



# Dutch reflection on the European Green Deal

November 2019

**The Netherlands welcomes the proposal for a European Green Deal by president-elect Von der Leyen: protecting our planet and shared environment is our generation's defining task. We welcome the appointment of Frans Timmermans as Executive Vice-President on the European Green Deal, to guide the transition to a climate-neutral, competitive and sustainable economy. We urge the Commission to maintain a strong link between the Green Deal and the industry, research and finance portfolios.**

**Fighting climate change is at the heart of the Green Deal. Living up to the Paris agreement means that Europe should commit to climate neutrality by 2050. This target must be accompanied by concrete policy measures and all sectors have a role to play in achieving it. There are opportunities for innovation, new businesses and the creation of new jobs, while improving the health of citizens and the resilience of ecosystems. Ambitious climate targets can lead to economic growth even without the inclusion of the benefits of avoided damage of climate change and related adaptation costs and bend the curve on to biodiversity loss.**

## Achieving Climate Neutrality

The EU should set targets and implement policies and measures to limit the global average temperature increase to 1.5 °C in line with the Paris Agreement.

- An agreement in 2019 in the European Council on net-zero greenhouse gas (GHG) emissions by 2050 as the target for the EU long-term climate strategy.
- A Commission proposal, based on the agreed target for 2050, for the cost-effective intermediate target for 2030 (currently at least 40%). The Netherlands wants the 2030 target to be increased to 55%, to be agreed on in 2020.
- Make both the 2050 and 2030 targets part of the European Climate Law.
- Translate the 2030 targets into:
  - The Emission Trading System,
  - The Effort Sharing and LULUCF (Land Use, Land Use Change and Forestry) Regulations.
  - Specific sector related directives, such as vehicle emissions, eco-design, energy efficiency for appliances etc.
- Regarding the ETS, introduce a carbon floor price and sharpen the linear reduction path. We have concerns however about the proposed extension of the ETS system to road transport and the built environment. Incentives for innovation should be part of all sectors and a price incentive alone will not be enough. This could delay carbon reductions in some sectors, making it very difficult to reach climate neutrality in the end. Moreover, there is an overlap with the Energy Taxation Directive. Furthermore, recognition in the ETS of all relevant greenhouse gas reduction

measures is needed, such as CC(U)S (Carbon Capture and Usage/Storage).

- Further analyse measures to avoid carbon leakage, such as a Carbon Border Adjustment. Carry out extensive studies that take WTO conformity, the complete value chain and efficient administration by tax authorities into account. Carbon labelling is an important part of this.
- Involve all stakeholders – local communities, civil society, industry, knowledge institutes, etc. – in a European Climate Pact, with concrete pledges to bring about a change in behaviour, in line with our national strategy regarding the Dutch Climate Agreement.
- Submit in 2020 – based on the new 2030 and 2050 goals – an updated and enhanced Nationally Determined Contribution (NDC) and communicate the EU long-term climate strategy to the UNFCCC.

### Clean, Reliable and Affordable energy

Completion of the Energy Union, including a well-functioning internal market on energy, is key. We need to achieve the current targets for renewable energy and energy efficiency, while maintaining security of supply. We should recognize that green molecules as energy carriers are vital for our future energy system alongside the electrification of various sectors.

- Facilitate the deployment of hybrid projects – such as cross-border offshore windfarm projects that also function as interconnectors – as well as sector coupling, in order to integrate renewable electricity of offshore wind parks in our grid and to avoid congestion.
- Recognize that hydrogen will be an important enabler for multiple applications in a decarbonized energy system. Introduce into the upcoming gas legislation package an obligation for member states to replace a significant share of gas consumption in 2030 by clean hydrogen in order to kick-start the clean hydrogen market.
- Establish common harmonized European standards that facilitate the creation of a single clean hydrogen market. In particular, common high safety standards are key and a common methodology for guarantees of origin, on the basis of the promising CertifHY initiative.
- Update of the Energy Taxation Directive to ensure that it is consistent with our climate neutral commitments.

### Transition to a Circular Economy

Better design and use of products and better re-use of materials already in circulation by enlarging new markets will reduce the consumption of finite resources and thus emissions, also across our borders.

- Establish EU targets for resource efficiency in 2030 and a roadmap to a fully circular Europe by 2050.
- Include a clear waste definition in the Waste Framework Directive, which is an example of how circularity requires better and not more regulation.

- Halt the export of waste from Europe to countries that lack appropriate infrastructure.
- Make the climate impact of European consumption transparent in supply chains, stimulating recycling.
- Halt investments in incineration capacity and rapidly invest in recycling capacity, to avoid technology lock-in and stranded assets.
- A new integrated product policy framework accompanied by legislation to expand the application of eco-design principles, including to non-electrical products, and improve consumer information and use of environmental labels such as the EU Ecolabel.
- Stimulate the demand for secondary raw materials through quality requirements and harmonized end-of waste criteria.
- Further extend and reinvent Extended Producer Responsibility (EPR) to new sectors such as textiles, including measures to address online sales and responsibilities of third country producers.
- Encourage sustainable public procurement by further developing criteria for circularity and starting an EU-programme to develop knowledge and share best practices between procurers.
- Follow up on the Plastics Strategy and new comprehensive action to reduce marine litter and the broader environmental impact of textiles, the built environment, electronics and food waste.

### Sustainable Transport

Promoting sustainable and smart mobility through sustainable fuels, vehicles and infrastructure and thus reducing the carbon footprint of the transport sector.

- New proposals for more stringent standards for GHG emission reduction of all vehicles.
- Stimulate and create a dense European network for fuelling and charging infrastructure for alternative sustainable fuels, amongst others by reviewing the Alternative Fuels Directive, while integrating energy and mobility policies.
- Stricter uptake of improvements in rolling resistance of tires.
- Concrete measures for the short, medium and long term to reach the 50% reduction target in international shipping for 2050 as agreed within IMO.
- Safeguard the implementation of CORSIA and committing to a more ambitious long term goal for the international aviation sector.
- A proposal from the Commission for improving carbon pricing in the aviation sector at the European level.
- An EU target to make inland waterway transport climate neutral by 2050 combined with the possibility of a levy on gas oil to create a greening fund.
- A follow-up to the current EU strategy for automated and connected mobility.
- A more prominent position for bicycles within transport policies, especially in urban transport, including the Connecting Europe Facility.

## A zero pollution Europe

Aiming for a non-toxic environment to safeguard and improve the health and quality of life of our citizens and the resilience of our ecosystems, while working towards a climate-neutral and circular Europe.

- Take a cross-sectoral and interactive approach towards addressing pollution, through source policies and actions – including in the field of mobility, agriculture and energy – to prevent pollution of our environment.
- Create measures regarding Substances of Very High Concern under REACH to address (un)intentional emissions to air or water next to the trade in these substances.
- Give special attention to harmful substances in imported products such as pans and toys.
- Update air quality standards to the current WHO guidelines, to minimize preventable health problems for our population. Tighter emission limits in the Industrial Emissions Directive will assist in achieving these targets while maintaining a level playing field.
- Develop a strategy on microplastics including standards and regulations to address the (un)intentional discharge of microplastics in the environment, through tyre abrasion, litter, paints, textiles, pre-production pellets and cosmetics.

## Farm to fork

The transition towards circular agriculture requires closing raw material cycles as much as possible by 2030 and minimising emissions. The Farm to Fork strategy looks promising in terms of this transition.

- Define criteria for the safe use of livestock manure in the Nitrates Directive.
- Adjust the Fertilizer Regulation to allow recovered nutrients from waste as a resource for fertilizers when they meet the requirements.
- Redesign the Common Agricultural Policy with mandatory eco-schemes and financial targets for climate and environment spending.
- Reduce food loss and food waste through the adjustment of strict regulatory barriers for innovative use of side-streams of the food industry and re-use of left-over materials.
- Eliminate the use of date-marking of food products and the use of cosmetic requirements in standards for trade in food products, where not necessary for food safety.
- Stimulate resilient and future proof crops, by i.e. streamlining the regulatory system for new breeding techniques and developing and facilitating the use of low risk plant protection products and methods.
- Improve animal welfare, within a new EU strategy, in which it is necessary to focus on:
  - improving implementation and enforcement of existing legislation, partly via improving current legislation;

- in particular transport of live animals and further improving of animal welfare aspects of pig farming;
  - Introduction of specific legislative EU welfare standards for all commercially kept and traded animal species (and possibly labelling);
  - Introduction of EU legislation for imposing EU-wide professional bans concerning working with animals/livestock farming and an EU-wide blacklist of the persons involved;
  - Promotion of animal welfare standards and a level playing field in non-EU countries (at the level of the EU minimum standards).
- Work towards sustainable and climate friendly imports of agro-commodities.
  - Stimulate the large scale use of alternative proteins for feed and eliminate the restrictions for the use of processed animal proteins as ingredient for animal feed, where safe (animal and public health).

## Preserving Europe's natural capital

The Biodiversity Strategy 2030 should contribute towards stronger, yet realistic, implementation of biodiversity goals in line with the key messages from the IPBES Global Assessment.

- Collaborate actively with local and regional governments and the private sector including the financial sector.
- Strengthen efforts towards integration of biodiversity goals in other sectors, including sector specific strategies with implementation plans. This concerns the agricultural, fisheries and forestry sector, but also industries in the food, non-food and trade sector.
- Develop and implement landscape approaches or other forms of integrated land management as part of the Biodiversity Strategy, to link sustainable use of biodiversity with resolving other societal challenges, such as water quality and quantity, climate change energy and social economic issues.
- Take up a clear, strong and leading EU position to strengthen the implementation and accountability mechanism of the Convention on Biological Diversity (CBD), including the adoption of an ambitious, realistic and as far as possible measurable Post-2020 Global Biodiversity Framework at CBD COP15.

## Financing the transition

The Paris Agreement requires financial flows to be made consistent with the necessary emissions reduction and climate resilient development. Adequate public and private finance should be available at a European level.

- Enhance transparency and disclosure of climate and environmental risks and impact through greenhouse gas and environmental footprint accounting, with a view to measure and eventually reduce emissions and the broader environmental burden.

- Earmark at least 25% of the new Multiannual Financial Framework (MFF, 2021-2027) for climate-related investments, while ensuring EU-expenditure is Paris-proof and improving tracking of climate-related expenditures. In parallel, MFF funds should contribute to and avoid detracting from environmental objectives under the Green Deal.
- Paris-proof EIB investments, through a new Energy Lending Policy that includes phasing out of fossil fuel investments from 2021 onwards.
- Continue the work on the EU Sustainable Finance Action Plan, including the adoption of an ambitious taxonomy, and encourage the Commission to develop new measures to mobilize sufficient capital for implementing the Green Deal. Including: enhancing transparency of climate-relevant loans and investments and increasing the positive impact.

### Leave no one behind

The impact of a climate and energy transition is huge, and regions that heavily rely on coal or other fossil fuel based activities face substantial challenges. We need to ensure that the transition is successful.

- Give special attention to regions that are disproportionately impacted by the transition to give them the possibility to transform their economies. Allocate funding, within the ceiling of the current MFF proposal, to lessen the socio-economic impact of the transition to carbon neutrality (including gender related issues), such as re-skilling projects, work to work training, support new (innovative) economic activities and decommissioning.
- A temporary Just Transition Fund, aligned with existing European funding instruments, placed under Cohesion policy and regulated through Common Provisions Regulation, that focuses on socio-economic effects of the transition in specific regions and sectors that will face most of the consequences, such as coal and heavy industry. Exclude investments with negative climate impacts.
- The Just Transition Fund should be linked to ambitious European targets for 2030 and 2050.

*Aside from the elements currently mentioned in communications surrounding the Green Deal, the following sectors and strategies should not be forgotten and are vital for making the Green Deal a success.*

### Low-CO<sub>2</sub> emissions industry

Ensure European industry stays internationally competitive in its transition towards a sustainable and climate neutral economy. Accelerate open and competitive innovation for sustainable growth, whilst preserving the level playing field for European industries.

- Develop a common European roadmap and action plans for the industrial transformation towards a climate neutral economy.
- Create and protect green markets for industrial products based on their carbon footprint.

- Stimulate the demand for low carbon and CCU-materials, recycled and biobased content in products through appropriate market incentives at product level in the EU. Promote the demand for these types of products through standards.
- Use the most cost-efficient path. This involves the utilization of all relevant emission-free technologies, such as onshore and offshore wind, solar and geothermal energy, CC(U)S and biomass.
- Establish strong links between CCS and CCU and include both in the EU Industrial Policy and the EIB funding strategy.
- Adjust state aid rules to enable Member States to provide state resources, where necessary, to EU companies in using new technologies such as CC(U)S.
- Enable the recognition of negative emissions in (national) accounting and monitoring systems.
- Enable the recognition of reduction of scope 3 emission in (national) accounting and monitoring systems to foster investments in low carbon products (e.g. CCU, recycled, biobased products)
- Facilitate system integration, adaptation and market regulation of (new) cross-border infrastructure involved with the climate neutral economy.
- Facilitate access to EU funding for R&D, demonstration and first of kind industrial production facilities (hydrogen, biorefineries), which contribute to diminishing GHG emissions in the EU.
- We value the identified strategic value chains on how to achieve sustainable growth, and we look forward to the next steps and future discussions on the work done in the SF IPCEI, with the possible identification of IPCEI-projects.

### Sustainable built environment

We recognise the technical and social challenges in making the built environment energy-efficient, circular and carbon-free. We welcome more European investments into research, innovation and knowledge-sharing to address these challenges.

- A proportional approach to stimulate a carbon-free built environment through co-financing.
- Create room for exemption from the VAT rate regarding sustainability measures.
- Support for owners of buildings with the least efficient energy performance.
- European financial support for making social real estate more sustainable.
- Facilitate public support and participation through a district-oriented approach and knowledge-sharing at the European level.
- Create room for more stringent national climate and energy requirements for heating, cooling and ventilation installations in addition to European requirements.
- Stimulate the circularity of construction products, especially through Environmental Product Declarations, to be executed through CE-marking.

### Blue economy

The Blue economy should be an integral part of our Maritime Policy and should engage with regional clusters and research institutions as well. Further development of the Blue Economy needs to have sustainability, both environmentally and socially, at its core.

- Give adequate attention to the challenges related to the blue economy, such as for European fisherman to earn a living, while facing climate change and the implementation of the landing obligation.
- Ensure a strong human capital agenda for the blue economy, also enabling further innovation throughout all sectors of the blue economy.
- Create an integrated marine/ocean energy strategy for the EU, including pilot projects, while maintaining support for regional initiatives such as North Seas Offshore energy cooperation.
- Stimulate the use of new technologies, such as innovative fisheries, with a strategic approach to bring the technologies to scale.
- Prioritize research into cumulative effects of human uses of the sea, and research into possibilities to mitigate those effects.
- Stimulate the fishermen's role in nature conservation in the marine environment, e.g. by shifting from quota per species towards an ecosystem approach.

### Protecting and restoring forests

We support the proposed actions in the EU Communication "Stepping up EU Action to Protect and Restore the World's Forests", which underlines the importance and urgency of protecting and restoring the world's forests, in the interest of our climate, biodiversity, the livelihoods of millions of people and other ecosystem services.

- Establish a broad interpretation of deforestation and forest degradation, to include conversion and degradation of other natural habitats that provide essential ecosystem services, such as savannahs, grasslands and wetlands, also linking to the Biodiversity Strategy 2030;
- Ensure sufficient policy coherence, also within the framework of the Green Deal, to effectively address the drivers of deforestation and ecosystem conversion, including land-use and forest management within the EU, and due attention to European consumption patterns and related trade flows;
- Speedily assess all possible regulatory and non-regulatory measures to make supply chains of agricultural commodities free from deforestation, forest degradation and ecosystem conversion;
- Develop a European strategy to sustainably balance the interlinked challenges of food security for a growing world population, the required land area for agriculture and the contribution of the land-use sector to emissions reductions.

### Foreign relations

The EU should take leadership in incentivising others to implement their NDCs, increase ambition and keep the Paris Agreement's long-term goals within reach.

- Include the Paris Agreement as an essential clause in all future broad and comprehensive EU trade agreements. Include measures to eliminate barriers for energy efficient and low GHG emission products and to promote investments in renewable energy in trade agreements.
- EU programmes in third countries should drive towards low-carbon and climate resilient development pathways, including phasing out financial support for fossil fuels.
- Increase the climate-relevant expenditures in the external instruments of the new MFF from 25% to at least 50%.
- Ensure the alignment of external investment portfolios with the Paris Agreement, including by phasing out investments in fossil fuels, through its own institutions such as the EIB.
- Active European climate diplomacy, aimed at tackling climate change and its consequences globally and adapting to it, in cooperation with EU member states.
- Promote mainstreaming of climate related security risks in EU cooperation instruments, mandates and tasks and to support the resilience of countries dealing with environmental harm.

### Climate adaptation

While climate mitigation is crucial, we must invest in adapting to inevitable changes: higher temperatures, rising seas, fiercer storms, more unpredictable rainfall, and more acidic oceans.

- Update and ensure ambitious follow-up to the existing EU climate adaptation strategy, seeking to increase MS ambitions in the field of climate adaptation and mainstream resilience both in internal and external European policy as one of the pillars of the Paris agreement.
- Increase the knowledge and innovation regarding climate resilience, while giving attention to adaptation related measures within relevant EU instruments, such as LIFE and Horizon Europe.
- Comprehensive action to restore our own European forests will contribute significantly to climate adaptation.