

Non paper on Climate for the future of Europe

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The Sibiu Summit is an opportunity to reflect on the key issues facing the EU and on how to build an ambitious programme for the future of the EU. Given its tremendous importance for this future, both as a challenge and as an opportunity, the fight against climate change should be a cornerstone of the European Strategic Agenda 2019-2024.

Climate change is a global challenge with profound implications for the future of humanity and our planet. Its impacts are already felt all across the EU, with for example the heat waves and scorching fires of last summer. The IPCC special report on the impacts of global warming of 1.5°C documents the still devastating impacts of a 2°C pathway and shows that limiting the global warming to 1.5°C would only be possible **through ambitious and urgent** climate action. This is a subject of increased concern for the scientific community and for European citizens as shown by the recent mobilisation of young people and other stakeholders across Europe. **EU leaders must act now** to address these concerns.

The fight against climate change requires an in-depth transformation of all the sectors of our economy. This is both a challenge and **a major opportunity to set the EU on a course towards an ambitious, cost-effective and socially fair transition to a climate neutral economy that can bring benefits for economic growth, employment, quality of life, public health, biodiversity, etc.** The Commission's communication "*A clean planet for all*" presents a vision of how the EU can lead the way to climate neutrality by 2050 with economic and social benefits, outlining a desirable future for all EU citizens in a more prosperous Union.

To deliver its contribution to the global effort needed to limit the consequences of climate change and to embrace all the opportunities of the transition to a climate neutral society, the EU should adopt an ambitious long-term strategy with the objective of reaching **net-zero greenhouse gas emissions by 2050 at the latest**. The EU should also commit to enhance its current nationally determined contribution (NDC) to the Paris Agreement by 2020 to drive up increased global ambition. The EU has already adopted ambitious energy and climate legislation towards 2030 that, when fully implemented, sets the EU on a course to deliver greenhouse gas reductions beyond the EU's current 2030 objective. This is proof of **EU's ability to deliver on climate action** and paves the way for further ambition.

The transition to a climate neutral society needs to be **just and socially balanced for all**: the transition should create new future-proof green jobs to the benefit of all Europeans and potential side effects for citizens, workers and regions should be addressed in order to ensure the social acceptance of this transition. A well-functioning and more integrated internal energy market will be key to the energy security in every region. The optimal use of existing infrastructure and the development of a more interconnected energy market are important tools to this end.

The transition towards a net-zero emission economy will provide an important opportunity for our companies to lead a modernisation and transformation of Europe's economy and become global leaders in low and zero emission technologies and services. **The EU should develop new low emission industries** through research, innovation and markets that will strengthen European competitiveness in a global climate neutral future. Innovation budgets must be heavily focused on making clean energies accessible to all people in all regions.

Their competitiveness should also be taken into account with appropriate and adequate measures during the transition, to reduce the risk that meeting our climate goals results in increasing imported goods that do not meet a comparable level of climate ambition. In the ecological transition, **industry**

becomes an important strategic ally. Allowing the EU industry to seize the opportunities of this transformation would not only enhance our position as a major industrial powerhouse but also promote EU values and standards, thereby contributing to the global fight against climate change. In this regard, the EU should strengthen industry's ability to adapt, innovate and update its industrial policy toolbox to respond to the major challenges ahead, especially the transition to a climate neutral and digitised economy. **The next European budget should be more oriented towards an overall objective of reinforcing this transition,** alongside the competitiveness of European industry. In particular, EU funding should be channelled towards breakthrough research, development and innovation projects that can develop cost-effective solutions to the key challenges in moving towards a climate neutral economy, such as, for example zero emission car manufacturing, energy and environmental transition, digital, batteries and sustainable mobility, among others.

To succeed this ambitious transition towards a climate neutral EU, **it is crucial to redirect the financial flows, both private and public, towards the climate action.** The EU budget currently under negotiation will be an important tool in this respect: **at least 25% of the spendings** should go to projects aimed at fighting against climate change, including measures to facilitate the transition towards a decarbonised industrial sector, and effective monitoring should be ensured. **As a general principle, the EU budget should not finance any policy detrimental to this objective.**

In order to mobilize large financings on a perennial basis for the transition to a climate neutral society, new measures to **promote sustainable finance** should also be developed, such as: **transforming the EIB in order to make green financing its top priority and promote investment in energy and climate transition;** enhancing transparency of climate-related risk activities through tracking of climate-related investments and greenhouse gas and carbon accounting; requiring private financial institutions to measure and make their climate impact public.

All Parties to the Paris Agreement have agreed to limit the global warming well below 2°C and to continue their efforts to limit it to 1.5°C. They also agreed to update their NDC by 2020, taking into account that each Party's successive NDC will represent a progression beyond the Party's then current NDC and reflect its highest possible ambition. They have committed to strive to communicate long-term low greenhouse gas emission development strategies by 2020. To encourage our international partners to act within the requested timeframe, **the EU needs to demonstrate climate leadership at the United Nation Secretary-General Climate Action Summit on 23 September 2019,** the purpose of which is to call on world leaders to act and meet the climate challenge. This Summit will be a crucial step to incentivise countries to enhance their efforts and to fill the gap between the current commitments expressed in the NDCs and the action needed to reach the Paris Agreement goals.

To create a positive momentum, **the EU must make ambitious announcements during the UNSG Summit,** preferably on **setting a target for the EU to reach net-zero greenhouse gas emissions by 2050 at the latest,** and on the principle of enhancing the ambition of its current NDC by 2020. The European Council should give clear political direction on this **in June.**

By demonstrating that an ambitious and cost-effective transition towards a net-zero emission economy can go hand in hand with prosperity and quality of life for all citizens, the EU will set an example for other countries to follow. It will also reduce transition costs by offering strengthened investment security to public and private investors. This should be the way to address climate change in the Strategic Agenda under discussion, one of the biggest challenges of our time, in order to shape a more desirable and prosperous future for the EU and the rest of the world.