



FRANCO-GERMAN CIVIL SOCIETY ORGANISATION DECLARATION

ACCELERATING THE EUROPEAN GREEN TRANSITION THROUGH RECOVERY PROGRAMMES

Europe's response to the Covid-19 crisis needs to be based on solidarity and sustainability. Otherwise, we risk destabilising the European project as a whole. French and German civil society organisations call on their governments as well as the European Commission to ensure that the necessary economic recovery programmes accelerate the transition to a climate-neutral economy and make our societies more resilient to crises. Tackling the Covid19-crisis mustn't come at the expense of the climate and biodiversity. It should instead accelerate actions to prevent these already tangible crises. We believe that the European Green Deal constitutes the suitable framework and includes promising initiatives to drive the green recovery as well as transition. We therefore call on the French and German governments to support its swift and ambitious implementation. At the same time a revamping process of democratic control needs to be carried out to reduce the gap between the EU and its citizens.

The responses to the acute health crisis will result in the most severe recession in the post-war era. To make sure that European economies recover as swiftly as possible, public investments and other stimulus instruments in the form of recovery programmes will play a major role in the coming months and years. These programmes are a huge opportunity to accelerate the green transition. However, they also present a great risk: if governments fail to direct the money towards climate and environmental friendly business-models and green infrastructure, there is the very real threat of locking-in a carbon-intensive economy and putting the goal of limiting global warming to 1.5°C out of reach. An increased EU 2030

target shows the direction of travel and is essential to provide credible guidance to the markets. In line with climate science, we call on the EU to assume responsibility for a greenhouse gas reduction of at least 65%, recognising that serious steps towards this goal present a challenge for some actors.

Ensuring high green investment capacities during and after the Covid19 crisis

- **Strong conditionality for investments:** Increased public investment is crucial, but it should serve to build up green infrastructures and accelerate the transition instead of artificially keeping fossil business models alive. In exchange for more financial flexibility and solidarity, the European Commission should assess national recovery plans and ensure that they 1. are in line with the 2030 milestones on a trajectory to limit global temperature rise to 1.5°C, 2. comply with the criteria of the EU Sustainable Finance Taxonomy, 3. are not targeting activities that are harmful for the environment and climate, including nuclear for instance.
- **More European Solidarity** is needed to enable all Member States to undertake the necessary investments in their green recovery. The recent decision of the German Constitutional Court regarding the ECB shows the need for political solutions. The Franco-German proposal of a European Recovery Fund is a positive step toward the necessary solidarity and the mutualisation of risks and investments within the EU after the unprecedented pandemic. It should support Member States recovery plans and be based on concrete and strict environmental conditions in order to fully contribute to the European Green Deal.
- **Open space for public green investments:** the flexibility of the Stability and Growth Pact should be maintained during the recovery phase (at least for the next 2-3 years). The Stability and Growth Pact must also support the objectives of the Green Deal in the long-term. We therefore support the European Commission when it considers that a reform of the Stability and Growth Pact should promote green investments. In order to allow for required public investments in climate-neutral infrastructures to meet targets aligned with science as well as established resilient levels of functioning in other public goods such as health and education, constraints resulting from the deficit rules need to be removed where needed while respecting the balance of objectives related to the rules.
- **Short-term safeguard and bailout measures should be limited to immediate relief programmes** in order to ensure liquidity, save jobs and limit social impact as well as they should be, in the case of firms, conditioned to environmental mid- and long-term objectives and trajectories. Supported companies should set clear milestones on the path to GHG neutrality.

Strengthening the international dimension of the European Green Deal

- **Strengthened international cooperation and additional solidarity efforts** are needed to support the recovery in developing countries, especially the most vulnerable to climate change, and within countries the most affected groups of population. This must be done in a way that promotes adaptation and builds the resilience of societies, including health systems, climate and social resilience, in a gender-responsive and rights-based manner. Accelerating the shift from fossil fuels to renewable energy sources with its multiple co-benefits will contribute to this alongside the mitigation benefits. Moreover, in a context of

growing vulnerabilities and persisting impacts of climate change, France and Germany should commit to further increasing their own climate finance, and support increasing the EU's overall climate finance, after 2020 taking their 2020 climate finance commitments as a floor¹.

- Harmful production methods must not be shifted to the global South. Instead, a reorganization of the global production and consumption models is needed and it needs to be ensured that production methods for the Global South are not based on harmful production methods themselves. This applies to energy-intensive industries, for mining and for agriculture and livestock farming with their enormous land use, massive intervention in water cycles and destruction of nature. **The European economic, trade and agricultural policies must therefore be coherent in its international relations** with its own goals for the mitigation of climate change and environmental degradation.

Complementing Green recovery programmes with a swift and ambitious implementation of the European Green Deal.

Focus sector: industry. Decarbonising the European industry is a crucial task and the European Green Deal offers some promising initiatives that need to be shaped in the most ambitious way possible. With industry also being severely impacted, it is important to use the opportunity of recovery programmes to put the sector on a climate-neutrality course.

- **Industrial strategy:** the strategy should open the way for a legislative package tackling industry decarbonisation that turns European industry into a real circular economy, thereby making it less dependent on global resources and thus more resilient. Further instruments to incentivize the decarbonisation of the sector should be explored such as a **carbon product surcharge** and **carbon contracts for difference (CCFD)**.
- A substantial reform of the **EU Emissions Trading Scheme (EU ETS)** to align the linear reduction factor with the long-term net-zero goal - noting that the signatories support a net-zero goal well before 2050, preferably 2040 - is necessary as well as an ambitious revision of the Market Stability Reserve (MSR), as the latter is unfit to deal with current or future challenges to the EU ETS. Additionally, a carbon floor price is needed.
- **The extension of the EU ETS to transport and heating should not be an option**, since these need higher CO₂-prices to decarbonise and current EU ETS prices would severely delay the transition. Other instruments are much more efficient to drive decarbonisation in the sector, especially CO₂ norms for cars and trucks. Moreover, due to the price volatility of the EU ETS such an extension would also pose severe social and acceptance risks.
- **A Border Adjustment Mechanism** could be an interesting instrument if there is a complete stop of the free allocation of ETS allowances for energy intensive industries.

Focus sector: mobility. The mobility sector is crucial to achieve our climate targets, yet its emissions are still rising. Strict conditionalities for public support or bail-outs are therefore needed to ensure a real change.

- **Support for low-emission mobility**, especially railways for passengers and freight in the context of the 2021 European railway year is now needed. This should include dedicated

¹ <http://www.caneurope.org/publications/can-europe-positions/1885-making-the-european-green-deal-work-for-international-partnerships>

investments in infrastructures to improve low-emission mobility conditions, taking into account the necessary fight against air pollution which is the cause of 500 000 premature deaths in the EU every year. It should also include social incentive prices to facilitate access of low-income citizens to this transport mode.

- **Transformation of the car industry:** The Covid-19 crisis should not be an excuse for delays in the implementation of the 2020 CO2 norms for the car industry. On the contrary, public authorities should push car manufacturers to drive the transformation of the industry to low-emission vehicles and services. This includes the strengthening of CO2 norms for 2025 and 2030 as planned by the Green Deal in 2021 in line with a more ambitious climate target.
- **Aviation:** safeguard measures should be limited to rescue programmes in order to save jobs and limit social impact and should be strictly conditioned to clear trajectories of emission reduction in the sector. Such measures should come in a package with an end of fiscal support for aviation in Member States, especially by introducing a kerosene tax and the full auctioning of ETS allowances, and with EU air traffic reduction, especially on routes where low emission alternatives exist.
- **Just transition plans in the mobility sector:** the aviation and car industry should be obliged to plan and anticipate the social dimension of the coming changes in those sectors in order to limit the social impact of the transition and to support training for future jobs.

Focus sector: Agriculture. Resilience and sustainability of the food and agriculture sector must be improved by re-setting the agriculture sector towards producing good and healthy foods under decent working conditions for farmers and firms in the regions instead of depending on volatile world market prices and cheap labour forces. This is especially the case for the meat and dairy sectors which are the largest emitters of greenhouse gases in EU agriculture, where the world market prices cannot cover the costs of a sustainable and climate friendly production in the EU.

- **The Common Agriculture Policy should be recast** to reflect environmental goals including earmarking for biodiversity and climate measures of high quality. At least 70% of the CAP budget must be dedicated to environment, climate and animal welfare measures. It should dedicate funding to the maintenance and development of agroecological systems and especially of organic farming which is much more job intensive than conventional farming. Air pollution must be included in the conditionality as well as crop rotation including pulses to reduce GHG emissions, and the link between animal and feed production. Direct payments per hectare need to be phased out gradually during the next CAP period and be replaced with more targeted measures. The new instrument of Eco-Schemes is a chance to accelerate the much-needed transformation of pillars.
- **Farm to fork strategy and Biodiversity Strategy** must ensure a clear path with quantified targets to reduce for example the use of pesticides (- 50% by 2025) and synthetic fertilizers (- 35% by 2030). They must inform the National Strategic Plans and their evaluation by the Commission.
- **Strengthen our autonomy in the production of pulses:** governments must develop and implement plans to be autonomous in the production of pulses to reduce our dependence on imports, which is the main cause of deforestation in producer countries. This requires in particular public investment in agronomic research on vegetable proteins, a massive investment plan in plant protein transformation tools within territories

- **Reduce overall demand for protein crops** as animal feed by restructuring animal production from intensive industrialised systems towards area based systems that utilise overwhelmingly local pastures and animal feed and link the number of animals to the area available for feed production.
- Any watering down of standards under the pretext of the crisis must be prevented. Furthermore, to ensure that the recovery plans do not aggravate the ecological crisis, additional measures must be adopted. For example, the EC must support a strong law that ensures commodities and products placed on the EU market are not linked to deforestation and ecosystem conversion ;

Focus: social justice. Making society more resilient should be a priority. Keeping global temperature increase below 1,5°C and protecting biodiversity is one important part of such a strategy. Shaping the transition to support the most vulnerable, reduce the gap between rich and poor, men and women, as well as to improve social justice and public health in our societies is crucial as well. The Covid-19 crisis painfully highlights how poor and vulnerable groups, both within Europe as well as in developing countries, are hit hardest by crisis situations. The elderly and sick are at great risk, income cuts hit those in low-paid jobs hardest, isolation policies as well as closed schools and daycare are negatively impacting gender equality and exacerbating inequalities. Vulnerable groups will also be hit hardest by the climate crisis. The Covid-19 crisis has also shown how essential frontline workers are for the functioning of societies, from health to personal care, education, food retail, cleaning services, all jobs massively occupied by women. It is important to design the transition to improve well-being, social justice and welfare, recognizing the fundamental contribution of frontline workers, including women.

- **Decent working conditions in all sectors:** Resilience to crises needs decent wages, fair contracts and human working conditions at home and in the supply chain. This holds true for all types of employment, be it in the health sector, agriculture or renewable energies. Resisting gender pay gaps must be eliminated.
- **Investing public money in much-needed decarbonisation of the building stock** as part of the recovery programmes is absolutely crucial and could be a clear win-win. Renovation of housing must be designed in a socially-fair manner and ensure that tenants in social-housing benefit from reduced energy bills.
- Many carbon-cutting measures come with the added value of cleaner air. Measures to **reduce car traffic in cities and support a shift in space** dedicated to public transport, cycling and walking are most promising and must be accelerated as part of the recovery programmes.
- **Just transition plans** should be developed by all transforming sectors receiving public support. The objective will be to anticipate the coming transitions of those sectors in order to limit the social impact of the transition and to support training for future jobs. The plans need to include a gender dimension.

Signatories: Réseau Action Climat France | Deutscher Naturschutzring | Action contre la Faim - France | Aktion gegen den Hunger - Deutschland | Alofa Tuvalu | CARE France | CARE Deutschland | Deutscher Caritasverband e.V. | E3G | France Nature Environnement | Fondation Nicolas Hulot | Forum Ökologisch-Soziale Marktwirtschaft e.V. | Germanwatch | WECF France | WECF Deutschland | WWF Deutschland | WWF France