

MAKING THE EU FIT FOR THE FUTURE:
**What the German environmental associations want
from the European Green Deal**



SUSTAINABLE DEVELOPMENT
**A COMMITMENT TO SUSTAINABILITY
ACROSS ALL EU POLICY AREAS**

The European Commission sees the European Green Deal (EGD), presented in December 2019, as a new growth strategy to help achieve the transition to a resource-efficient, competitive and sustainable economy. In the current Corona crisis, in addition to the already noticeable impacts of the combined climate and biodiversity crisis, the vulnerability of our economic, health and social model is becoming clearer than ever before. The political response must be to make our economic system more resilient. The pathway out of the combined health and economic crisis must remain within the planetary boundaries and must be guided by European and international solidarity. Although the EGD does not yet go far enough in many areas, it offers promising opportunities to help the European economy get back on its feet after the pandemic and at the same time to make the EU more resilient and sustainable.



A COMMITMENT TO SUSTAINABILITY ACROSS ALL EU POLICY AREAS



Under President Ursula von der Leyen, the European Commission has announced various initiatives that may have a long-term impact on sustainability in the EU. However, a separate EU framework strategy for achieving the UN Sustainable Development goals (SDGs) is lacking. Each Directorate-General must ensure that the SDGs are met in its own area, without the Commission President or one of the Vice-Presidents having responsibility for coordinating the achievement of the SDGs. The European Green Deal does not cover the issues in their entirety. The question therefore arises whether the instruments announced so far are sufficient to achieve real policy coherence for sustainability in all policy areas.

THE UN SUSTAINABLE DEVELOPMENT GOALS AND THE EUROPEAN SEMESTER

Beginning in 2020, the European Commission intends to launch **initiatives to review and evaluate Member States' and EU procedures for green budgeting**. In addition, the **UN Sustainable Development Goals will be gradually integrated into the European Semester from this year onwards**. This year's country reports highlight weaknesses in meeting the SDGs, and Eurostat data on the EU-wide SDG indicators are listed in the annex. The signatory associations call for the following steps:

- ▶ Within the European Semester process, the EU Commission, in the interests of strong sustainability, must in future clearly base its economic policy on the planetary boundaries and on the social well-being of all people. The Commission must therefore use all available options to ensure that Member States make concrete progress towards a sustainable economy and climate neutrality. To this end, both the objectives of the EGD and the SDGs must be effectively integrated into the Semester process.
- ▶ The existing governance system should be used to coordinate the Green Deal, including the climate targets and the SDGs, with the economic targets. The European Semester, in conjunction with the National Energy and Climate Plans (NECP), provides a basis for effectively pursuing the achievement of specific investment targets and volumes. To complement this, the existing EU mechanisms must be used to ensure that funds are quickly made available to enable the transformation of state, economy and society in line with climate and environmental objectives - especially at the local level, where this is one of the greatest obstacles to transformation.
- ▶ In order to ensure a genuine „Green Recovery“, the European Semester should keep a close watch in the course of its examination on the sustainability and climate compatibility of the Member States' „Recovery & Resilience Plans“ and on the use of the taxonomy. Progress must be measurable and comparable using a simple ranking of the Member States in all areas. Non-implementation must lead to consequences in the form of monetary sanctions.
- ▶ Civil society and the European Parliament must be closely involved in the annual cycle of the European Semester. To this end, stakeholders must be involved in the process through a new advisory body, the „SDG Forum“, which will play an important role in the overall SDG monitoring and reporting process, in particular in the selection and review of indicators and the continuous improvement of the assessment methodology. The EU Parliament must also be involved in the cycle through the formal approval of an annual SDG progress report. In addition, an annual and multi-annual monitoring and reporting cycle on the SDGs is needed, involving the SDG Forum and the European Parliament. The SDGs must be placed at the heart

of the European Semester by means of five to ten headline indicators addressing the EU's key sustainability challenges.

- ▶ However, it should also be noted that the European Semester alone cannot ensure the achievement of sustainable development in the EU. It must not be overburdened. What is decisive is the legislation that is adopted at other EU levels. Decisions on climate targets and appropriate instruments for meeting them are taken at the political level of the EU. The European Semester has an important role to play, however, in ensuring that the sustainable use of funds in the Member States is monitored within the framework of agreed EU policies.

THE 'DO NO HARM' PRINCIPLE

According to the Commission's Communication on the EGD, all **new Commission initiatives from 2020 onwards must be geared towards the objectives of the Green Deal and the 'do no harm' principle incorporated therein, as well as towards promoting innovation.** The signatory associations call for the following:

- ▶ The implementation of the „do no harm“ principle must be taken forward. It must be introduced in all sectors as an overriding requirement in order to support the precautionary principle as enshrined in the Treaties. This principle must be based on clear criteria.
- ▶ All investments and expenditures must be checked for their compatibility with the taxonomy, and then adjusted and evaluated accordingly (see the document “Financing the Transition to Sustainability”).
- ▶ Innovations must serve sustainable development. They must be tested beforehand against the „do no harm“ principle. Furthermore, innovations also have to comply with the precautionary and polluter-pays principles. To avoid possible conflicts, a „Think Sustainability First“ principle must also be introduced (see below).

BETTER REGULATION

The Communication on Better Regulation announced for the 4th quarter of 2020 aims to ensure that all initiatives under the EGD achieve their objectives in the most effective and efficient way and that all other EU initiatives are consistent with the „do no harm“ principle. The signatory associations call for the following detailed objectives and measures:

- ▶ This Communication on the revision of the “Better Regulation Guidelines” is very important, as it will apply to all future EU legislation. Efforts in the direction of deregulation, such as giving concrete form to any “one in, one out” rule, must be halted. Legislation to bring the ecological footprint of Europe's economy back within the planetary boundaries must be strengthened. Under no circumstances must “one in, one out” be allowed to impede individual initiatives under the EGD. The EU must also retain the flexibility to respond to new environmental developments through legislation without deleting existing necessary regulations elsewhere.
- ▶ Better regulation must be complemented by a better implementation and enforcement initiative for existing EU law. EU law is only as good as its application and monitoring or enforcement.
- ▶ The institutions must put the strengthening of the public interest and public goods at the heart of better regulation. Environmental and climate protection, as a fundamental objective of the EU laid down in the EU Treaty, takes precedence over other concerns such as alleged “burdens” on business.
- ▶ The cost-benefit analyses carried out in the context of regulatory impact assessments must systematically integrate health and environmental benefits and disadvantages as well as indirect economic impacts of legislation. The European Commission's proposal for an EU climate protection law can serve as a first good

example. Focusing solely on the costs of environmental protection measures to individual companies without considering the macroeconomic benefits distorts the impact assessment. It must also be clear, however, that environmental and climate protection to preserve our shared natural and cultural heritage is an altruistic task for humanity, regardless of the cost.

- ▶ In addition, the “do no harm” principle cited above and a more far-reaching “think sustainability first” principle should be enshrined in the Better Regulation Guidelines. All new legislative proposals, as well as existing legislative proposals reviewed in the course of periodic evaluations, must not only be checked against other sustainability criteria, but also against the requirement that they must seek to promote sustainability. This also means, for example, that all new legislative proposals must be compatible with a pathway towards climate neutrality.

GUIDELINES ON STATE AID

A review of the relevant state aid guidelines, including the environment and energy State aid guidelines, is also planned for 2021.

- ▶ Market-distorting subsidies and advantages for fossil fuels must be eliminated and a CO₂ tax introduced.
- ▶ The „do no harm“ principle and compliance with the taxonomy criteria must also apply to state aid.
- ▶ The price paid for electricity from renewable energy sources should reflect its ecological value and further the energy transition.
- ▶ The expansion of renewable energies and associated infrastructure should be achieved with the minimum loss of land and damage to nature.

BETTER PARTICIPATION THROUGH AARHUS REGULATION

The SDGs also require that the public is informed and involved and that legal protection is provided. For the EU level itself, participation rights are regulated in the Aarhus Regulation as well as elsewhere. A proposal to amend the **Aarhus Regulation** on access to justice in environmental matters is expected in autumn 2020. The signatory associations call for enhanced participation, both in relation to the Aarhus Regulation and more generally:

- ▶ The profound transformation of the EU towards sustainability, as outlined in the EGD, can only succeed through an appropriate combination of regulatory policy and instruments with voluntary incentives. The monitoring of civil society for compliance with environmental legislation plays a crucial role here.
- ▶ Rights to environmental information must be extended to encompass all sovereign activities, whether they are carried out under public or private law. New aspects of this issue arising from digitalisation (e.g. the fulfilment of sovereign responsibilities by corporations such as Facebook and Google) must also be taken into account.
- ▶ Public participation (at an early stage) - as already provided for in the Aarhus Convention - should be further enhanced and developed. In particular, the EU institutions should be required to explain and justify their decisions, so that the extent to which public input to better regulation is taken into account is transparent. Participation rights should be improved through comprehensible, well-structured and comprehensive participation platforms. Public participation should be better resourced by the state. Digital participation requires new formats to be developed to ensure its quality.
- ▶ The rights of recognised environmental organisations to bring collective actions must be safeguarded and further developed at EU and Member State level in order to combat the implementation deficit in the

environmental sector and to create legal certainty and clarity in Europe. To this end, the first step should be an early amendment to the Aarhus Regulation at EU level in order to guarantee the rights granted by the Aarhus Convention vis-à-vis the EU institutions as well. In addition, the European Commission must present a new directive on access to justice in environmental matters to improve legal protection in the Member States.

- ▶ Restrictions on the rights of associations to take legal action in environmental protection, or a gradual dilution of the procedural standards set by the Aarhus Convention, must be firmly resisted. This is also valid in the light of the debate on the purported acceleration of planning at EU and national level. In the past, legislation on the acceleration of planning has not produced evidence of any actual acceleration, but has served to create a great deal of legal uncertainty.

THE 8TH ENVIRONMENT ACTION PROGRAMME

In addition to the overarching strategy of the EGD, the EU Commission has announced an **8th Environment Action Programme (8th EAP)**, to be launched in the 4th quarter of 2020. This is intended to provide further details on individual areas of the EGD and plans for subsequent legislative initiatives. Within this framework, a monitoring mechanism must also be proposed to ensure that the EU is on the right track to meet its environmental targets. The signatory associations call for the following:

- ▶ The 8th EAP must provide a framework for transformative change towards a social-ecological Europe (Just Transition) and accelerate system change.
- ▶ The 8th EAP must include ambitious, legally binding and measurable targets which can subsequently be upgraded, a mechanism for monitoring and implementation and a commitment to adequate funding in order to guarantee an EU that is capable of action both internally and externally.
- ▶ Each department must have its own targets under the 8th EAP, and the achievement of these targets must be ensured across all sectors.
- ▶ The 8th EAP must set a framework, in the form of strategies (anti-system-lock-in strategies) and action plans, within which the transformation of Europe can be properly launched and supported.

A FRAMEWORK STRATEGY FOR THE ACHIEVEMENT OF THE SDGS

In addition to these individual initiatives and overarching instruments, some of which are rather technical, others of a planning nature, and which are crucial in this context, the signatory associations call for a comprehensive **framework strategy for the achievement of the SDGs in the EU and all EU Member States**. This strategy must include the following points:

- ▶ Sustainable development must become the overarching objective for all EU policies and programmes.
- ▶ A binding overall strategy for the achievement of the SDGs is needed at all EU institutional levels - with clear common minimum standards regarding ambition, timetables, targets and specific measures in all policy areas. The highest political authority must report on and monitor progress towards all the SDGs. Within the European Commission, clear coordination mechanisms between the Directorates-General are needed for the joint delivery of the Sustainable Development Strategy and the SDGs. The overarching objective must be to reduce Europe's energy, resource and land consumption drastically and in absolute terms, to reduce inequality and to create social justice.

- ▶ The responsibility for implementing the SDG framework strategy must lie at the highest level of the European Commission. Sustainability can only be achieved through genuine mainstreaming in all policy areas. Only top-level accountability can ensure that the EU itself achieves the SDGs in line with its commitments.
- ▶ Overall, the EU sustainability strategy must build on and complement - for example, by including social aspects - existing initiatives, in particular the EGD and the 8th EAP. In addition, particular attention must be paid to areas which are excluded from or only partially covered by the EGD, e.g. trade policy and the Common Agricultural Policy. The framework strategy for the delivery of the SDGs can also ensure that the green momentum is maintained and reinforced beyond the lifetime of the EGD. Otherwise there is a risk that the SDGs will not be achieved by 2030.
- ▶ A framework strategy and delivery plan for the SDGs must be developed with the involvement of European civil society. After the last Commission disbanded the multi-stakeholder platform for the achievement of the SDGs, the new Commission must quickly establish a new mechanism for involving civil society, the research community and business, one which, in addition to developing a sustainability strategy, must also be involved in the annual reporting on the delivery of the SDGs.

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This paper is one of a series of position papers on selected key aspects of the Green Deal. For papers on other topics, please see our homepage www.dnr.de.

