



This policy paper is part of a series of six on the priorities of the Netherlands for the EU for 2019-2024

# Making EU climate policy Paris proof

**Climate change is one of the largest global challenges the EU faces. Living up to the Paris agreement means European climate neutrality by 2050. This target must be accompanied by concrete policy measures and all sectors have a role to play in achieving it. There are opportunities for innovation, new businesses and the creation of new jobs. Ambitious climate targets can lead to economic growth even without the inclusion of the benefits of avoided damage of climate change and related adaptation costs.<sup>1</sup>**

This transition means **decarbonising the energy system** and building up a strong and competitive **low-carbon industry** based on new technologies, fostered by innovation and green markets. New coherent regulations on products and production will accelerate the development of the **circular economy**, while more stringent standards for vehicles and infrastructure will lead to **sustainable mobility**. **Circular agriculture** should be accompanied by redesigning the financial incentives in the Common Agricultural Policy towards sustainability. Horizontally, **the European budget should become Paris proof** and climate change should be **a cornerstone in foreign, trade and development relations of the EU**.

## Setting a Paris proof climate goal

The EU should set targets and implement policies and measures to limit the global average temperature increase to 1.5 °C in line with the Paris Agreement.

- Agreement in 2019 in the European Council on net-zero greenhouse gas (GHG) emissions by 2050 for the EU long-term climate strategy.
- Based on the agreed target for 2050, the Commission should present a proposal for the cost-effective intermediate target for 2030 (currently at least 40%). The Netherlands wants the 2030-target to be increased to 55% and translated into:
  - The Emissions Trading System ETS;
  - The Effort Sharing and LULUCF (Land Use and Land Use Change and Forestry) regulations.
- In 2020 the EU should submit – based on the new 2030 and 2050-goals – an updated Nationally Determined Contribution (NDC) and communicate the EU long-term climate strategy to the UNFCCC.
- The new European Commission should include a strong coordinating Sustainability Vice President with horizontal authority over all climate-related policy areas and a Climate and Energy Commissioner, also responsible for the Energy Union, to guide the transition to a climate-neutral, competitive economy. The following policies are the building blocks to achieve the climate goal.

## Carbon-free energy

Completion of the Energy Union, including a well-functioning internal market on energy, that achieves the targets for renewable energy and energy efficiency, while maintaining security of supply.

- Develop a shared vision at EU level how to achieve a balanced, flexible and secure climate-neutral energy supply.
- Introduce a carbon floor price into the EU ETS.

<sup>1</sup> Page 19 of the EU Long Term Climate Strategy: A Clean Planet for all

- Formulate a hydrogen strategy in 2019, adjust the gas directive and other regulatory policies (e.g. CertifHY) to remove potential cross-border and other regulatory barriers and provide sufficient R&D funding (Horizon 2020) to kick-start the clean hydrogen market in Europe.
- Studying the possibilities for Member States to introduce more stringent climate and energy requirements for heating, cooling and ventilation installations in addition to European requirements.

### Low-carbon industry

Ensure European industry stays internationally competitive in its transition towards a sustainable and climate-neutral economy.

- Development of a common European roadmap and action plans for the industrial transformation towards a climate neutral economy.
- Recognition in the ETS of all relevant greenhouse gas reduction measures, such as CC(U)S (Carbon Capture and Usage/Storage).
- Introduction of a European carbon floor price, combined with carbon leakage measures, such as a carbon tax/refund.
- Facilitate system integration, adaptation and market regulation of (new) cross-border infrastructure involved with the climate neutral economy.
- Facilitate access to EU funding for R&D, demonstration and first of kind industrial production facilities, which contribute to diminishing GHG emissions in the EU.
- Adjust state aid rules to enable Member States to provide state resources, where necessary, to EU companies in using new technologies such as CC(U)S.
- Creation and protection of green markets for industrial products based on their carbon footprint.

### Circular economy

Better design and use of products and better re-use of materials already in circulation will reduce the consumption of fossil resources and thus emissions.

- A new integrated product policy framework accompanied by legislative initiatives and actions, i.e. via the Eco-Design Directive, the Ecolabel Regulation and improved consumer information and environmental labels.
- Improved traceability of materials and chemicals in the supply chain to enhance recyclability.
- Stimulate the demand for secondary raw materials through quality requirements and harmonized end-of waste criteria.
- Further extend Producer Responsibility (EPR) with possibilities to address the environmental impacts at the beginning of the product chain, pay attention to increased distance and online sales, and address responsibilities of third country producers.
- Encourage sustainable public procurement by further developing criteria for circularity.
- Follow up the plastic strategy and provide guidance to Member States on effectuating a reduction in the environmental impact of plastics.

### Sustainable mobility

Promoting sustainable and smart mobility through sustainable fuels, vehicles and infrastructure.

- New proposals for more stringent standards for GHG emission reduction of all vehicles.
- Stimulate tank and charging infrastructure for alternative sustainable fuels, amongst others by reviewing the alternative fuels directive.
- Stricter uptake of improvements in rolling resistance of tires.
- Concrete measures for the short, medium and long term to reach the 50% reduction target in international shipping for 2050 as agreed within IMO.
- Committing to an ambitious global agreement within ICAO on CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) and the further strengthening of existing ICAO climate goals and measures.
- A directive from the Commission for an aviation tax at the European level.
- An EU target to make inland waterway transport climate neutral by 2050 combined with the possibility of a levy on gasoil to create a greening fund.
- A follow-up to the current EU strategy for automated and connected mobility.
- A more prominent position for bicycles within transport policies, including the Connecting Europe Facility.

### Circular agriculture

The transition towards circular agriculture requires closing raw material cycles as much as possible by 2030 and minimising emissions.

- Define criteria for the safe use of livestock manure in the nitrate directive.
- Adjust the fertilizer regulation to allow recovered nutrients from waste as a resource for fertilizers when they meet the requirements.
- Redesign the Common Agricultural Policy with mandatory eco-schemes and financial targets for climate and environment spending.
- Reduce food waste through the adjustment of strict regulatory barriers for innovative re-use of left-over materials.

### Sustainable finance

The Paris Agreement requires financial flows to be made consistent with the necessary emissions reduction and climate-resilient development. Adequate public and private finance should be available at a European level.

- Enhance transparency of climate-related risk through tracking of climate-related investments and greenhouse gas and carbon footprint accounting, with a view to measure and eventually reduce emissions.
- Earmark at least 25% of the new Multilateral Financial Framework (MFF, 2021-2027) for climate-related investments, while ensuring all expenditures are Paris proof and improving tracking of climate-related expenditures.

## Foreign relations

The EU should take leadership in incentivising others to implement their NDCs, increase ambition and keep the Paris Agreement's long-term goals within reach.

- EU programmes in third countries should drive towards low-carbon and climate resilient development pathways, including phasing out financial support for fossil fuels.
- In the new MFF the climate-relevant expenditures in the external instruments should increase from 25% to at least 50%.
- Ensure the alignment of external investment portfolios with the Paris Agreement, including by phasing out investments in fossil fuels, through its own institutions such as the EIB.
- European climate diplomacy in cooperation with those EU member states that also support a leading role for the EU in tackling climate change globally.
- All EU trade agreements should include a reference to the Paris Agreement and contain measure to eliminate barriers for energy efficient and low GHG emission products and promote investments in renewable energy