

THE EUROPEAN GREEN DEAL: OUR PACT FOR THE FUTURE

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Introduction

The <u>European Green Deal (EGD)</u> is the Flagship Initiative of the new European Commission and was presented by Commission President, Ursula von der Leyen, on 11 December 2019. It comprises a number of initiatives, strategies and legislative acts that, together, will serve to enable a just, sustainable and inclusive transformation of European society and economy. While Europe is still facing notable challenges regarding the Covid-19 pandemic, it is important that the climate crisis and other ecological crises are not pushed to the side. In fact, it can be argued that the recovery from the Covid-19 crisis presents an opportunity to accelerate a sustainable transformation. In line with this, the European Union's recovery programme, "Next Generation EU", adopted in July 2020, reinforces many of the initiatives proposed in the EGD, such as the renovation wave.

This ESDN Conference Discussion Paper provides a first overview of the EGD and the different initiatives it contains.

The following chapters will primarily discuss the individual topics of the breakout groups of the ESDN Conference 2020, which is entitled, *The European Green Deal: Our pact for the Future* and will take place as a virtual event on 12-13 October 2020. These chapters will outline the individual initiatives, what the Commission is planning to do, and what has already been achieved. In each of the breakout groups during the Conference, participants will focus on one overarching question:

Building on European Green Deal momentum, how do we achieve further impetus for transformation to a more sustainable society?

Chapter 1 will give a general overview of the different aspects, strategies and dimensions that make up the European Green Deal. The second chapter discusses the question of sustainable growth and in which context growth is mentioned in the EGD. Chapter 3 deals with the topic of sustainable food. The Farm to Fork strategy of the Commission, which was published in spring 2020, will be outlined. In Chapter 4, the focus is on democracy. It discusses how popular support for the EGD can be won and maintained. Chapter 5 deals with sustainable finance, with a special focus on how sustainable development can be integrated into national budgets. The sixth chapter investigates what resilience means in the context of sustainable development and presents the Strategic Foresight Initiative of the European Commission. Chapter 7 outlines the Commission's plans for sustainable mobility in Europe.

Chapter 1: Overview and Status Quo of the European Green Deal

The <u>European Green Deal</u> is the EU's new growth strategy, which aims to transform the EU into a fair and prosperous society with a competitive economy. It is also a crucial part of the EU's plan to achieve the 2030 Agenda for Sustainable Development. Furthermore, it promises to protect citizens from environmental harms and impacts, and to be just and inclusive. Wellbeing is to be put at the centre of economic policy.

The EGD was presented to the EU institutions and the public by the European Commission on December 11, 2019¹. After a parliamentary debate in January 2020, the European Parliament decided to support the EGD, but pointed out that more needed to be done to achieve a transition that was also just. The European Parliament also called for higher interim targets, especially concerning carbon emissions.² Frans Timmermans, the Executive Vice President responsible for the EGD, is tasked with overseeing and developing the different strategies, directives and policies, and their implementation.

The main goals of the EGD are a net carbon neutral European Union by 2050 and a decoupling of economic growth and resource use. It is a general policy strategy, outlining the ambitions and goals in different policy sectors. For its implementation, existing regulations and standards will be revised over the next few years and new laws and directives will be developed and implemented. There are eight key areas that make up the Green Deal:

- 1) Increasing the EU's climate ambition for 2030 and 2050
- 2) Supplying clean, affordable, secure energy
- 3) Mobilising industry for a clean and circular economy
- 4) Building and renovating in an energy and resource efficient way
- 5) A zero pollution ambition for a toxic-free environment
- 6) Preserving and restoring ecosystems and biodiversity
- 7) Farm to Fork: a fair, healthy and environmentally friendly food system
- 8) Accelerating the shift to sustainable and smart mobility

¹ European Commission, 2020. . Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions - The European Green Deal.

² Europarl.europa.eu. 2020. Parliament Supports European Green Deal And Pushes For Even Higher Ambitions | News | European Parliament. [online] Available at: https://www.europarl.europa.eu/news/en/press-room/20200109IPR69902/parliament-supports-european-green-deal-and-pushes-for-even-higher-ambitions [Accessed 2 October 2020].

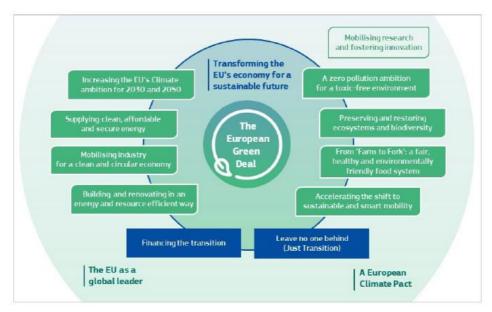


Figure 1: The European Green Deal and its key areas Source: European Commission 2020, Communication on the European Green Deal

In order to ensure that the necessary transformations are socially just and inclusive, a *Just Transition Fund* was proposed to protect regions that will face the most challenges. Often, these are regions in which a great number of jobs rely on fossil fuel heavy industries. It is part of the <u>Just Transition mechanism</u> will help by supporting the transition to low-carbon activities, re-skilling of workers and providing easy access to loans and financial support for these activities.³

The EU's stimulus programme, Next Generation EU, established to accelerate the recovery from the consequences of the Covid-19 outbreak, fits into the strategy of the EGD. For example, it includes a reinforcement of the Just Transition Fund and 37% of the Recovery and Resilience Facility, which is part of Next Generation EU, is committed to climate related activities. In her State of the Union Address in September 2020, Commission President Ursula von der Leyen highlighted the potential of the Green Deal to be the blueprint for the transformation of Europe to become the first climate neutral continent. The economic recovery from the impacts of Covid-19 are an opportunity to make change happen by design and not by disaster.⁵

While carbon neutrality by 2050 has been enshrined in the <u>Climate Law</u>⁶, in her speech, Ms von der Leyen proposed to cut emissions by 55% by the year 2030. In order to achieve this, all energy and climate related legislation at EU level will be revised by summer 2021.

The European Commission's <u>Work Programme</u> for the year 2020 (which has been slightly adjusted in May 2020, taking into consideration the impacts of the Covid-19 pandemic) and

³ European Commission, 2020. *The Just Transition Mechanism: Making Sure No One Is Left Behind*. European Commission.

⁴ European Commission. 2020. *Recovery Plan For Europe*. [online] Available at: https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/recovery-plan-europe en> [Accessed 2 October 2020].

⁵ von der Leyen, U., 2020. *Press Corner*. [online] European Commission - European Commission. Available at: https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655 [Accessed 2 October 2020].

⁶ European Union, 2020. *The European Climate Law*. Fact Sheet. Brussels.

the State of the Union address by Ursula von der Leyen in September 2020, allow more insights into the social aspects of the Commission's overall plans. In the State of the Union address, Ursula von der Leyen emphasised the benefits of a social market economy. One of the six headline ambitions in the Commission's Work Programme is "an economy that works for the people". The Commission will work towards more job protection, support workers' rights and strengthen collective bargaining. Furthermore, the Commission plans regulation on minimum wages. In the State of the Union Address, Ursula von der Leyen reiterated her Commission's commitment to these plans.

⁷ European Commission, 2020. Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions - Commission Work Programme 2020.

Chapter 2: Sustainable Growth – Ending the Dogma of Endless Growth

The EGD is, in essence, a growth strategy, with the aim of promoting a green transformation. This promise has gained new significance in light of the economic recession following the Covid-19 outbreak in the spring of 2020. Eurostat reports a decrease in Gross Domestic Product (GDP) in Europe of 11.4% in the second guarter of 2020, compared to the first quarter.8 During the second quarter of 2020, most EU countries were subject to a form of 'lockdown', during which many economic activities came to a standstill or were drastically reduced. Currently, GDP in Europe is at its lowest since during the Great Financial Crisis in 2009. Compared to the second quarter of 2019, employment has declined by 2.9%.9 The relatively low increase in unemployment may be due to strong government interventions, such as short time work programmes. 10 In order to stimulate the economy, the European Commission presented the Next Generation EU programme in June 2020. In addition to rescue funds for struggling companies and regions, it includes a reinforcement of strategies already outlined in the EGD, such as the renovation wave and circular economy. 11 The World Business Council for Sustainable Development urges for a green, sustainable and inclusive recovery. This would mean that the needs of the most vulnerable are prioritised in recovery packages, especially workers and SMEs. The investment used to kick-start economies should be used to decarbonise economies and create jobs in green sectors. 12

The Sustainable Development Goals (SDGs) explicitly refer to economic growth, notably in Goal 8 'Decent Work and Economic Growth'. Similarly, the EGD is described as the opportunity to put Europe on a path of sustainable and inclusive growth. Yet, the question remains what sustainable and inclusive growth would look like, to which the EGD does not provide an explicit answer. It is also debated whether economic growth can be sustainable and inclusive at all. For this, it would need to happen within the boundaries of the planet. Those include climate change (or the atmosphere's capacity to absorb CO₂, ocean acidification, freshwater use or biochemical flows). Researchers at the Stockholm Resilience Centre argue that to achieve the 14 socioeconomic goals of the 2030 Agenda, it will raise substantial pressure on the planetary boundaries and are likely to move the world away from the three SDGs related to environmental objectives. The researchers argue that extraordinary efforts would be needed to achieve all of the SDGs at the same time. 15

⁸ Eurostat, 2020. *GDP Main Aggregates And Employment Estimates For The Second Quarter Of 2020.* Newsrelease Euro Indicators.

⁹ Eurostat 2020

¹⁰ Eurostat 2020

¹¹ European Commission, 2020. Europe's Moment: Repair And Prepare For The Next Generation. Press Release.

¹² World Business Council for Sustainable Development. 2020. "The Consequences Of Covid-19 For The Decade Ahead". Vision 2050 Issue Brief. WBCSD.

¹³ European Commission, 2020. The European Green Deal

¹⁴Stockholm Resilience Centre, 2020. *Planetary Boundaries - Stockholm Resilience Centre*. [online] Stockholmresilience.org. Available at: https://www.stockholmresilience.org/research/planetary-boundaries.html [Accessed 2 October 2020].

¹⁵ Randers et al., 2018. Achieving the 17 sustainable development goals within 9 planetary boundaries.

Chapter 3: Sustainable Food – The Farm to Fork Strategy (F2F)

The <u>F2F</u> Strategy is a key component of the Green Deal. It was published on May 20, 2020 and consists of a number of strategies, directives and action plans, of which most are to be developed by the Commission between now and the end of 2023. It will be funded through different mechanisms, such as the <u>Regional Development Fund</u> and <u>InvestEU</u>.

The strategy's objective is to make European food systems fair, healthy and environmentally friendly. A sustainable food system should:

- Have a neutral or positive environmental impact;
- Help mitigate climate change and adapt to its impacts;
- Reverse the loss of biodiversity;
- Ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food; and
- Preserve the affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade.

The F2F Strategy is largely based on the Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP). For the CAP, the Commission proposes to dedicate 40%, and for the CFP 30%, of the budget to climate action. The current CAP was updated in 2018. It will be revised again in 2022 when the Commission plans to ensure the high level of ambition set out in the Farm to Fork Strategy¹⁶. In an assessment by the Commission, the CAP was found to have the potential to drive forward the EGD. However, it needs to be thoroughly reviewed. For example, there needs to be better targeting of financial support to producers who actually need it and not companies that happen to own farmland.¹⁷

More specifically, the F2F Strategy focuses on the following areas:

- Sustainable value chains
- Ensuring sustainable production
- Food security
- Stimulating sustainable food processing, wholesale, retail, hospitality and food services practices
- Promoting sustainable food consumption and a shift to healthy diets
- Reducing food loss and waste
- Combatting food fraught along the food supply chain

¹⁶ European Commission, 2020. A Farm To Fork Strategy For A Fair, Healthy And Environmentally-Friendly Food System. Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions. Brussels.

¹⁷ Food Safety - European Commission. 2020. Farm To Fork Strategy – For A Fair, Healthy And Environmentally-Friendly Food System - Food Safety - European Commission. [online] Available at: https://ec.europa.eu/food/farm2fork en> [Accessed 2 October 2020].

To ensure sustainable production, the Commission envisages different strategies. For example, according to the Action Plan, 18 the potential of a bio-economy remains largely untapped, enabling farmers to produce biofuels, bioenergy or bio protein feed, which would have ecological benefits and improve farmers' income. The Commission will also promote and reward carbon sequestration. This would also allow extra income for farmers while reducing greenhouse gas emissions. In addition, the Commission plans actions on the more sustainable keeping of livestock, enhancing the use of pesticides and chemical fertilisers, managing the excess of nutrients in the soil, animal welfare, antimicrobial resistance, plant health, and promoting organic farming.

Under the label of **food security**, the Commission includes the security of supply chains. The interruptions of supply chains and shortage of food workers due to Covid-19 related lockdowns presented an extreme situation. Nevertheless, climate change and biodiversity loss present threats to supply chains and food production that need to be addressed. On the other hand, food security also includes decent working standards for workers in the food industry. The F2F Action Plan emphasises the importance of the key principles enshrined in the European Pillar of Social Rights. Those include principles on equality, fair working conditions, social protection and inclusion. ¹⁹

The F2F Strategy not only aims to transform the food system in Europe, but also to set standards for food production worldwide and accelerate a global transition to more sustainable food production. This should mainly happen through trade policy and partnerships. A revised trade policy should aim to obtain ambitions commitments from third countries in different key areas, such as biodiversity protection and animal welfare. Additionally, the Commission plans to develop legislation that will minimise the impact on deforestation and forest degradation of imports.

Overall, the European food system should become a global standard for sustainability. The Farm to Fork Strategy will be implemented in coherence with other strategies within the Green Deal, in particular the Biodiversity Strategy and the Zero Pollution Ambition.

¹⁹European Commission. (2020). The European Pillar of Social Rights in 20 principles. Available: https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/europeanpillar-social-rights/european-pillar-social-rights-20-principles en. Last accessed October 5.

Chapter 4: A New Push for Democracy

In the <u>Communication</u> on the Green Deal, the Commission puts an emphasis on the need for a just transition in order for the transition to be accepted and for the policies to work. For this, active participation by all stakeholders, i.e. citizens, civil society representatives, industry, regional and local leaders, is necessary. Particular attention needs to be paid to the regions that will be most affected.

Heather Grabbe, who will be speaking at the ESDN conference, and Stefan Lehne warn in an essay that the European Green Deal could lead to further divisions in society, especially if the transition does not focus on social protection for the most vulnerable. They argue that the EGD cannot be implemented with the usual European strategy of de-politicisation and technocratic decision-making. Rather, the Commission needs to build broad public support and launch an inclusive debate around the implementation of policies. ²⁰

In order to ensure a broad public support for climate action, the Commission will launch the European Climate Pact in November 2020. The aim is to foster public understanding of the challenge and implications of climate change and environmental degradation. It will build on the ongoing citizens' dialogues and citizens' assemblies, as well as empowering regional and local communities. Furthermore, it will encourage grassroots organisations and ensure that there is a focus on the green transition in the debate on the future of Europe. The Commission also plans to put a particular focus on the inclusion of rural regions. Finally, it will work towards ensuring that available tools, such as National Energy and Climate Plans, are used effectively and that policies and legislation are enforced and delivered in adequate ways.²¹

As another major instrument to include more citizens in EU processes, the Commission furthermore plans to launch a <u>Conference on the Future of Europe</u>. It will be a public forum for structured debate, centred on two key pillars:

- 1. Policy, mainly structured around, but not limited to, the headline ambitions of the Commission; and
- Institutional matters to spur a reform in democratic processes. This could include plans to enshrine a lead candidate system and transnational party lists for European elections. ²²

For its structure, the conference should build on the well-established institution of citizens' dialogues. In addition, the Commission plans on issuing various deliberative panels on specific questions and panels that are geographically, socioeconomically and demographically

²⁰ Grabbe, H. & Lehne, S. . (2019). Climate Politics in a Fragmented Europe. Available: https://carnegieeurope.eu/2019/12/18/climate-politics-in-fragmented-europe-pub-80616. Last accessed October 6.

²¹ Communication on the European Green Deal, 2019

²² European Commission, 2020. Shaping the Conference on the Future of Europe. Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions. Brussels. Available at https://ec.europa.eu/info/sites/info/files/communication-conference-future-of-europe-january-2020 en.pdf> Last Accessed: Oct. 5.

representative. In addition, there will be a strong focus on digital platforms, which will be especially targeted at young people.

It is important to the Commission that the initiative reaches as many European citizens as possible, from all demographic groups, socio-economic backgrounds and rural and urban dwellers. In order to make it accessible to everyone, activities will be multilingual. It will also include other outreach initiatives by the Committee of the Regions and the European Economic and Social Committee.

As the initiative's objective is to strengthen the ties between European citizens and their institutions²³, it is important that the outcomes of the different consultations and debates are followed up with policy action and results that are tangible for the citizens. This will reinforce the perception of citizens that their voices are heard.

Overall, the conference is supposed to complement representative democracy, not replace it. Discussions between the European Parliament, the Council and the Commission about the concept for the Conference on the Future of Europe are still ongoing.

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²³ Ibid.

Chapter 5: Sustainable Finance – Integration of SDGs into National Budgets

The European Commission estimates that at least €1 trillion in investments will be needed over the next decade. The investment programme, InvestEU, is a part of, the new Sustainable Europe Investment Plan.

InvestEU is a continuation of the Investment Plan for Europe. All 13 of the currently available EU financial instruments are united under one roof with InvestEU. There are four key investment areas:

- Sustainable infrastructure
- Research, innovation and digitisation
- Small and Medium Sized Enterprises
- Social Investment and Skills

The programme consists of three pillars. Firstly, it aims to mobilise private and public funding for projects that promote the four key areas, using guarantees from the EU budget. Secondly, the InvestEU Technical Advisory Hub advises projects that seek funding. Finally, the InvestEU Portal brings together projects and interested investors.²⁴ The programme will come into effect in 2021.

In addition, the Commission plans on working with Member States to screen and benchmark green budgeting practices. The Commission hopes that the EGD will create the context for broad-based tax reforms on the national level, such as removing fossil fuel subsidies, shifting tax burden from labour to pollution, and taking into account social considerations. It also proposes to Member States to adjust their VAT to reflect environmental costs.²⁵

In the spring and summer of 2019, the ESDN Office conducted a survey among its contacts in member governments and published a Report on the integration of SD and the SDGs into national policy and budgets. At that point, most governments were following a mainstreaming approach, linking the SDGs (explicitly or implicitly) to certain policies and strategies or encouraging line ministries overall to align their policies with the SDGs that fall into their area of responsibility. A few governments specifically include the SDGs in their reporting. For example, in Spain, each ministry is requested to produce an annual report on how their budget is aligned with sustainable development. These reports are compiled into one comprehensive report. Similarly, Norway, and Latvia, among others, include the SDGs in their reporting to parliament. In Germany, an ex-post assessment regarding sustainability is conducted regarding subsidies and an ex-ante assessment if a budgetary post is linked to a regulation. The assessment criteria are based on the German Sustainability Strategy and, therefore, on the SDGs.²⁶

²⁴ European Commission. 2020. What's Next? The InvestEU Programme (2021-2027).

²⁵ Communication on the European Green Deal, 2019

²⁶ Mulholland, E., Berger, G. (2019). "Budgeting for the SDGs in Europe: Experiences, Challenges and Needs", ESDN Quarterly Report 52, April 2019, ESDN Office, Vienna

As this survey was conducted over a year before writing this Report, some governments may have renewed or changed their budgeting strategies. Furthermore, several countries were in the process of establishing budgeting practices that are more closely linked to SD. For example, Romania was working with the OECD programme on policy coherence to align all policies with SD principles. Some key recommendations include that line ministries explain how their yearly budget will help achieve the SDGs. Furthermore, the stimulus package to recover from the impacts of the Covid-19 crisis will be aligned with the SDGs.²⁷

In March 2020, the <u>Technical Expert Group on sustainable finance</u> established by the Commission released its <u>report</u> with recommendations for a Sustainable Finance Taxonomy.²⁸ The Commission is now working on establishing the actual list of environmentally sustainable activities by defining technical screening criteria. The taxonomy should be established by the end of 2020 in order to ensure its full application by the end of 2021. The taxonomy has defined six environmental objectives:

- 1. Climate change mitigation
- 2. Climate change adaption
- 3. Sustainable and protection of water and marine resources
- 4. Transition to a circular economy
- 5. Pollution prevention and control
- 6. Protection and restoration of biodiversity and ecosystems.

A sustainable investment should contribute to at least one of these objectives, while, at the same time, doing no significant harm to any of the other five. Additionally, investments need to meet minimum safeguards (e.g. OECD Guidelines on Multinational Enterprises).

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²⁷ OECD Directorate for Public Governance. (2020). SDG Budgeting in Romania- Linking Policy Planning and Budgeting to Support the Implementation of the Sustainable Development Goals (SDGs). Available: http://dezvoltaredurabila.gov.ro/web/wp-content/uploads/2020/09/SDG-Budgeting-in-Romania final.pdf.

²⁸ European Commission. 2020. *EU Taxonomy For Sustainable Activities*.

Chapter 6: Resilience and SD – Lessons Still Being Learned from Covid-19

Resilience, as defined by the European Commission, is "the ability not only to withstand and cope with challenges, but also to undergo transitions in a sustainable, fair, and democratic manner." ²⁹ Similarly, socially and ecologically resilient systems can be described as having the capacity to respond to change and challenges while still creating lasting wellbeing for people and their environments. ³⁰ *Together 2030*, a civil society initiative tracking progress towards the SDGs, argues that it is important to develop a broader concept of resilience. This concept should recognise the interconnectedness, volatility, uncertainty and complexity of challenges faced in sustainable development. This needs a holistic and integrated approach across all the different aspects of sustainable development. A resilient society can be described as a society that has a collective perspective of joint social capital and values, such as mutual trust, solidarity, helpfulness and friendliness. ³¹

The <u>Strategic Foresight Initiative</u> by the European Commission, which falls under the headline ambition *A new push for European Democracy*, aims at increasing resilience in the European Union. In this context, this refers mainly to future-proofing policies and strengthening preparedness for future crises. The Strategic Foresight Initiative should also promote evidence-based and participatory policy-making. Commission Vice President Šefčovič, responsible for the initiative, referred to strategic foresight as the compass guiding the Commission's work. ³²

All major policy initiatives should be informed by strategic foresight to ensure that they draw on a clear understanding of possible future scenarios, challenges and opportunities.³³ In practice, this means that these initiatives will have to undergo an ex-ante assessment of potential impacts.³⁴ The EC will mainly employ four techniques to evaluate new policies:

- 1) Horizon scanning, a systematic assessment of events and trends
- 2) Megatrends analysis, a systematic analysis and discussion of pattern shifts
- 3) Scenario planning, the development of different future scenarios, whether they are good or bad
- 4) Visioning, the identification of a preferred direction

The EC will publish a Strategic Foresight report every year, which will feed into the annual State of the Union address by the EC President. The <u>first report</u> was published in September

²⁹ European Commission, 2020. 2020 Strategic Foresight Report - Charting The Course Towards A More Resilient Europe. [online] European Commission

³⁰ Bhamra, S., 2015. Resilience Framework For Measuring Development. Brief for the GSDR 2015. [online]

³¹Together 2030, 2018. Sustainable, Resilient And Inclusive Societies –The Path Towards Transformation. Together 2030 written inputs to the UN High-Level Political Forum on Sustainable Development(HLPF) 2018.

³² European Commission. 2020. European Commission 2020 Work Programme: An Ambitious Roadmap For A Union That Strives For More.

³³ European Commission. 2020. *Strategic Foresight*. [online] Available at: https://ec.europa.eu/info/strategic-foresight en> [Accessed 2 October 2020].

³⁴ European Commission, 2020. Strategic Foresight Report - Charting The Course Towards A More Resilient Europe.

2020. However, President von der Leyen did not explicitly refer to resilience or strategic foresight in her State of the Union address.

The report argues that the Covid-19 crisis and its consequences have highlighted the importance of resilience and crisis preparedness in the EU, where a resilient Europe will be able to better implement the SDGs in general. To improve resilience, there needs to be close monitoring of policies and their impacts, as well as using collective intelligence in a systematic way to anticipate outcomes and prepare for change and challenges.

The report outlines four interrelated dimensions for resilience:

- 1) The **Social and Economic dimension**, which refers to the ability to react to economic shocks and to achieve long-term structural change in a fair and inclusive way
- 2) The **Geopolitical dimension**, which refers to Europe's global leadership role
- 3) The Green dimension, which explicitly means reaching climate neutrality by 2050, but also climate change adaptation, ending dependency on fossil fuels and avoiding biodiversity loss
- 4) The **Digital dimension**, ensuring that our way of life preserves and enhances human dignity, freedom, democracy and other fundamental rights and values³⁵

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³⁵ European Commission, 2020. *Strategic Foresight Report - Charting The Course Towards A More Resilient Europe*.

Chapter 7: The Future of Mobility- Mobility of the Future

In 2018, the transport sector, including aviation, was responsible for one quarter of emissions in the EU27³⁶. To achieve the objective of net carbon neutrality by 2050, emissions in the transport sector need to be reduced by 90%. One major way to achieve this will be to shift 75% of inland freight from road to rail. By 2021, the Commission will propose a plan to increase waterways and the rail network.

The main funding mechanism in the transport sector is the <u>Connecting Europe Facility</u>, in which 60% should be spent on infrastructure projects that are linked to sustainable infrastructure.³⁷

Through funding instruments, such as the Connecting Europe Facility, smart traffic management systems are to be developed and implemented through digitalisation. This will increase multimodal transport and reduce pollution and congestion in urban areas. Multimodal transport refers to use of different modes (or means) of transport, both in freight and passenger transport. For passengers, this could include the use of public transport, bikes and taxis. The development of multimodal transport is mainly driven by digitalisation.³⁸

According to the Communication on the EGD, prices should better reflect the impact that different modes of transport have on the environment. Therefore, the Commission will review the Energy Taxation Directive concerning current tax exemptions. This specifically refers to subsidies and tax exemptions for fossil fuels in the maritime and aviation industries. Emissions from the maritime industry should be included in the Emission Trading Scheme (EU-ETS), while the free certificates given out to airlines within the framework of the EU-ETS are to be reduced.

To foster alternatives to fossil fuels, the EU will ramp up production and innovation in low-emission and zero-emission alternative fuels. By 2025, about 1 million public recharging and refuelling stations will be needed.

To reduce emissions and pollution in cities, the emission performance standards for vans and cars will be reviewed by 2021. Furthermore, the Commission is considering extending the European Emissions Trading Scheme to road traffic.

³⁶ Greenhouse Gas Emission Statistics - Emission Inventories. Statistics Explained. Eurostat 2020.

³⁷ Mobility and Transport - European Commission. 2020. Sustainable Transport - Mobility And Transport - What Do We Want To Achieve?

³⁸European Commission. (2018). *2018 - Year of Multimodality* . Available: https://ec.europa.eu/transport/themes/logistics-and-multimodal-transport/2018-year-multimodality_en. Last accessed October 5.

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