

KEYNOTE: THE GREEN DEAL: EUROPE'S GROWTH STRATEGY

Executive Vice-President for the European Green Deal of the European Commission, Frans Timmermans, started his keynote speech by addressing how uncertainty and priorities for citizens have changed due to the COVID-19 pandemic in comparison to when the Green Deal was initially presented. Yet, he emphasised how the Green Deal makes as much sense now as it did back then and how it is not only a growth strategy but also our roadmap out of this crisis. More specifically because (i) the climate crisis already has one foot in the door and the cost of climate action is low in comparison to the cost of inaction, (ii) 30% of the €1.8 trillion available to reboot the economy should be spent to support climate actions as otherwise money is invested in things that are required to change in the near future and (iii) there is a need for a just transition as an economic model that defends growing inequalities is insupportable.

Timmermans mentioned the two most common objections of the Green Deal agenda in times of COVID-19: the unsustainability of the dependency on public funds for the recovering transition and the fact that now is not the time for more ambition. In response, he argued that establishing an EU taxonomy with clear green criteria to end greenwashing will mobilise private funding, as anyone with a bank account will be able to drive change. In addition, he argued that an emission reduction target of 50-55% by 2030 is doable and can underpin sustainable growth, as there is no time to waste, it is necessary to avoid increased costs in the future and to ensure a fair transition.

In response to Guntram Wolff's remarks that Europeans might care more about keeping or finding jobs at the moment, Timmermans replied that although it might be tempting to create short-term solutions, you would be throwing money at jobs knowing they will be gone within 3-5 years. He hopes that through the recovery plans that member states will make; short-term solutions will be avoided. Later in the discussion, he stressed the importance of the coordination of these recovery plans by the European Commission. When Guntram Wolff afterwards remarked that many governments bailed out firms operating in the airline industry which might have a limited future, he underlined that there is an understanding within the industry that structural changes are necessary and that we will continue to need the airline industry.

On the question on how to achieve those targets, the Executive Vice-President for the European Green Deal answered that he believes the ETS plays an important role. He mentioned that the system needs to be expanded, free allowances need to be limited and that it needs to be spread internationally. Additionally, he pointed out that (limited) resources should be considered as a production factor on which taxation systems can be based. Finally, he brought up the need for behavioural change, i.e. people seeing the urgency of the situation. Afterwards, Maria Demertzis asked him to pick one action area which has the most priority. He explained the importance of green renovations, as they involve both multinationals as well as local SMEs and it creates short-term benefits without reducing long-term goals.

On the usage of different energy sources, Timmermans commented on hydrogen and natural gas. He stated that the focus of the EU on hydrogen is logical as they already have a competitive advantage in that area. Furthermore, he explained that due to the easy transportability over long distances, it can create a number of winners across the EU and it can benefit the neighbourhood. He commented that for certain countries the transition from coal to natural gas is already a good contribution in the transition phase. Particularly, because limited adaptations are necessary to transition to hydrogen. Yet, he explained that without ways to decarbonise natural gas through CCS, it is not part of the final phase as ideally, we need to refrain from using any limited resources taken from the ground.

Maria Demertzis raised the issue of remaining competitive globally and the consequences for the developing world. Timmermans responded that he believes that the EU will set the standards in the world and the world will want to be on the EU market, as we have seen with, for instance, GDPR and the internal market. Regarding the developing world, he commented that due to the fact that the consequences of climate

change are becoming visible, especially in poorer parts of the world, the global urgency has increased. He explained he sees a strong potential to work together with Africa, for example as part of the hydrogen strategy.

Responding to the question whether the consumption of unsustainable products should be taxed, Timmermans stated that he believes that labour should be taxed less and polluting products should be taxed more in order to move forward. Afterwards, he commented on the Common Agriculture Policy where he stated he thinks too much funds are going to landowners instead of farmers and that he believes consumers have a strong willingness to know what they eat, which can drive an important change. When later asked by Maria Demertzis on inequality and the economic system as a whole, he elaborated on this issue by stating that in general capital is relatively rewarded too well in comparison to labour and environmental standards. He believes international structures are the solution, as the scale of the economy has grown beyond nations and capital can be taken anywhere.

In his concluding remarks, Timmermans mentioned that his biggest worry is climate desperation rather than climate change deniers. He emphasised that there is no financial or technological deficit to support the Green Deal. He is convinced that policymakers can overcome the current political deficit.

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