

# THE EUROPEAN COMMISSION SETS AMBITIOUS REFORMS WITH THE 'EUROPEAN GREEN DEAL'

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## Policy and Regulatory Alert

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The European Commission unveiled its much-awaited [European Green Deal](#), which will provide the EU with an industrial policy aiming at a **net-zero emissions goal by 2050** and at enshrining climate neutrality into law. To make the EU economy greener, the Green Deal will reform several sectors, especially energy, transport, agriculture and industry. Over the next five years, the Commission will implement its plan through a number of different instruments: high-level 'strategies', review of existing legislation, new legislative proposals and investment mechanisms to help both public and private actors to transition towards a sustainable economy. These proposed changes will affect many industries and sectors and participants in those sectors should monitor and engage on the issues to ensure their business interests are not negatively impacted. K&L Gates lawyers and policy professionals can help across the sectors and issues.

## An Ambitious Plan on Carbon Emissions and Energy

To reach its ambitious carbon neutrality goal, the Commission engaged to present:

- A 'EU Climate Law' by March 2020 and to review all relevant legislation by June 2021, which includes the Emissions Trading System Directive; the Effort Sharing Regulation; the Land use, land use change and forestry Regulation; CO2 emissions performance standards for cars and vans;
- By Summer 2020, a comprehensive plan to reduce European greenhouse gases emissions by 50% and towards 55% by 2030;
- A carbon border tax, to ensure that the emissions reduction does not unduly penalize European businesses. This adjustment mechanism would take the form of a tariff on states that do not have the same environmental requirements as the EU;
- A Strategy on Adaptation to Climate Change by the end of next year, which will set to strengthen preparedness efforts, from the insurance sector to the construction and renovation of buildings.

Considering that energy production accounts for 75% of all European greenhouse gases emissions, to achieve its climate neutrality goals, the Commission will review its rules on energy, in particular the TEN-E Regulation on trans-European energy networks, as well as the Energy Efficiency, the Energy Taxation and Renewable Energy Directives.

## A Renewed Circular Economy Action Plan

The Commission also aims to accompany Europe's transition toward a circular economy, a model of the economy

and society based on reuse, repair and recycling in order to consume less resources. To that end, the Commission proposes to:

- Renew the EU Circular Economy Action Plan, which will include a sustainable products policy and focus on resource-intensive sectors such as textiles, construction, electronics, and plastics;
- Review the Construction Products Regulation and propose new initiatives on renovation of public and private buildings;
- Promote the reuse and recycling of products, by encouraging businesses to offer and allow consumers to choose reusable, durable and repairable products and by curbing built-in obsolescence, particularly of electronic devices;
- Propose new legislation to reduce waste generation, especially as regards packaging and separate waste collection and disposal;
- Adopt a Strategic Action Plan on Batteries by October 2020;
- Adopt a EU Industrial Strategy by March 2020.

## **Transport**

As regards the transport sector, the Commission intends to:

- Extend the EU's Emissions Trading System to the maritime sector and reduce free allowances for airlines by 2021;
- Review existing tax exemptions for aviation and maritime fuels and promote the use of 'sustainable alternative fuels' for different transport modes and invest in accompanying infrastructure;
- Propose 'more stringent' air pollutant emissions standards for combustion-engine vehicles, while ramping up production and deployment of sustainable alternative transport fuels. To these ends, the Commission wants to revise the TEN-T Regulation as well as the Alternative Fuels Infrastructure Directive;
- Propose the revision of the Directive on Combined Transport by 2021 and take initiative to increase and better manage the capacity of railways.

## **"Zero Pollution": Targeting Air, Water and Soil**

The Commission also aims at creating a "Zero Pollution" Europe, by:

- Adopting a zero pollution action plan for air, water and soil, to align European quality standards with those of the World Health Organization; Setting up a chemical innovation strategy for sustainability;
- Revising measures addressing pollution from large industrial installations;
- Proposing various measures meant to protect or restore biodiversity and forests.

Moreover, the Commission wants to act on agriculture through a "Farm to Fork" Strategy, which would include drastic reductions of the use of chemical pesticides, as well as fertilizers and antibiotics in the coming decades.

## Green Finance

As regards the financing of the Green Deal, the Commission plans to set up financing schemes aimed at encouraging investment and fostering innovation. Such measures will mostly consist of public/private partnerships and will take the form of loans to private actors with the support of the European Investment Bank, which is set to become the "EU Climate Bank".

Other measures consist in the encouragement of green public investment, such as the presentation of a "Green Financing Action Plan" by autumn 2020 and the launch of a "Sustainable Europe Investment Plan". These will address the rollout of infrastructure vital for alternative fuels (e.g. public charging points) or the stimulation of "lead markets for climate neutral and circular products."

A particular focus will be on the financing of new technologies, which are deemed "critical" by the Commission. Other legal instruments, such as those concerning legal requirements for sustainable corporate governance and state aid guidelines, will also be reviewed.

## Platforms for Stakeholders

The Commission aims to include all actors of society in its initiative, first, through the "Just Transition Mechanism" aimed at accompanying struggling European regions, and, second, through the creation of a "European Climate Pact", meant to include all stakeholders – including businesses – in the drafting and review of EU measures.

The EU committed to become a "global leader" in the fight against climate change and, during a mostly favorable reception of today's presentation of the Green deal, some member of the European Parliament called upon the Commission to make use of trade agreements to promote this goal. Indeed, the Commission is expected to propose to make the respect of the Paris agreement an essential element for all future comprehensive trade agreements with other jurisdictions.

## KEY CONTACTS



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