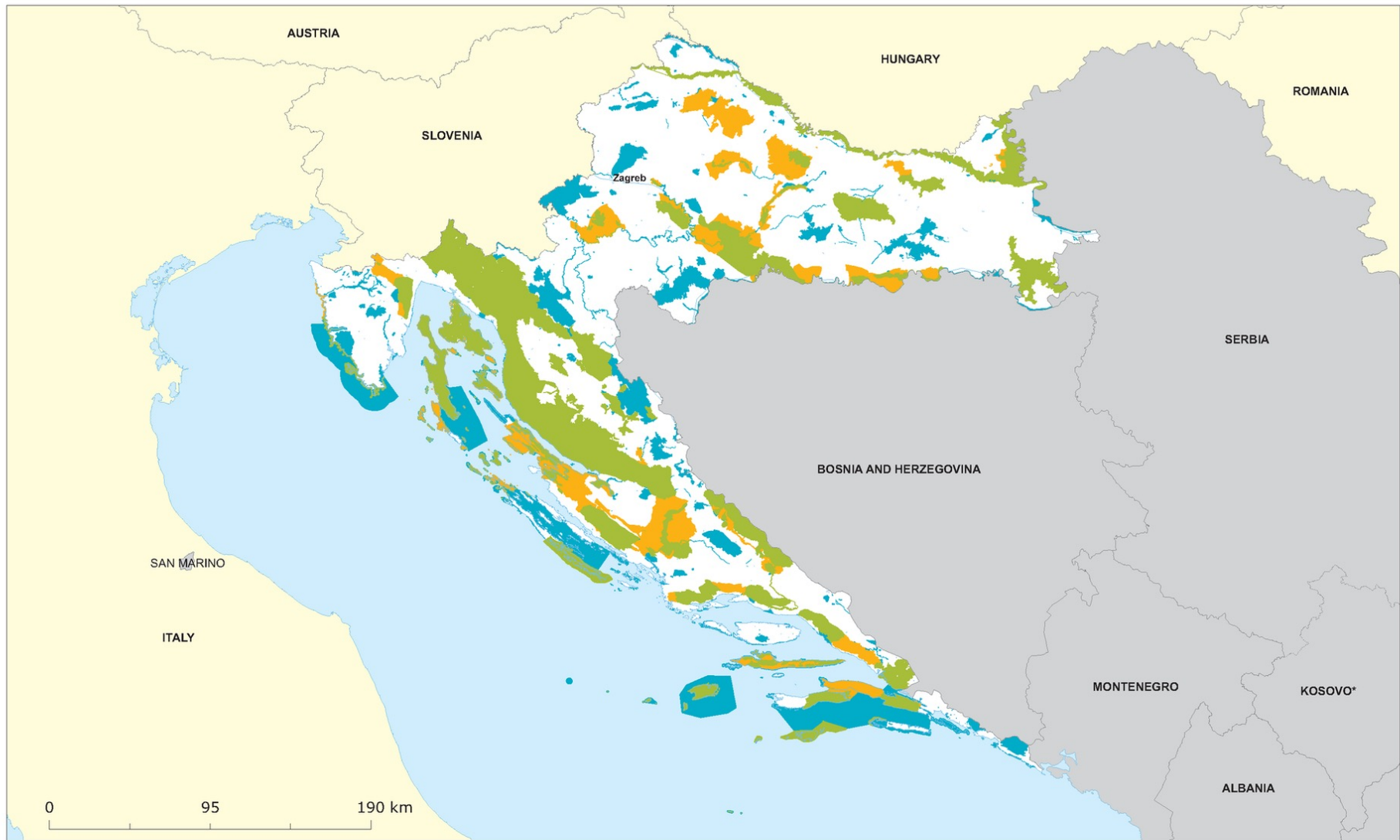
« the current network of legally protected areas, including those under strict protection, is **not sufficiently large** to safeguard biodiversity »  
(§2.1)

« Global efforts are needed and the EU itself needs to do more and better for nature and build a truly coherent TransEuropean Nature Network »

+ 30% of the land

+ 30% of the sea should be protected in the EU

>> an extra 4% for land and 19% for sea areas as compared to today



## Natura 2000 – Birds and Habitats Directives Croatia

Site type

- Birds Directive sites (SPA)
- Habitats Directive sites (pSCI, SCI, SAC)
- Sites – or parts of sites – proposed or designated under both Directives



European Environment Agency



Source :  
 - NATURA 2000 – DG ENVI, compiled from databases from the Member States.  
 - © EuroGlobalMap – eurageographics.  
 - Settlements – DG ESTAT.  
 Validity of NATURA 2000 data for: Croatia. National dataset situation End 2018.  
 Projection: Lambert Azimuthal Equal Area.

\*Kosovo under UNSCR 1244/99

### 8.3. An EU Nature Restoration Plan: restoring ecosystems across land and sea

Binding EU nature restoration targets in 2021 to restore degraded ecosystems, in particular those with the most potential to capture and store carbon and to prevent and reduce the impact of natural disasters.



## 2<sup>nd</sup> Part Funding



# 8. Funding

## INVESTMENT PLAN : 1 000 Billion €/10 Years

30% target for climate mainstreaming across all EU programmes.

Cohesion policy will contribute to climate expenditure with

- + 100% of the Just Transition Fund,
- + 37% of the Cohesion Fund
- + 30% of the European Regional Development Fund

**Just Transition Mechanism** (65-75 billion € over the period 2021-2027 for Regions most exposed to decarbonization)

**European social fund** (72.2 billion € in current prices for period 2025-2032)

**Life fund** (2 -billion €)

**EU Emissions Trading System Innovation Fund** (support large-scale innovative industrial projects)

## 8.Funding

The Green Deal Investment Plan and the Just Transition Mechanism, envisage to mobilise at least **€1 trillion /10 Years** in public and private investment.

The EU budget (MFF) 2021-2027 and the Next Generation EU package will ensure a 30% climate mainstreaming expenditure target.

In particular, the Resilience and Recovery Facility under Next Generation EU, each national recovery and resilience plan will have to include a minimum of 37% of expenditure related to climate investments.

50% target by 2025 for the European Investment Bank (EIB), thus becoming Europe's climate bank.

# Sustainable Europe Investment Plan



- + The debate on the Investment Plan is interlinked with the negotiations on the EU's 2021-2027 Multiannual Financial Framework (MFF), which requires the European Parliament's consent and unanimity in the Council.
- + Parliament, which is traditionally a strong advocate of climate and environmental objectives, has called for an ambitious MFF, with resources commensurate with the goal of facilitating a just transition to a carbon-neutral economy.
- + The MFF and the related interinstitutional agreement were adopted in December 2020.

**Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources**



# Recovery and Resilience Facility

- + EU recovery package (December 2020), the European Green Deal and post-Covid-19 recovery: two sides of the same coin

# Transition Fund

## Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund

- + Supports for energy transition of regions (part of the cohesion policy)
- + The overall budget is **19.3 billion euros** for 2021-2027, of which 8.4 billion financed under the multiannual financial framework (MFF) and additional 10.9 billion under NGEU.
- + Financing projects that are climate-resilient, including through re-skilling programs, developing new jobs in green economic sectors and investing in energy efficient housing.
- + With the exception of Germany, the greatest beneficiaries of the fund are Member States of Eastern Europe (Poland, Romania, Czechia, Bulgaria).

# Social Climate Fund

## Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund

- + As the cap on emissions from road transport and building sectors decline yearly, it is expected that the price of the allowances under the new scheme will rise, and thus also energy bills
- + Specifically focused on vulnerable households, micro-businesses and transport users, most affected or at risk of energy or mobility poverty, especially in light of the rising energy prices.
- + **72.2 billion euros** in current prices for period 2025-2032 in EU budget, using 25% of additional revenues from the auctioning of emission allowances under the new ETS, combined with national contributions.
- + **Renovation wave:** Renovating and improving the EU's public and private buildings to pave the way for a decarbonised and clean energy system

# LIFE programme

The LIFE programme, launched in 1992, is the only EU fund entirely dedicated to environmental and climate objectives. To date, it has co-financed, mainly through grants, over 5000 projects. **2014 to 2020: €3.5 billions.**

**Regulation (EU) 2021/783 of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE)**

**2021 to 2027: 5 432 billions.**

Two main portfolios, Environment and Climate Action, and covering four sub-programmes:

- + Nature and Biodiversity: 2 143 billions.
- + Circular Economy and Quality of Life: 1 345 billions.
- + Climate Change Mitigation and Adaptation: 947 000 000
- + Clean Energy Transition: 997 000 000

# Conclusion

An absolute reduction of environmental pressures and impacts would require **fundamental** transformations to a different type of economy and society — instead of **incremental** efficiency gains within established production and consumption systems.

EEA, *Growth without economic growth*, 2022



Ecological  
collapse

A new dawn?

