



IDDRI Webinar: The European Green Deal and the Covid-19 crisis

Input on EU and Germany

Matthias Buck

24 APRIL 2020

EU-level: The European Green Deal and Digitisation are seen to be at the core of Europe's economic recovery

- The Commission leadership is sticking to the European Green Deal as Europe's growth strategy after growing support for this course of action (e.g., letter by multiple Member State ministers; Pascal Canfin letter) has balanced calls by some Member States and industry lobbies for re-opening and delaying climate legislation.
- Some policy-initiatives announced in the European Green Deal (EGD) are postponed. However, the Commission will propose front-loading heavy investments with strong and lasting economic stimulus effects as part of the EU's recovery package. Prime example: building renovation
- EU support for national recovery programmes that does not add to national debt of heavily indebted Member States is the most contentious and divisive issue that could pose an existential threat to the EU as political project and to the Eurozone. The stakes are high on all sides.
- Following the EU leaders meeting on 23 April, a „Recovery Fund“ linked to the next EU's multiannual budget (2021-2027) and an increased role of the European Investment Bank will be developed.
- Many national stimulus measures will qualify as State aid. The Commission is avoiding a commitment to use its exclusive responsibility on State aid to push for national stimulus packages consistent with climate priorities and the European Green Deal.

Germany:

A recovery embedded in the European Green Deal supported at narrative level, but stalemate on climate & energy continues

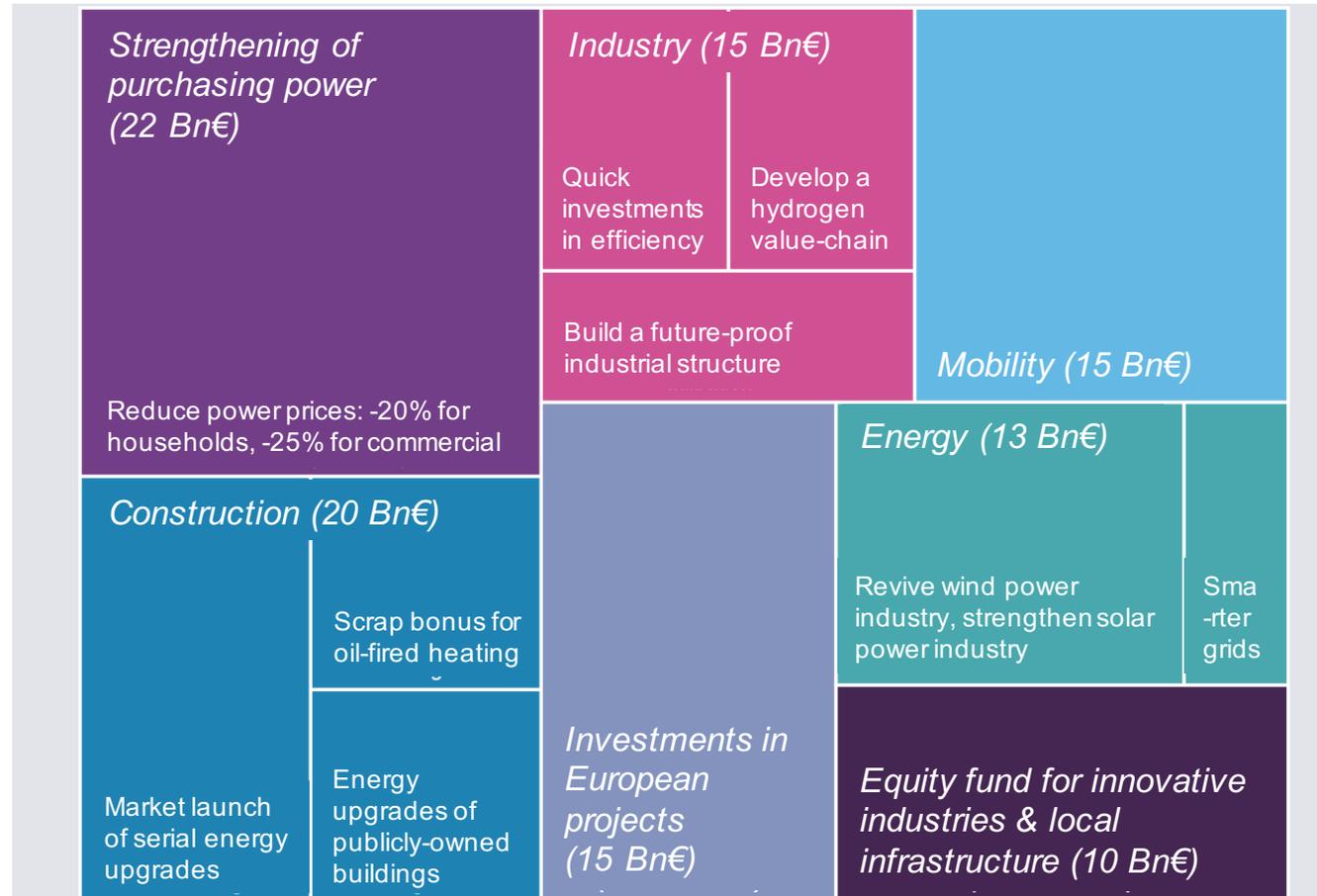
Prior to COVID-19

- German climate policy and energy transition has been stuck in ongoing quarrels within and between the CDU/CSU and SPD, between federal and Länder governments (e.g. coal phase-out, renewables, building renovation, carbon pricing). Growing frustration in industry, trade unions, civil society, Fridays for Future movement. Green Party consistently polling in 2nd place, closing gap to CDU/CSU.
- Some political momentum on greenhouse gas neutral industry and on hydrogen economy.
- A growing dynamic in the car industry to seriously transform towards electric mobility.
- 2020 and 2030 climate targets out of reach without further, more far-reaching measures.

Since the COVID-19 outbreak

- One-off drop in ghg-emissions due to reduced economic activity means 2020 target will likely be achieved. 2030 target is, however, still out of reach as legislative files continue to be stuck and are insufficient.
- Hydrogen discussion ongoing with growing emphasis on green (RES-e based) hydrogen.
- The political narrative of an economic recovery embedded in the European Green Deal sees growing support, but specific decisions have yet to be taken.

Agora Energiewende's proposal: 100 + 10 Bn€ for growth and a future-proof Germany (work in progress)



Conditions for a successful economic stimulus:

- Sufficient volume to have impact: ~3% of GDP
- Fast delivery
- Fresh money – no additional tax or redirecting of money planned elsewhere
- Long-lasting effect
- Future-oriented, supporting the transition and strengthening resilience against future crises

For Europe we propose:

- Enabling framework, particularly on State Aid.
- The European Investment Bank should issue green bonds to augment its balance sheet and massively enhance its spending power
- Projects of Common European Interest: clean hydrogen, offshore wind, green steel, EV charging infrastructure, relocating PV industry

Agora Energiewende
Anna-Louisa-Karsch-Str.2
10178 Berlin

T +49 (0)30 700 1435 - 000
F +49 (0)30 700 1435 - 129

www.agora-energiewende.de

✉ Please subscribe to our newsletter via
www.agora-energiewende.de
🐦 www.twitter.com/AgoraEW



Thank you for your attention!

Questions or Comments? Feel free to contact me:
Matthias.Buck@agora-energiewende

Agora Energiewende is a joint initiative of the Mercator Foundation and the European Climate Foundation.