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The Green Deal: An overarching framework for the next decade

In November 2019, the European Commission presided by Ursula von der Leyen launched the European Green Deal. This ambitious plan is not only comprehensive in its scope, but also far-reaching in its consequences. Among other things, it aims to make the EU the first carbon neutral economy by 2050 and to move towards a circular economy. It will be the overarching framework for every other policy area at least for the upcoming 10 years if not beyond.

The European Green Deal represents a paradigm shift in European politics that is designed to lead the change towards making the European economy digitalised and environmentally sustainable. The long-term goal of the new growth strategy is to make Europe the first carbon neutral continent by 2050. The intermediate goal is to decrease GHG by 55% by 2030. More generally, the Green Deal includes actions across all sectors and policy areas, with competitiveness, inclusiveness, and decoupling economic growth from resource use as key pillars. It will also have an impact on external trade and redefine the EU’s competitive positioning in different areas.

This entails the necessity of efforts in R&D&I that will eventually shape EU policy and have a direct impact on industry and civic society. The growth strategy includes a timeline for guiding documents to be published between 2020 and 2023. The most immediate expected changes as of March 2020 will however affect the most resource and energy intensive industries, specifically:

- Electronics and ICT;
- Batteries and vehicles;
- Packaging;
- Plastics;
- Textiles;
- Construction and buildings;
- Food, water and nutrients.

To fund its Green Deal, the Commission wants to mobilise over EUR 1 trillion. Public and private investments will play an important role, and new forms of blended funds are encouraged. To ease the economic pain for less developed regions, the Commission has set up a Just transition Mechanism. Also, a Sustainable Europe investment plan has been translated into the Structural Reform Support Program, which will enhance green investment via a new instrument: ‘Sustainable Procurement Screening’ for public investors. See for more information the schedule below.
The Climate Law is the Commission first proposal that is formulated in concrete actions. It compels the Commission to identify a trajectory for greenhouse gas emission to ensure that the EU 2050 climate-neutrality objective is achieved. When setting this trajectory, the Commission shall consider the following criteria:

- Cost-effectiveness and economic efficiency;
- Competitiveness of the Union’s economy;
- Best available technology;
- Energy efficiency, energy affordability and security of supply;
- Fairness and solidarity between and within Member States;
- The need to ensure environmental effectiveness and progression over time;
- Investment needs and opportunities;
- The need to ensure a just and socially fair transition;
- International developments and efforts undertaken to achieve the long-term objectives of the Paris Agreement and the ultimate objective of the United Nations Framework Convention on Climate Change;
- The best available and most recent scientific evidence, including the latest reports of the IPCC.

Furthermore, the Commission will assess progress every five years, aligned with the Paris Agreement timelines. Under the Paris Agreement, Parties periodically take stock of the implementation of the Paris Agreement and assess collective progress towards achieving its purpose and long-term goals, in the ‘global stocktake’. The Commission will assess and report on the collective progress made by the Member States:

- Towards the achievement of the climate-neutrality objective or on adaptation;
- On the consistency of Union measures with the climate-neutrality objective or adequacy to enhance adaptive capacity;
- To strengthen resilience or reduce vulnerability.

To monitor EU-wide progression, the Commission will assess a whole range of aspects every five years starting in 2023. The following aspects will be assessed:

- The consistency of Union measures with the climate-neutrality objective;
- The adequacy of Union measures to ensure progress on adaptation;
- The collective progress made by all Member States towards the achievement of the climate-neutrality objective;
- The consistency of national measures identified (...), as relevant for the achievement of the climate-neutrality objective;
- The collective progress made by all Member States on adaptation;
- The adequacy of relevant national measures to ensure progress on adaptation.
3 / Industrial Strategy: Preparing EU companies for a sustainable and digital future

The New Industrial Strategy is about developing:

- A globally competitive and world-leading EU industry;
- An EU industry that paves the way to climate neutrality;
- An EU industry shaping Europe’s digital future.

To become more competitive in the context of Europe becoming greener and more circular, industry will need a secure supply of clean and affordable energy and materials. All relevant players should work together to create lead markets in clean technologies and ensure our industry is a global frontrunner. They will all have to work on reducing their own carbon footprints but also accelerate the transition by providing affordable, clean technology solutions and by developing new business models.

In its Strategy on Shaping Europe’s Digital Future, The Commission sets out its vision for how Europe can retain its technological and digital sovereignty and be the global digital leader. As set out in the Commission’s recent European Strategy for Data, Europe needs a framework to allow businesses to create, pool and use data to improve products and compete internationally in a way that upholds our values and respects the rights and privacy of all. It must build on its strengths, including a robust industrial base, high quality research, skilled workers, a vibrant start-up ecosystem, mature infrastructure and a leading position in the use of industrial data.

The EU needs to be able to strengthen its strategic interests abroad through economic outreach and diplomacy. The EU must leverage the impact, the size and the integration of its Single Market to set global standards. The EU will continue efforts to uphold, update and upgrade the world trading system, because Europe’s response to protectionism, market distortions, trade tensions cannot be to erect more barriers, shield uncompetitive industries or mimic the protectionist or distortive policies of others. Being competitive requires competition –both at home and in the world.
In order to transform the European industry as described above, the Commission formulates following approaches:

- An “SME to SME approach” will be essential. The growing number of young, technology savvy SMEs can help more established industrial firms to adapt their business models and develop new forms of work for the digital age.
- Applying circular economy principles in all sectors and industries has potential to create 700,000 new jobs across the EU by 2030, many of which in SMEs.
- Unlock investment in industrial innovations with an understanding of what we want to focus on and a clear pathway to market to allow scale. As part of this, SMEs should be incentivised and support to innovate and bring ideas to market.
- Place-based innovation and experimentation should be encouraged. This would allow regions to develop and test new solutions with SMEs and consumers, drawing on their local characteristics, strengths and specialisms. The Digital Innovation Hubs, which act as one-stop shops for companies to access technology-testing, are a good platform to build on.
- Making lifelong learning a reality for all will become all the more important: in the next five years alone, 120 million Europeans will have to upskill or reskill.
- It is essential to have a better balance between women and men in industry.
- There are increasing links between different products and services across sectors. As well as focusing on specific technologies, Europe also needs to look closely at the opportunities and challenges facing industrial ecosystems. These ecosystems encompass all players operating in a value chain: from the smallest start-ups to the largest companies, from academia to research, service providers to suppliers. And they each have their own features.
4 / The New Circular Economy Action Plan: Decoupling economic growth from material use in a competitive and inclusive economy

The New Circular Economy Action Plan launched by the Commission on March 11, 2020 includes measures to reinvigorate European industries by making them more eco-responsible. The Action Plan consists of a host of measures. These range from legislative proposals, reviews of directives and rules, a reporting and certification system, reward systems, industry requirements, to restrictions. All these measures are embedded in the ambition of the European Green Deal to make Europe the first carbon neutral economy by 2050. It also aims at providing consumers with more information about their consumption choices endorsing the right to repair principle.

The Commission aims to include all relevant stakeholders in this exercise. It aims to set up a joint tool with the Ecolabel for companies to enable them to prove their declaration of eco-responsible products. The focus is also on reducing waste in Europe. The consumer products targeted by the Circular Economy Action Plan are from those sectors with a relatively high material use and circularity potential:

- Electronics and ICT including a new circular electronics initiative;
- Batteries and vehicles;
- Packaging;
- Plastics;
- Textiles with a new EU strategy for textiles;
- Construction and buildings with a strategy for a Sustainable Built Environment applying circularity principles;
- Food (packaging), water and nutrients.

Manufacturing and agriculture industries are directly affected. The new measures will actively support the sustainable and circular bio-based sector through e.g. the Bioeconomy Action Plan. SMEs are expected to play the largest role in this effort. On the other hand, restrictions will be imposed on industries with a large carbon footprint. As such, practices in the value chains listed above will be reviewed and corresponding measures will be taken. The market for secondary raw materials in Europe will be improved especially in the form of standardisation and the setup of a platform where information on secondary raw materials is transparent and available.
An effort across all value chains is required to reach the targets and reduce carbon footprints. In the plastics value chain for instance, recycled contents play a major role, which also affects building materials in construction and buildings. Here an emphasis is put on carbon capture, which can be achieved by selective choices for building materials such as mineralised products. Developers and architects are expected to increase buildings’ life expectancy and focus on renovating existing buildings at the same time as designing new buildings within the ‘Renovation Wave’ described in the European Green Deal. The aim is to improve buildings’ energy efficiency and assess how waste streams resulting from renovations and demolitions can be cut shorter to reintegrate used materials in buildings.

The Commission encourages regional and national authorities to endorse the New Circular Economy Action Plan. The Commission wants them to achieve this by updating their circular economy strategies and engaging in a dialogue with their citizens, companies, in particular SMEs, and researchers.

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