Green Deal Watch

Issue no.2

Visions start to take shape

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About the Green Deal Watch

The "Green Deal Watch" was launched in 2020 by the Istituto Affari Internazionali (IAI) with the support of Edison. The aim of the project is to follow the evolution of the ambitious and cross-cutting "European Green Deal" strategy towards climate neutrality launched by the Von der Leyen Commission in December 2019. The "Green Deal Watch" follows the "Energy Union Watch" that IAI has published from 2015 to 2019 to monitor the evolution of the energy and climate policies under the previous legislature. The multiple ramifications of the Green Deal will now be read along four dimensions – 'driving the green deal', 'greening industry', 'supporting the transformation', 'strengthening security and diplomacy'. IAI will cover the debate among national and European stakeholders and report the key dynamics in order to help the reader better navigate the challenges and opportunities of the implementation of the European Green Deal (EGD). The Watch is produced on a quarterly basis, collecting official documents, public information and open source data, which are processed and analysed by the IAI team.

About IAI

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation, focusing on topics such as European integration, security and defence, energy and climate policies, as well as key regions such as the Mediterranean, the Middle East, Asia, Eurasia, Africa and the Americas. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffarInternazionali), two book series (Quaderni IAI and IAI Research Studies) and other paper series related to IAI research projects.

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With the support of Edison

About this report

This is the second issue of the Green Deal Watch, a quarterly report produced by the Istituto Affari Internazionali (IAI) with the support of Edison. This publication aims at monitoring and analysing the initiatives launched by the European Commission and discussed by the EU institutions and Member States under the umbrella of the Green Deal.

This Green Deal Watch will cover the new, greater range of topics anticipated by Commission President Ursula von der Leyen to achieve climate neutrality by 2050. We present a general analytical Foreword at the beginning of each publication, followed by the in-depth monitoring of Green Deal activities, divided according to a breakdown revolving around a set of four dimensions, designed to match the guidelines so far expressed by the von der Leyen Commission.

These are:

- **Driving the Green Deal,** which will look at the macro areas of Energy and Transport. It will analyse the technological and policy evolution for renewables, sustainable mobility, and green gases and hydrogen, with a strong focus on the energy market (both for gas and electricity) and energy efficiency.

- **Greening industry,** which will observe and discuss the reconversion of industry and of energy-intensive sectors in particular, with specific attention to the role of digitalisation, the upscaling of new technologies, R&I&D (Research, Innovation and Deployment) and circularity.
- **Supporting the transformation,** which will focus on energy governance, EU financing and funds, the Just Transition Mechanism and the repositioning of institutions such as the European Investment Bank (EIB).
- **Strengthening security and diplomacy,** which will tackle energy diplomacy aspects with specific attention to the Mediterranean, Africa, Russia, Asia and the US, as well as climate security and diplomacy and the role of the EU as a leader in the fight against global warming.

These four dimensions are followed by an in-depth section, where we will cover different kinds of content in each issue. This time we look at the opinion of Stefano Grassi, Head of Cabinet of Energy Commissioner Kadri Simson, in an interview published after the analysis of the four dimensions. A Roadmap of initiatives envisaged under the European Green Deal concludes this report.

This Green Deal Watch aims at providing continuity to the analysis produced in the 16 issues of the Energy Union Watch (available here), the quarterly publication IAI dedicated to the Juncker Commission, which covered the whole five years of activities.

Foreword

Visions start to take shape

Across the summer, the expectation that the European Green Deal (EGD) would receive strong political backing as the EU strategy for recovery from the COVID-19 economic crisis was confirmed. The plan was endorsed by the European Council in July, as EU governments agreed to spend 30 per cent of the 1.8 trillion euros collectively mobilised by Next Generation EU (NGEU) and the 2021–2027 Multiannual Financial Framework (MFF) on decarbonisation. More specifically, up to 37 per cent of the 750 billion euro NGEU will be spent on EGD objectives (and especially on hydrogen, building renovation and electric vehicle charging stations), and 20 per cent on the digital transition (related and instrumental to the green transition).

Thirty per cent of Next Generation EU would be raised through green bonds, with important repercussions for the international bond markets – where green bonds have so far amounted to a very small share of the total (around 1 per cent of global bond issuances). The hypothesis, made before the announcement of these figures, that COVID-19 could actually be turned into an opportunity to raise the money necessary to implement the EGD has become reality in just a couple of months.

There is however a looming confrontation among institutions. The Parliament wants its role in shaping the EU budget to be recognised. It has taken issue with the MFF cuts decided by the Council in July, which mostly concern the Erasmus+ and Horizon Europe programmes as well as the Just Transition Mechanism. The European Parliament's approval of the MFF is now pending. Another potential obstacle ahead is in the process of ratification of Next Generation EU by all EU national parliaments, which should not be taken for granted (particularly in The Netherlands). Finally, there are significant elements of uncertainty regarding the concrete allocation of the 672 billion euro Recovery and Resilience Facility funds, part of Next Generation EU. It remains to be established how funds will be provided in practice and who will manage them, how the process of notification of State Aid will be managed, and how Recovery and Resilience Facility funds will interact with those of other programmes.

The EGD featured prominently in the 16 September State of the Union address by Ursula von der Leyen. In that address, the EGD was not simply framed as an important decarbonisation strategy. Together with the EU Industrial Strategy (which the EGD inspires), it was also framed as an instrument for Europe to take economic and geopolitical leadership. Indeed, the public discourse is currently focussing substantially on the external dimension of the EGD, and particularly on "reshoring" ambitions and EU geo-economic competitiveness also thanks to additional resources suggested for the EU budget such as the carbon border adjustment. Von der Leyen's call to establish a new distinctively European architectural style confirms the European Commission's determination to create European symbols and soft power around the EGD, and to make the EGD itself a tool to create (or strengthen) EU identity.

The EU commitment to a green recovery is in open contrast with very different choices being made by the two other large CO2 emitters, the US and China. The COVID-19 US stimulus package (unprecedented in its size) is completely devoid of green growth elements (although sub-federal actors and the private sector remain committed to the energy transition). Brown stimulus prevails, as the federal government has offered loans to oil and gas companies and has bailed out airlines with no conditionality. Trump's choices have attracted substantial criticism domestically, and not only on ethical grounds. Economists and financial players are concerned that while the rest of the world is using the crisis to reshuffle its economic development model, the US is getting stuck in an outdated model that bears the risk of losing competitiveness and leadership in the long run. Interestingly, these critics look at Europe as a model.

On the other hand, China is sometimes praised for its stimulus measures in support of green sectors, such as investments in electric vehicles and fuel cells, infrastructure to support digitisation, electric vehicle charging stations and ultra-high-voltage electricity transmission networks. However, enthusiasm towards China should be muted because the country has also put in place highly carbon-intensive stimulus packages that more than offset green measures from a greenhouse gas (GHG) emission perspective, and a lot of the measures that are making the headlines are actually just announcements at this stage. Similarly, it is hard to fully trust Xi Jinping's 23 September announcement that China will achieve climate neutrality by 2060, given that China is investing great amounts of money to install new coal capacity that is there to stay for decades (and that Chinese CO2 emissions would have to peak well before 2030 for the country to achieve neutrality three decades down the line).

In this international context, the EU has maintained its own path to a green recovery and is going full steam in that direction, at least in terms of policies, strategies and targets. However, the proof of the pudding will be in the eating – and implementation challenges are indeed substantial. The European Commission has now formally proposed to increase the 2030 target for emissions reduction from 40 per cent to at least 55 per cent, coherent with the 2050 carbon neutrality (and Paris Agreement) targets. For this purpose, the Commission will have to embark on the monumental task of revising the entire body of EU climate and energy legislation to make it "fit for 55".

Legislation that will need to be revised against the 55 per cent target is very wide ranging as it includes the following substantial list: the Effort-Sharing Regulation; the Renewable Energy Directive (RED) II – Recast (2018); the Energy Efficiency Directive; the Directive on Energy Performance of Buildings; the Regulation on Greenhouse Gas Emissions and Removals from Land Use, Land Use Change and Forestry; the Regulatory Framework for Competitive Decarbonised Gas Markets; the Energy Taxation Directives; the Directive on Intelligent Transport Systems; the Directive on Deployment of Alternative Fuels Infrastructure; and the Regulation setting CO2 emission performance standards for cars and light commercial vehicles. Moreover, new strategies are now being proposed, in particular to address methane emissions in the energy sector and to reduce energy consumption in the building sector (the so called Renovation Wave strategy) – both presented while this issue of Green Deal Watch is in press – and to develop post-Euro 6 emission standards for cars, vans, lorries and buses. In addition, all the National Energy and Climate Plans (NECPs), which took a long time to draft and which in many cases were adopted as recently as 2019 (after suffering from delays), are already outdated. Re-adapting these plans to new targets will require substantial effort and time. The administrative and legal costs for private sector players to adapt their investment plans can also be hefty, especially at a time when the clock is already ticking for turning Next Generation EU resources into investment plans.

A major set of policy visions and initiatives were formulated in July: the Hydrogen Strategy, the launch of the Clean Hydrogen Alliance and the Energy System Integration Strategy, both deepened in dimension 1. Collectively, and together with the EU Industrial Strategy, these initiatives offer a relatively clear indication of how the EU has come to look at future steps in decarbonisation, giving a clear role to clean molecules and sector coupling.
The adoption of the Hydrogen Strategy on 8 July 2020 could not have been more timely, as – in the context of great uncertainty created by COVID-19 – it gave strong and immediate signs that commitment to clean molecules will be maintained and actually even raised, started to identify regulation needed to unlock market opportunities for hydrogen, and provided a framework to channel private and public investment towards hydrogen. This has proved important to maintain momentum for hydrogen in the EU in the midst of the COVID-19 crisis, and has strengthened the role of the EU as a key hydrogen supporter globally. A criticism is that hydrogen lacks substantial decarbonisation potential in the short to medium term. Another criticism is that 2030 targets are too ambitious given significant uncertainty about the pace of constructing a hydrogen backbone and creating supply and demand. Major questions remain on the table, including those related to what hydrogen markets should look like (i.e., whether and how gas market regulation should be updated and applied to hydrogen or ad hoc legislation should be passed) and how infrastructure should be organised (i.e., after initial gas-hydrogen blending, would there be ad hoc hydrogen infrastructure or will gas infrastructure be utilised for pure hydrogen flows).

Closely related to the Hydrogen Strategy is the EU System Integration Strategy, which calls for coordinated planning and operation of the energy system to decarbonise at the lowest cost. It calls for favouring the least energy-intensive options and a circular approach to energy, electrifying when possible, and promoting low carbon fuels (including hydrogen) where electrification is not possible. It also embraces the notion that sector coupling is fundamental as it enables the uptake of renewables in sectors where this would otherwise be impossible (or too expensive).

A common denominator for the success of these initiatives and for the overall coherence of global efforts on decarbonisation is carbon pricing. A complex debate around carbon pricing is ongoing. This is an issue that is under consideration by the European Commission, with multi-dimensional features that concern both the scope and the design of EU mechanisms for carbon abatement. Thorny issues in the debate are the possible extension of the Emission Trading System (ETS) to the transport and heating sectors and the introduction of a carbon border adjustment. These aspects assume a critical dimension when seen from the point of view of large emitters and industrial players whose competitiveness is at stake in a moment of economic crisis.

Under the new Commission plans, the number of permits will decrease faster. Moreover, the number of free permits (which have in some cases allowed manufacturers to stay afloat) is also due to diminish. Should a carbon border adjustment be introduced, free permits might be scrapped altogether. Excessively high CO2 price might also limit the ability of EU companies to invest in breakthroughs to reduce their own carbon footprint. Some distortions are also observable. The initial rationale of the ETS (designed as a market-based mechanism) to create room for low(er) CO2 prices if industrial production slowed down is contradicted by efforts to contrast the decline in CO2 prices provoked by the COVID-19 crisis. Furthermore, the announcement of higher CO2 prices is encouraging some users to hoard permits and the market is attracting short-term investors such as hedge funds, who are there only for speculation purposes.

The risk of carbon leakage, whereby EU industries would outsource production to other countries seeking lower pollution prices, remains a pressing one. The carbon adjusted border tax is being proposed as the main instrument to counter this. However, this instrument should only be used as option of last resort and pondered against the countermeasures that could be adopted towards the economies of some EU member states (MS) and sectors. Moreover, a concrete application of the carbon adjusted border tax is complicated by difficulties in measuring and monitoring the CO2 footprint of goods, and by doubts about compliance with WTO rules and principles. Overall, the EU will need to balance its willingness to "lead by example" in carbon pricing with considerations around industrial competitiveness and commitment to market openness. It will also need to strike a fine balance between its climate ambitions and the need to keep its industry afloat in the midst of one of the worst recessions that it has ever seen.

Dimension 1

Driving the Green Deal

The publication of the EU Strategy for Energy System Integration and of the Hydrogen Strategy for a climate-neutral Europe marks a first step in turning the Green Deal promises into practice. Despite the lack of concrete legislative proposals for the time being, the first document has indeed set up the fundamental framework to implement the connected, far-reaching vision of the EGD into the energy sector. The hydrogen strategy details key and long-awaited tools needed for the success of such an integrated approach. The joint publication of the two strategies is certainly not coincidental. While such a strong focus on hydrogen worries some environmentalists, who believe the Commission's plans are not conductive to decarbonisation in the short and medium term, the two bold proposals likely anticipate significant action in the energy sector in the months to come – a possibility further confirmed by other events, such as the adoption of the Modernisation Fund and the ongoing preparation of the EU strategy for offshore renewables.

The EU Strategy for Energy System Integration

Published on 8 July, the Strategy for Energy System Integration highlights a clear shift in the design of energy systems, asking for the abandonment of the silos reasoning that has dominated the governance of the EU energy sector over the past decades (and which also partially influenced the Energy Union's dimensions concept itself). The strategy calls for a coordinated planning and operation of the energy system to decarbonise at the lowest cost, favouring the least energy-intensive options and a circular approach to energy, electrifying when possible, and promoting low carbon fuels (including hydrogen) when this is not possible.

It also embraces the notion that sector coupling is fundamental as it enables the uptake of RES in sectors where this would otherwise be impossible (or too expensive). Apart from sustainability, it is built to also strongly pursue affordability and security of supply (the other priorities of the EU energy policy triangle). The 38 actions set out by the strategy aim at connecting areas that are now often separated, to scale up investments, avoid overlaps and promote synergies; well-known concepts, such as the reuse of waste heat from industrial processes, are presented alongside new ideas, such as the adoption of hydrogen in making green fertilisers. A possible drawback however is that with so many action points, it is unclear what can be considered a priority.

The model of the EU System Integration Strategy is, generally speaking, technology neutral. We anticipate that, going ahead, it is going to be more and more difficult for the EU to balance the principle of technology neutrality with the need to "pick winners" (at least to some extent) in order to avoid dispersion of efforts and make sure that a consistent investment chain is activated and helps create economies of scale in clean energy technologies.

The Commission also addresses hot topics in the EU's energy agenda, such as revision of the TEN-E and TEN-T regulations (the former expected in 2020, the latter in 2021) and the extension of ETS sectors, yet perhaps touching too lightly on a few thorny issues such as the phase-out of direct fossil fuel subsidies or the alignment of non-energy price components in member states' energy bills (which will be both addressed under the umbrella of the revision of the Energy Taxation Directive). However, the Commission has positively put energy efficiency at the core of such a strategy, strongly recalling the Energy Union's "efficiency first" principle (directly quoted from page 6 of the document). Key to the success of the Commission's integrated vision will be the ability to turn the guidance it aims to provide in most of the actions proposed, into a valid recipe for energy integration which will be environmentally and economically sound for the majority of the EU.

The Hydrogen Strategy

A key role for hydrogen in the EGD was widely expected, considering VP Timmermans's vocal support for hydrogen and the strong emphasis placed on it by several member states (including Germany, The Netherlands and France in their dedicated national strategies). The EU Hydrogen Strategy launched on 8 July 2020 is a forward-looking vision and of course still a broad one, but it is important because it is the first of its kind. Its adoption was accompanied by the official launch of the European Clean Hydrogen Alliance, which had been announced in March.
Momentum for clean molecules rests on a growing recognition that electrification cannot meet the decarbonisation challenge alone, as it is going to be hard for electricity to cover substantially more than 50 per cent of energy consumption in 2050 (the EU's deadline for having achieved climate neutrality). In this context, hydrogen holds great promise and is a much-needed solution to decarbonise the so-called hard-to-abate sectors, namely heavy-duty vehicles, aviation, shipping, high-temperature industrial heating and petrochemicals. Moreover, hydrogen can be used as a storage option for intermittent renewables, including booming offshore wind power production in Northern Europe. Furthermore, the resource can offer a long-term future to abated gases and is thus attractive to the gas industry, thanks to the possibility of using gas infrastructure for transporting and distributing hydrogen and to produce hydrogen from natural gas with CCS. It is however the mismatch between the Commission's ambitions to boost hydrogen demand in Europe and the still limited ability to produce green hydrogen (i.e., from zero-emissions sources) that casts shadows on the short to medium term capacity of the resource to truly contribute to the EU's decarbonisation. This is partially reflected in the stark acceleration in building hydrogen capacity the Commission itself expects by 2024 – the strategy sets a target of 6 GW of renewable hydrogen electrolysers in the EU by that year, which is to increase to 40 GW by 2030, only six years later. The large hydrogen volumes foreseen for 2030 (7.4 million tonnes according to the 2x40 GW capacity target) will be key to drive down costs of green hydrogen production (the target is 1.5 EUR/kg in

2030).

Other tools for the transition

In addition to these two strategies, action on the sectors driving the energy transition has also seen the launch of other new tools, and the revision of old ones. The allocation of 14 billion euros under the Modernisation Fund in early July confirms the will of the Commission to smooth out differences among member states in the decarbonisation process; the funding mechanism indeed aims at supporting ten of the least energy efficient EU countries in the modernisation of their energy systems. However, considering the extent of the Commission's vision, such an effort will have to be rapidly scaled up to be effective.

The recent consultations for the EU strategy for offshore renewables highlight the Commission's recognition of one of the quickest moving sectors in the EU energy landscape. The publication of the document will likely take place under the German presidency, perhaps aiming at replicating the recent success of UK offshore wind tenders in the rest of the North Sea – and likely beyond. The strategy could indeed be a fundamental step not only to support falling offshore wind costs (alongside other measures), but also to promote a broader set of offshore technologies and solutions within emerging cooperation schemes in the Mediterranean and the Atlantic.

While the coal phase-out remains central in many National Energy and Climate Plans, and Germany is finally adopting its plan for 2038, in the meantime the EU is debating the revision of the Energy Charter. Officially designed to protect investments in the energy sector, the treaty has been long since seen by many as a powerful tool to safeguard fossil fuel projects, by largely restricting the parties' ability to change energy regulations. A group of MEPs is now trying to either reform or scrap the treaty to avoid the extremely expensive lawsuits private companies can launch against countries forbidding, for instance, fossil fuel exploration on their territory (as happened to France and Italy in recent years).

Dimension 2
Greening Industry

Greening the industry remains a challenging task for the Commission, particularly in a time when the crisis brought by the looming pandemic is still pushing many private players and national governments towards quick relief support measures – particularly for energy intensive industries and top emitters. While many member states are struggling to find a balance between supporting the hard-hit aviation industry and keeping their decarbonisation promises, many in the metal industry are battling for significant public support to pay the heavy bill for decarbonisation of the sector. This however clashes with the increasing ambition of the Commission to extend its decarbonisation plans to all sectors, particularly by the tightening of the EU carbon market and of free credit handouts. MS have also started their internal debate on the possible employment of the Recovery fund. In this sense, the Country Specific Recommendations for the European Semester represent good guidance for the definition of national recovery plans. The ENVI Committee itself has recently voted to exclude the use fossil fuels from support measures. Guidelines have been issued by a few MS (such as Italy), which could use the fund to extend or expand some of the plans already presented in their NECPs.

The battle for aviation and heavy industry

The harsh crisis introduced to the sector by the pandemic has partially suspended the battle it has led for some years now against the emission reductions proposed by the EU, with varied success. In a move criticised by several environmentalists, the Union has decided to support the proposed changes to the UN scheme which was aimed at making airlines gradually offset their emissions, thus easing the compensation due in the years to come. Meanwhile France has decided to suspend its plans for environmental taxes focused on airlines – a move which diverges from the current general push by the government towards greening the French economy. Yet, it is in line with the actions of other EU governments, as in the case of the 3.4 billion euro bailout promised by the Dutch government to Air France-KLM, and which has so far been presented with no environmental strings attached.

Following the Commission's attention to greening the industry, many in the metal industry have started calculating the bill to achieve net-zero production by 2050. The EU's largest company, ArcelorMittal, has proposed an estimate in excess of 40 billion euros, quickly leading to its request for support in terms of free ETS allowances and stricter import duties rewarding low-carbon producers. The request highlights the still lengthy path towards decarbonising the smelting sector, which is marked by significant differences in the footprint of each producer and suffers under harsh international competition, especially from Chinese steelmakers.

The future of the ETS

These difficulties in decarbonising key industry sectors clash with the EU's willingness to extend the ambition and the coverage of the EU ETS. A draft seen by Reuters indeed shows the Commission's willingness to cut most carbon credit handouts by the maximum possible level, already in 2021. New rules will also permit adjusting the allocation of free allowances to the actual level of production – a fundamental tool in times of slowing economic activity. Despite excluding most of the metal industry for the time being, such a tightening is a fundamental step for the proper functioning of the ETS. Its strong price fluctuations (and collapses) in the past decade were indeed also due to such free allowances – airlines received some 80 per cent of their carbon permits for free. As the Commission is likely to deliver a full proposal on this matter by June 2021, VP Dombrovskis stated that the removal of free allowances will be matched by the launch of the carbon border tax, to avoid carbon leakages and unfair competition from producers in countries with looser environmental regulations. The inclusion of the maritime sector in the carbon scheme, approved by the EP in September, will also mark a significant upgrade in the ambition of EU plans for a carbon market. However, the opposition of international players to all these measures, China and the US in particular, and the possible confrontation with WTO rules could delay their full implementation, which is in any case expected no earlier than 2023.

Promoting the EU battery industries

The upcoming revision of the 2006 Battery Directive has boosted the debate on the future of the technology in the EU's decarbonisation plans. The Chinese dominance in the sector has in fact not yet reduced the ambition of EU players to take a key role in this still growing industry – a vision that was already strengthened during the Energy Union with the launch of VP Šefčovič's European Battery Alliance. The Commission does not seem to have abandoned such plans; the EIB has indeed recently provided a 350 million euro loan to the Swedish company Northvolt, a leading EU producer, to build the first European gigafactory for batteries. The Commission has also recognised the delicate situation on the supply of lithium and other raw materials; the former has been indeed added to the list of critical raw materials, alongside others needed by many industries involved in the energy transition. The launch of the European Raw Materials Alliance, which took place at the end of September, will lead to the definition of a plan to guarantee the supply of these materials in quantities matching the new needs of the EU – Šefčovič himself stated that the Commission expects a demand for lithium in 2050 which will be up to 60 times the current level. Nevertheless, it will equally critical to develop a solid framework for the recycling of such materials – an issue the Alliance will address in the months to come.

Dimension 3

Supporting the Transformation

The shaping of a pan-European response to the crisis which boosts and complements national plans has in these months entered a crucial phase. The International Energy Agency (IEA) has warned the EU that a decrease in investment could jeopardise the bloc's environmental targets for 2030: the need for extra funds and efforts has become clearer, all the more so since the Commission has proposed sharper cuts in GHG emissions for the next decade. The huge mobilisation of resources in favour of the green pillar is thus encouraging – but the adequate policy mix has yet to be carefully crafted or adapted for this money to go in the right direction. During the past summer, targets were still a divisive topic within the EU – despite encouraging steps coming from traditionally sceptic countries (i.e., Poland). On top of this, COVID-19 has accelerated the mainstreaming of climate change in all policies and in financial planning, all of which needs to be coherently incorporated into recovery strategies and into domestic, European and international trajectories and targets. The German EU Council presidency, strengthened by Berlin's political clout in the EU and globally, is acting as a catalyst.

Guiding the process

Germany has taken over the rotating presidency aiming to steer the bloc towards a climate-friendly economic recovery. Berlin is now overseeing crucial negotiations within the EGD architecture, extending from the 2030 targets to the hydrogen dossier. The country, number one emitter in the EU, has also finally submitted its NECP in June containing its goal to cut GHG emissions (55 per cent by 2030) and measures to support that objective, such as launching carbon pricing for transport and buildings in 2021. With the Irish NECP out in August, finally all EU MS have a 2030 plan.

NECPs are however destined to evolve as the EU ambition grows. Indeed, in her State of the Union speech, Von Der Leyen proposed to raise the bloc's 2030 greenhouse gas emission reduction target, including emissions and removals, to at least 55 per cent compared to 1990, while the Parliament backed an even higher target (60 per cent) and the topic will feature in the next European Council agenda. In any case, this process prepares the ground for increasing the EU's NDC under the Paris Agreement by the end of the year. Meeting a 55 per cent 2030 target represents a huge investment challenge, according to the impact assessment of the Commission, but is considered as an achievable ambition. NECPs are also the foundation for the EU executive's guidance to MS in drafting their national Recovery and Resilience Plans (to be presented by April 2021) necessary to get access to grants and loans under the Recovery and Resilience facility, plans for which the Commission has already handed guidance to MS. The Commission has called on the European Parliament and the Council to agree as quickly as possible on the legislative proposal so that the Facility becomes operational with the beginning of the new year. Translating ambitions into spending commitments is not an easy task while things are yet to be clearly defined.

Given the multi-layered facets of the transition, the Committee of the Regions has renewed its call to MS and the EC to establish a permanent Multilevel Energy Dialogue Platform, calling for all relevant subnational governments to be engaged in the drafting and shaping of the EU's trajectory from 2030 to 2050.

Enabling an orderly process

As anticipated in the foreword, negotiations over pillars of this recovery phase are still ongoing, MFF included. The Council had agreed on a huge €1.8 trillion package aimed at supporting the recovery and contributing to the advancement of key EU objectives, starting from the EU's 2030 climate targets, the goal of climate neutrality by 2050 and the Paris Agreement dispositions. The package would combine €1,074.3 billion from the 2021–2027 MFF and €750 billion from NGEU. The Commission also sets a target of raising 30 per cent of Next Generation EU's 750 billion euro through green bonds. An overall climate target of 30 per cent will apply to the total amount of expenditure from the two funds – although clarification over the methodology for tracking climate spending in the EU budget is needed. This represents around a quarter of the investments required to reach a 50–55 per cent emissions reduction target in one decade, and is thus considered a crucial enabler to mobilise other investments – namely private ones.

In this rolling process, avoiding vastly different responses across MS should remain a priority, as it would only worsen economic divergences observed prior to the crisis and ultimately prevent a successful transition. MEPs did not welcome the cuts to InvestEU and the Just Transition Fund, the latter specifically intended to ensure inclusiveness and political consensus of the green transition. The plenary vote supported funding for a limited number of gas projects under the Fund, fuelling several protests: the future trilogue negotiations will however reveal more about the direction taken. In the meantime, the Just Transition Platform has been launched to help MS channel funds in the right direction. The Commission also adopted the rules on the Modernisation Fund – the EU solidarity funding mechanism to support ten MS in their transition to climate neutrality.

Facilitating investments and creating incentives

The EU Parliament has given a green light to the EU "taxonomy regulation" which entered into force in July, to define which financial products and investments can be classified as "green" based on new criteria that will apply to the underlying economic activities, and to require providers of financial products to disclose which investments really meet the criteria. The legislation also formally establishes the Platform on Sustainable Finance that will help develop the detailed criteria to be adopted via a delegated act by the end of the year. In conjunction with the parliamentary vote and in line with its "Climate Bank Roadmap", the EIB is

aiming to align the classification of its lending activities with the EU Taxonomy. The EU Taxonomy becomes even more important in the context of the NGEU funds, since the inspiring principles for their deployment will have to look at, inter alia, the new sustainability criteria introduced with this Regulation.
The EU has also announced a review of the non-financial reporting directive which requires banks, insurance firms and certain companies to update and streamline their disclosure practices. An informal group of investors, civil society organisations and finance industry groups have asked the Commission to improve the quality, comparability and consistency of information on a number of matters, including environmental ones. On another front, the Commission has opened bidding for €1 billion from the Innovation Fund, which is made up of EU carbon market revenues, with the aim of encouraging companies to invest in green technologies. Further funding calls will follow in the future.
Commissioner Vestager also said European Union governments may in the future be allowed to grant more state aid to projects that help the bloc achieve climate objectives, a sort of "green bonus" – although competition policy clearly cannot replace environmental laws or green investment policies.

The ECB has also joined the debate, with the head of the central bank's market operations that recently considered there is room to act on climate – an attitude that was not welcomed by everyone (i.e., the German business association connected with Merkel's CDU). In these months the Bank has also returned to the role of the euro as the main currency of denomination for the issuance of global green bond markets. In this sense, the consolidation of the EU role as a global hub for green finance could strengthen the euro as the currency of choice for sustainable financial products, while in few months the EU will have to raise hundreds of billions on the markets to finance the NGEU. Germany also issued its first green bond to finance environmental projects. Despite the country's late arrival to the market, its debt is considered the safest in the eurozone.

Dimension 4
Strengthening Security and Diplomacy

The developments falling under this dimension are due to become prominent in the months to come. A real global test awaits the EU in the upcoming year, and will require a rethinking of its engagement strategies with very different actors in an increasingly complicated landscape. The situation in the Mediterranean is one of the leading crises on Europe's doorstep, where energy is just one piece of the puzzle; on the Russian front, the poisoning of Navalny has re-opened the debate on the difficult decoupling of commercial interests from the democratisation and human right agenda; and the very long-awaited EU–Mercosur deal leaves many environmental and social questions unanswered. Upgrading the EU's climate diplomacy on the global stage is also complicated by other factors, including internal disruptions, such as the still open Brexit negotiations. In the background, the debate over the implications of an EU carbon adjusted border tax is ongoing; the issue is currently subject to a public consultation until the end of October to receive input for the expected presentation in Spring 2021.

Greening trade deals

The text of the EU–Mercosur deal was agreed in principle between the EU and the South American trade bloc – Brazil, Argentina, Uruguay and Paraguay. While it has yet to be approved by the European Parliament and Council, many environmental organisations, heads of state/government and parliaments are worried that it would have devastating environmental effects and undermine the rights of indigenous people.

Supporters of the agreement consider that the "Trade and Sustainable Development – (TSD)" chapter of the deal guarantees that trade policy will align to climate objectives; opponents consider that the agreement fails to address environmental and social issues, and that the abovementioned chapter does not guarantee the "do-no-harm principle" in supply chains or trade. They also consider the deal guarantees an insufficient monitoring of negative impacts and lacks credible enforcement measures. The EU, managing trade issues for the bloc, is reportedly "seeking clear engagement" from the South Americans on sustainability priorities. Although some have convincingly been backing the agreement – such as German Economy Minister Altmaier – many are much more sceptical. During the summer, the Dutch Parliament requested that the Netherlands withdraw support from the agreement; more recently, the French government has confirmed its opposition to the current version. Demonstrations against the deal were held in Brussels and in several other countries – many disapprove the relaxed rules on Brazilian beef, likely to strongly accelerate the Amazon deforestation, while many others ask for clarification on what is certainly a blurred debate.

As part of his confirmation process to take over the trade portfolio, VP Dombrovskis considered putting forward a new mechanism to protect the EU from the coercive actions of trade partners. In the meantime, the Commission also aims to withdraw the ETS free allowances in parallel with the introduction of a carbon border tax – although many problems persist, starting with its compatibility with WTO rules.

Engaging with partners on common challenges

In these months, the Council has reaffirmed the paramount prominence of a stronger EU–Africa partnership. The EU also held an EU–India summit that ended with deliverables on how to scale-up EU–India cooperation in the areas of resource efficiency, energy transition and circular economy. On another front, despite EU and China sharing a mutual interest in climate cooperation, China's increasingly autocratic domestic posture and assertive foreign policy were observed with concern by the EU. After an EU–China summit in June, the two parties spoke again in September. Recently, China encouragingly committed to climate neutrality target by 2060: certainly an important move, that however leaves many unaddressed questions, starting from the role of coal.

On a closer front, many open questions remain before Brexit materialises in early 2021. Since June, the two parties have been discussing a UK trading scheme and its links with the EU ETS. While Britain's long-term emissions objectives match the EU-27 bloc's aspirations and its proposed new scheme would have a cap on emissions tighter by 5 per cent (compared to its former quota), the UK is reluctant to include binding commitments in the new EU–UK deal. Meanwhile, Brussels wants guarantees to avoid one party gaining an unfair competitive advantage in the future. Post-Brexit Britain is eager to demonstrate its global climate role in Glasgow – but at COP26 it will deliver only if cooperating constructively with the EU.

As for what concerns the first UN Biodiversity Summit held in September, ahead of the summit several countries, including Britain and Canada, joined the EU in pledging to protect 30 per cent of their land and sea by 2030, and Von der Leyen endorsed the Leader's pledge for nature. In the EU and in a number of MS, measures to stop biodiversity decline are under discussion.

Berlin's NS2 dilemma

Calls to cancel NS2 have revived, although the project is now 94 per cent completed. Over the summer, the US has escalated its rhetoric against the project, with most EU countries and VP Borrell himself considering this unacceptable. In an effort to ease transatlantic tensions, Germany in August proposed to spend up to €1 billion to subsidise the construction of two LNG terminals to receive US gas, but the US denied that its reservations about the pipeline were driven by commercial considerations.

A new chapter to the saga began in

late August, when the most prominent Russian dissident – Alexei Navalny – was poisoned with a military-grade nerve agent and treated in a Berlin hospital. "Decoupling" the Russian behaviour from NS2, a strategy that worked in the past, has proved more difficult this time, and Merkel did not exclude targeting the pipeline unless facts were clarified.

In the meantime, a stronger integration is slowly gaining ground in the East. Ukraine is shaping its gas infrastructure and regulations to integrate into the EU market and the EIB has signed a €65 million loan agreement to support the Poland–Lithuania gas interconnector – an EU Project of Common Interest (PCI) as it integrates the Baltic States and Finland into the broader EU market .

The Turkish question

In June, two naval incidents in Mediterranean waters – occurring in the context of the EU's Operation Irini and NATO's operation Sea Guardian – strengthened EU fears over Turkish assertiveness in the area. Ankara violated Greek airspace, conducted drilling in territorial waters claimed by Greece and announced plans for further seismic surveys and drilling in Cyprus's EEZ, which raised voices at both the EU and the MS level (France and Greece in particular). Macron demanded EU sanctions against Turkey for such violations and said the EU should take action over the crisis in Libya, where Ankara is gaining influence. Erdogan's mind was not changed by Paris's decision to temporarily strengthen the French military in the East Med waters and a maritime border agreement signed between Greece and Egypt laying out the boundaries between the two EEZs, especially after new Turkish gas discoveries in the Black Sea. In the meantime, Cyprus has criticised the EU's appeasement in dealing with Ankara, and Greece has claimed stronger support from Germany, which, compared to France's show of force, has played the role of mediator.

An informal meeting of EU foreign ministers confirmed that, without de-escalation, sanctions could be imposed. In the Council conclusions on 1 October the EU called on Turkey to accept the invitation by Cyprus to engage in dialogue with the objective of settling all maritime-related disputes bilaterally, negotiations in which the EU will likely play the role of facilitator. The Council also agreed to launch an East Mediterranean peace conference as well as to revive talks on the customs union and a facilitated visa programme, provided that Turkey stops violating EU sovereignty.

IN DEPTH

Interview

Stefano Grassi

Head of Cabinet
Energy Commissioner Kadri Simson

Next Generation EU is a chance to set in motion a green recovery for the EU. In your opinion, what are the features of the plan with the highest potential to realise structural changes to the economy, towards the long-term green growth that the Von der Leyen's Commission is aiming at? What challenges do you see ahead?

I agree with Joseph Stiglitz and all those international organisations that have pointed out that green recovery isn't just the right thing to do, it also makes economic sense. We know from research that green recovery measures create more jobs and growth than traditional, less sustainable ways to boost the economy. We have to strike the right balance between the immediate needs of stimulus and more long-term goals to modernise our economy and make it more resilient. So on one hand, we have measures like renovating old buildings or installing rooftop solar panels. And on the other, we should invest in renewable energy, to maintain our global technological leadership, and new, promising solutions like hydrogen or fuel cells, where we have the potential to achieve a similar position. And this investment agenda would of course feed into achieving our climate goals.

The Energy System Integration Strategy carries the premise of a deep transformation of the energy market. Can you anticipate how the Commission intends to achieve a coherent and fully connected energy system with the forthcoming legislative proposals, and how it will translate this into action? How will the EU strike a balance between deeper electrification and the diffusion of hydrogen, two key measures in the strategy?

This year and the next, we will update our legislative framework to reflect the need for a larger share of renewables, a more efficient and circular energy system and new solutions and technologies, like hydrogen. We will for example revise the renewables and energy efficiency directives and revamp our cross-border infrastructure rules. When it comes to deeper electrification and wider use of hydrogen, these aims are complementary. Electrification is the easiest way to integrate renewables into our energy system, but not everything can be electrified and in some cases it's too costly. This is where renewable hydrogen can help us decarbonise: for example in industry and some sectors of transport.

The change from the Energy Union perspective to the Green Deal has significantly shifted the focus from areas such as energy diplomacy and the completion of the internal energy market to a much wider vision. Energy security is less explicitly present, for example in the communication of 11 December 2019: how will the concept of energy security evolve in the European Green Deal?

I see this as an evolution rather than a revolution. The energy union provided us with a foundation and a framework that is absolutely necessary for the implementation of the European Green Deal. But while a well-functioning internal energy market is a prerequisite for the green transition, it's not enough. And some of the concerns we had a decade or even a couple of years ago are less pressing now: we have for example significantly improved our security and diversity of supply. Moving towards climate neutrality will further strengthen our energy security, as more renewables means more local energy sources, which in turn means less dependence on sometimes unstable energy providers and a smaller import bill – we have calculated that already by 2030, the savings would be 100 billion euros.

The Renovation Wave for the building sector is upcoming: what should we expect from the initiative? What are the elements of novelty that will grant success to the Commission's vision in a sector that, despite efforts, has so far failed to deliver the expected results – especially because of slow or incomplete implementation by MS?

Building renovation is indeed a complex area where it is not enough for the EU to act – buildings are the local issue par excellence. But there are many things that the EU can do to facilitate local action and this is what we are aiming for with our comprehensive plan. We will look at regulatory and other barriers that hinder renovation, we will look at funding, we will look at incentives and we will look at what kind of assistance we can provide to make it work. We know it can work, because in some countries, renovation programmes have been hugely successful. I think the timing is also right for renovation to take off: on one hand, our more ambitious climate goals will motivate us to tackle sectors with big emission reduction potential. And buildings are responsible for 36 per cent of the EU's greenhouse gases. On the other hand, the economic pressure we are under will favour investments that create jobs – and renovation is a labour-intensive activity that can give an instant lift to local economies.

AP-PEN-DIX

ROAD MAP

The following list includes the major legislative and political actions of the European Green Deal since its launch in December 2019, and a number of other EU initiatives supporting the Green Deal objectives. In this roadmap the different elements are each framed within one of the four dimensions analysed above – although some might cut across more than one dimension.

Driving the Green Deal

Strategy for sustainable and smart mobility

- 01 July - 10 August 2020: Feedback period (closed)
- 01 July - 23 September 2020: Public consultation (closed)
- Fourth quarter 2020: Commission adoption (expected)

Proposal for the European year of rail 2021

- 4 March 2020: Commission Proposal for a decision of the European Parliament and of the Council on a European Year of Rail .
- 11 March 2020: Committee referral announced in Parliament, 1st reading/single reading (awating TRAN committee decision)
- 12 October 2020: Vote in committee, 1st reading/single reading. Committee decision to open interinstitutional negotiations with report adopted in committee.

Sustainable aviation fuels – ReFuelAviation

- 24 March 2020 – 21 April 2020: Publishing of inception impact and feedback period (closed)
- First quarter 2020: Public consultation (upcoming)
- Fourth Quarter 2020: Commission adoption (expected)

European vehicle emission standards – Euro 7 for cars, vans, lorries and buses

- 27 March – 3 June: Feedback period (closed)
- Second quarter 2020: Public consultation (upcoming)
- Fourth quarter 2021: Commission adoption (expected)

Low-emission vehicles – improving the EU's refuelling/recharging infrastructure

- 6 April 2020 – 4 May 2020: Feedback period (closed)
- 6 April 2020 – 29 June 2020: Public consultation (ongoing)
- First Quarter 20201: Commission adoption (expected)

Trans-European Energy Infrastructure – Review of the guidelines

- 11 May 2020 – 8 June 2020: Feedback period (closed)
- 18 May 2020 – 13 July 2020: Public consultation period (ongoing)
- Fourth quarter 2020: Commission adoption (expected)

Renovation Wave Initiative in the Building Sector

- 11 May – 08 June 2020: Feedback period (closed)
- 12 June – 9 July 2020: Public consultation (closed)
- 14 October 2020: Commission presented the initiative

Strategy for Smart Sector Integration

- 11 May – 08 June 2020: Feedback period (ongoing)
- Second Quarter 2020: Commission adoption (expected)

Strategy on Offshore Wind

- 16 July – 13 August 2020: Feedback period (closed)
- 16 July – 24 September 2020: Public consultation (ongoing)
- Fourth quarter 2020: Commission adoption (expected)

EU Hydrogen Strategy

- 26 May – 8 June 2020: Feedback period (closed)
- 8 July 2020: Commission presentation and launch of European Clean Hydrogen Alliance
- 10 July 2020: Internal referral to parliamentary committee(s)

FuelEU Maritime – Green European maritime space

- 27 March – 24 April 2020: Feedback period (closed)
- 2 July – 10 September 2020: Public consultation (closed)
- Fourth quarter 2020: Commission adoption (expected)

Offshore renewable energy strategy

- 16 July – 13 August 2020: Feedback period (closed)
- 16 July – 24 September 2020: Public consultation (closed)
- Fourth quarter 2020: Commission adoption (expected)

EU Methane Strategy

- 8 July 2020 – 12 August 2020: Feedback period (closed)
- 14 October: Commission presented the strategy

Review Alternative Fuels Infrastructure Directive

- Second quarter 2020: Final version of evaluation (expected)

Energy Efficiency Directive

- 3 August – 21 September 2020: Feedback period (ongoing)
- Third quarter 2020: Public consultation
- Second quarter 2021: Commission adoption (expected)

EU Renewable Energy Rules – Review

- 3 August – 21 September 2020: Feedback period (ongoing)
- Third quarter 2020: Public consultation
- Second quarter 2021: Commission adoption (expected)

Greenhouse Gas Emissions from Land Use/Forestry – CO2 offsets

- 17 August – 14 September 2020: Draft act feedback period (closed)
- Fourth quarter 2020: Commission adoption (expected)

New EU Forest Strategy

- First quarter 2021: Commission adoption (expected)

Ocean Energy – Evaluation of EU renewable power generation & policy

- 20 May – 17 June 2020: Feedback period (closed)
- 27 August – 10 December 2020: Public consultation (ongoing)

Yet to be announced

- *Initiatives to increase and better manage the capacity of railways and inland waterways (from 2021)*
- *Proposal for more stringent air pollutant emissions standards for combustion-engine vehicles (2021)*
- *Revised proposal for a Directive on Combined Transport (2021)*
- *Proposal for more stringent air pollutant emissions standards for combustion-engine vehicles (2021)*

Greening Industry

New Industrial Strategy for Europe

- 10 March 2020: Commission presented the strategy
- 13 March 2020: Internal referral to Parliamentary Committees (ongoing preparatory phase in Parliament)
- 3 September 2020: Commission presents an Action Plan on Critical Raw Materials, the 2020 List of Critical Raw Materials and a foresight study on critical raw materials for strategic technologies and sectors from the 2030 and 2050 perspectives
- 29 September 2020: Launch of Critical Raw Materials Alliance

Circular Economy Action Plan

- 11 March 2020: Commission presented the strategy
- 12 March 2020: Internal referral to parliamentary Committees (preparatory phase in the Parliament)
- 27 May 2020: Committee referral announced in Parliament, 1st reading/single reading
- 12 October 2020: Consideration of the rapporteur's draft report in the ENVI Committee

Industrial Emissions – EU Rules updated

- 24 March – 21 April 2020: Feedback period (closed)
- Third quarter 2020: Public consultation (expected)
- Fourth quarter 2021: Commission adoption (expected)

Farm to Fork Strategy

- 17 February – 20 March 2020: Feedback period (closed)
- 20 May 2020: Commission presented the strategy
- 29 May 2020: Internal referral to parliamentary committees (still underway, preparatory phase in Parliament)

Waste Shipments – Revision of EU Rules

- 11 March – 8 April 2020: Feedback period (closed)
- 7 May – 30 July 2020: Consultation period (closed)
- First quarter 2021: Commission adoption (upcoming)

Batteries – Modernising EU

- 28 May – 9 July 2020: Feedback period (closed)
- Third quarter 2020: Commission adoption (expected)

Chemicals Strategy for Sustainability (Toxic-Free EU Environment)

- 9 May – 20 June 2020: Feedback period (closed)
- 10 July 2020: European Parliament adopted a resolution outlining its key demands and priorities as regards the upcoming strategy
- 14 October 2020: Commission presented the strategy

Hazardous Waste – Updated concentration limits for chemical pollutants

- 29 May – 7 August 2020: Feedback period (closed)
- Second quarter 2021: Commission adoption (expected)

EU Strategy for Energy System Integration

- 11 May – 8 June 2020: Feedback period (closed)
- 8 July 2020: Commission presented the strategy
- 10 July 2020: Internal referral to parliamentary committee(s) (still in preparatory phase in Parliament)

Organic Farming – Action plan for the development of EU organic production

- 4 September – 23 October 2020: Feedback period (open)
- 4 September – 27 November 2020: Public consultation (open)
- First quarter 2021: Commission adoption (expected)

Yet to Be Announced

- *Zero Pollution Action Plan for Water, Air and Soil (2021)*
- *Initiatives to stimulate lead markets for climate neutral and circular products in energy-intensive industrial sectors (from 2020)*
- *Proposal to support zero-carbon steel-making processes by 2030 (2020)*
- *Proposal legislative waste reforms*

Integration of the Sustainable Development Goals in the European Semester

- Ongoing

Proposal for a Just Transition Mechanism, including a Just Transition Fund, and a Sustainable Europe Investment Plan

- 14 January 2020: Proposal published by the Commission
- 29 January 2020: Committee referral announced in Parliament, 1st reading/single reading
- 27 May 2020: Referral to associated committees announced in Parliament
- 6 July 2020: Vote in committee, 1st reading/single reading
- 15 July 2020: Committee report tabled for plenary, 1st reading/single reading
- 17 September 2020: Decision by Parliament, 1st reading/single reading, matter referred back to the committee responsible

Review of the Non-Financial Reporting Directive (by large companies)

- 30 January – 27 February 2020: Feedback period (closed)
- 20 February – 11 June 2020: Consultation period (closed)
- First quarter 2021: Commission adoption (expected)

Deforestation and Forest Degradation – Reducing the impact of products placed on the EU Market

- 5 February – 4 March 2020: Feedback period (closed)
- 3 September – 10 December 2020: Consultation period (ongoing)
- Second quarter 2021: Commission adoption (expected)

LIFE Programme 2021–2027

- 17 February 2020: EU invests more than €100 million in new LIFE Programme projects to promote a green and climate-neutral Europe
- 1 April 2020: European Commission launches its 2020 call for project proposals under the LIFE programme

Proposal for a Carbon Border Adjustment Mechanism for Selected Sectors

- 4 March – 1 April 2020: Feedback period (closed)
- 22 July – 28 October 2020: Public consultation (ongoing)
- Second quarter 2021: Commission adoption (expected)

Towards a WTO-Compatible EU Carbon Border Adjustment Mechanism (Parliament Own Initiative Procedure)

- 16 April 2020: Committee referral announced in Parliament, 1st reading/single reading
- 16 April 2020: Referral to associated committees announced in Parliament (awaiting Committee decision)

Proposal on a European "Climate Law" Enshrining the 2050 Climate Neutrality Objective

- 4 March 2020: Proposal published
- 5 March 2020: The Commission presented the legislative proposal to the Environment Council
- 11 March 2020: Committee referral announced in Parliament, 1st reading/single reading
- 27 May 2020: Referral to associated Committees announced in Parliament
- 11 May 2020: Vote in committee, 1st reading/single reading
- 17 September 2020: Commission tabled an amendment to the proposed European Climate Law to include the 2030 emissions reduction target of at least 55 per cent as a stepping stone to the 2050 climate neutrality goal
- 22 September 2020: Committee report tabled for plenary, 1st reading/single reading
- 6 October 2020: Debate in plenary
- 7 October 2020: EU assembly voted for the proposed 60 per cent reduction target amendment on the 2030 target

European Climate Pact

- 4 March – 17 June 2020: Public consultation (closed)
- Fourth quarter 2020: Commission adoption (expected)

EU Green Deal – Revision of the Energy Taxation Directive

- 4 March – 1 April 2020: Feedback period (closed)
- 22 July – 14 October 2020: Consultation period (ongoing)
- Second quarter 2021: Commission adoption (expected)

2030 Climate EU Target Plan

- 4 March 2020: Proposal published
- 18 March – 15 April 2020: Publishing of impact assessment and feedback period (closed)
- 31 March – 23 June 2020: Commission launches online public consultation to gather stakeholders' views on EU 2030 climate ambition increase (closed)
- 10–11 September: ENVI Committee adopted its report, calling for a higher reduction target of 60 per cent in 2030
- 17 September 2020: Presentation of 2030 Climate EU Target Plan
- June 2021: Commission will review, and where necessary propose

to revise, all relevant policy instruments to achieve the additional emission reductions (expected)

Renewed Sustainable Finance Strategy

- 24 May 2020: Commission proposal for a renewed sustainable finance strategy
- 8 April – 15 July 2020: Consultation period on sustainable finance strategy (closed)
- 15 April 2020: Council adopted by written procedure its position at first reading with respect to the Taxonomy Regulation
- 18 June 2020: European Parliament approved the text pursuant to the "early second reading agreement" procedure
- 12 July 2020: Taxonomy Regulation entered into force
- October 2020: Publication of the draft delegated regulation on climate change mitigation and adaptation under the Taxonomy Regulation for feedback (expected)
- 31 December 2020: Adoption of the delegated act on climate change mitigation and adaptation under the Taxonomy Regulation (expected)

Chemicals Strategy for Sustainability (Toxic-Free EU Environment)

- 9 May – 20 June 2020: Feedback period (closed)
- 10 July 2020: European Parliament adopted a resolution outlining its key demands and priorities as regards the upcoming strategy
- Third quarter 2020: Commission adoption (expected)

New EU Strategy on Adaptation to Climate Change

- 12 May – 30 June 2020: Feedback period (closed)
- 14 May – 20 August 2020: Public consultation (closed)
- First quarter 2021: Commission adoption (expected)

EU Biodiversity Strategy 2030

- 20 May 2020: Commission presented the strategy
- 26 May 2020: Internal referral to Parliamentary Committee(s) (preparatory phase in Parliament)

EU Emission Trading System – Updated rules on accreditation and verification (2021–2030), Draft Act

- 29 May – 24 July 2020: Feedback period (closed)
- Third quarter 2020: Commission adoption (expected)

EU Emission Trading System – Updated rules on monitoring and reporting (2021–2030), Draft Act

- 29 May – 24 July 2020: Feedback period (closed)
- Third quarter 2020: Commission adoption (expected)

Empowering Consumers for the Green Transition

- 23 June – 1 September 2020: Feedback period (closed)
- 30 June – 6 October 2020: Public consultation (closed)
- Second quarter 2021: Commission adoption (expected)

8th Environmental Action Programme (2021–2030)

- Fourth quarter 2020: Commission adoption (expected)

Yet to Be Announced

- *Initiatives to screen and benchmark green budgeting practices of the member states and of the EU (from 2020)*
- *Align all new Commission initiatives with the objectives of the Green Deal and promote innovation (from 2020)*
- *Stakeholders to identify and remedy incoherent legislation that reduces effectiveness in delivering the European Green Deal (from 2020)*

Strengthening security and diplomacy

Green Agenda for the Western Balkans

- 25 March 2020: 5th Energy and Climate Committee meeting, organized by the Energy Community Secretariat, have stressed the connection between national energy and climate plans (NECPs) and the European Green Deal, focusing in particular on the Green Agenda for the Western Balkans
- 3 April 2020: joint NGO proposals on the Green Agenda for the Western Balkans
- 6 May 2020: adoption of the Zagreb Declaration after the EU-Western Balkans Summit
- EU long-term budget (period 2021–2027) includes €12.5 billion allocated to the enlargement region in order to support the fulfilling of the accession criteria
- 6 October 2020: Commission adopted a comprehensive Economic and Investment Plan for the Western Balkans and presented guidelines for the Green Agenda for the Western Balkans
- November 2020: Green Agenda for the Western Balkans expected to be adopted at the Western Balkans Summit in Sofia (expected)

Initiative for More Sustainable Cocoa Production

- 22 September 2020: Launch by the Commission
- October 2020 – July 2021: Thematic group meetings (expected)

Sustainable Energy Connectivity in Central Asia (SECCA) Programme

- 19 May 2020: Commission announced €8 million support programme to boost sustainable energy in Central Asia

New Strategy with Africa

- 9 March 2020: Proposal by the Commission
- To be endorsed at the European Union–African Union Summit (postponed from October 2020 to 2021)

Yet to be announced

- *Strengthen the EU's Green Deal diplomacy in cooperation with Member States (from 2020)*
- *Bilateral efforts to induce partners to act and to ensure comparability of action and policies (from 2020)*

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