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French Presidency of the European Union: six crucial months for the Green Deal

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The French Presidency of the European Union Council (FPEU) begins at a pivotal moment for the Green Deal. Halfway through the term of the European Commission and Parliament, the role of the Presidency will be firstly to organize debates in bringing about compromises between Member States on important legislative proposals, in particular the "Fit for 55" legislative package. This presidency could also give impetus to the necessary strengthening of the EU's cooperation policy, placing the Green Deal at the center

of European diplomacy, and put longer-term issues on the agenda in view of a successful ecological transition, including the continuation of green investments resulting from the European recovery plan via the greening of the European macroeconomic framework or the transformation of the European agricultural model towards a more sustainable agriculture.

Climate objectives at the heart of the FPEU

The French six-month rotating presidency of the European Union Council has to, as first task, organize deliberations between the governments of the Member States in order to find compromises on European legislative proposals, which will then be negotiated with the European Parliament. This presidency also comes at a time when the negotiations on the package of measures to strengthen the EU's climate target of -55% by 2030 are reaching their pivotal moment and there is still some way to go to bring the positions of the Member States together. Making progress on the twelve legislative proposals without losing the level of ambition is urgent for two reasons. On the one hand, the schedule is tight, with some measures to enter into force in 2023 and many of them from 2025 onwards. This is a prerequisite for contributing to the transformation of the continent's economy and changing the trajectory of greenhouse gas emissions by 2030. On the other hand, the European Union will have to move quickly towards the post-2030 period. Indeed, like the other Parties, it committed itself at COP26 to provide in 2025 a contribution (NDC) for 2035, a discussion that will require time for discussion. For both these reasons, not falling behind and making progress on the package as a whole must be a priority over the next six months. Two topics are expected to be heated discussions: the implementation of the carbon border adjustment mechanism (CBAM) and the pricing of fossil fuels.

The French Presidency's stated priority of achieving a compromise on the CBMA can serve as a catalyst to move the package forward, provided that it is used to advance compromises on all issues rather than trying to obtain short-term results on this issue alone at all costs, risking a minimal compromise.

Another thorny issue to be resolved is the question of the fairness of the transition and the pace of adjustment of fossil fuel prices. The current crisis is a good reminder that price changes can have major consequences on the wallets of households, particularly the most precarious. This issue is particularly relevant in light of the proposed EU ETS (EU Emissions Trading System) on CO2 emissions from buildings and transport, which will affect directly the price of fuel paid by the retail consumer. The Commission has proposed to use the revenues from the sale of allowances to accompany the impact through the creation of the Social Climate Fund. Measures to control the price level of this new system and bringing forward the timetable of the Social Climate Fund to support the acceleration of energy renovation and the electrification of transport could help to overcome the reluctance which remains strong among the Member States and the European Parliament. Increasing the revenues of the existing ETS or extending the European recovery plan could, for example, contribute to this. Finally, it will be necessary to include in this overall package, including the accompanying measures, the impact of the directive on the reform of energy taxation, proposing to align upwards the minimum taxation of the main fossil fuels. Abolishing exemptions, particularly on fossil kerosene, constitutes an essential component of any fair pact on the evolution of fossil fuel prices.

The EU's external action

At the international level, the FPEU can be a moment to clarify the vision of the EU's green and sustainable financing offer. European countries are the world's leading financing body for development aid yet actions lack coherence and clarity. As showed by COP26, the disappointment of developing countries regarding the financial commitment of developed countries undermines confidence in the multilateral framework. In addition, COP15 on biodiversity is scheduled for the end of the first half of the year, and therefore accentuates the need for Europe to assume global leadership and to announce more ambitious commitments to support biodiversity in developing countries during the FPEU. The challenge for the EU is to propose a positive and clear offer based on the Green Deal's principles, enabling its partners to make progress towards achieving the Sustainable Development Goals (SDGs) of the 2030 Agenda. All the more so as, for the time being, the external perception of the Green Deal often boils down to a willingness to implement green protectionism, as illustrated by the CBAM. Solutions compatible with the objectives of the Green Deal in all sectors and the pursuit of the SDGs should allow the EU and its economic actors to grow. In this regard, the African Union-European Union Summit next February is expected to be an important step in strengthening economic ties between the two continents from the perspective of sustainability in its three pillars and building bridges between human development, fight against climate change and environmental protection.

The FPEU also allows for the discussion of long-term issues that are important for the success of the ecological transition. The first topic is the European macroeconomic framework and its greening. The European recovery plan has made it possible to increase green investments in many Member States, but what about in the longer term, beyond 2023? Should joint investment capacities be pursued as a follow-up to the European Recovery and resilience facility? Is it preferable to reform the Stability and Growth Pact to include environmental performance indicators or to give special status to investments that contribute to the ecological transition according to a green rule?

Finally, a second long-term issue is the transformation of the European agricultural model in line with the environmental objectives of the Green Deal as presented in the Farm to Fork strategy. The FPEU could provide an opportunity to push forward on three important key aspects of these discussions. The first is the assessment of the National Strategic Plans (NSPs) for the implementation of the CAP. Facilitating their discussion in an open and transparent manner at Council and Parliament level—in addition to the assessments to be made by the Commission—will be necessary to ensure intra-European alignment and a progressive strengthening of the ambition of these plans (in a logic close to that of the Paris Agreement). The second key issue on which the FPEU must make progress is the revision of the directive on the sustainable use of pesticides, which is currently underway. Member States need an ambitious common framework in this area to facilitate the transition to an agriculture less dependent on synthetic inputs. Finally, the acceleration of discussions on the establishment of a European framework for carbon sinks (natural or artificial) can contribute to the financing of the agroecological transition, provided that they are oriented towards changes in multifunctional agricultural practices beyond a strict carbon efficiency logic and that they include the financing of transitions in the sectors.

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