



## **Green Deal Newsletter**

09 July 2020

### **Where does the EU stand six months after the Green Deal announcement?**

On 11 December 2019, the European Commission presented the [European Green Deal](#), which contains an initial roadmap of key policies and measures to make the EU's economy sustainable. It is part of the Commission's strategy to implement the United Nations 2030 Agenda and the Sustainable Development Goals. The Green Deal policies and measures, as well as their adoption status are summarised below.

#### **A climate neutral Europe**

This is the Green Deal's overarching objective. The Commission wants to increase the EU's climate ambition for 2030 and 2050.

Firstly, the Commission wants to achieve at least a 55% reduction in greenhouse gas emissions in 2030, instead of the current 40% objective. To this end, the Commission will review every EU energy directive and regulation to align them with the new goal. This will start with the Renewable Energy and Energy Efficiency Directives, but will also include the Emissions Trading Directive. Proposals for amendments will be tabled as part of a package in March 2021.

Secondly, the Commission wants to achieve climate neutrality in 2050. This climate neutrality goal is enshrined in the Commission's [proposal for a Climate Law](#) (in the form of a Regulation), which the Commission presented on 4 March 2020.

## Financing the green transition

To "leave no-one behind", the Commission introduced a Just Transition Mechanism to help regions that are most heavily dependent on fossil fuels. The Just Transition Mechanism consists of three pillars: (i) a Just Transition Fund, (ii) a just transition scheme under InvestEU and (iii) a public sector loan facility.

On 14 January 2020, the Commission communicated its [proposal for a Regulation establishing the Just Transition Fund](#). The distribution of the Just Transition Fund's financial means will reflect the Member States' capacity to finance the necessary investments to cope with the transition towards climate neutrality.

Initially, the intention was to distribute EUR 7.5 billion through the Just Transition Fund. On 27 May 2020 however, the Commission announced that it intends to increase this amount to EUR 40 billion (EUR 30 billion from an EU coronavirus recovery fund and EUR 10 billion from the bloc's 2021-2027 budget).

## A new industrial strategy

On 10 March 2020, the Commission communicated a new [Industrial Strategy](#) for Europe, which contains numerous measures to help Europe's industry in the transition towards climate neutrality and digital leadership.

One of the proposed measures is the revision of the TEN-E Regulation, for which the Commission launched a public consultation that will close on 13 July 2020. The TEN-E Regulation governs the implementation of Projects of Common Interest ("PCIs").

Furthermore, the Commission is reviewing the EU competition framework. A fitness check of various state aid guidelines are part of this review. The Commission will ensure that revised state aid rules are in place in 2021 for a number of priority areas, including energy and environmental aid, and state aid for Important Projects of Common European Interest (IPCEIs).

Finally, the Commission proposes to launch the new European Clean Hydrogen Alliance, to bring investors together with governmental, institutional and industrial partners.

## A new circular economy action plan

On 11 March 2020, the Commission launched a new [circular economy action plan](#). The envisaged actions will particularly focus on resource-intensive sectors such as textiles, construction, electronics and plastics. The Commission will

develop requirements to ensure that all packaging in the EU market is reusable or recyclable in an economically viable manner by 2030. It will develop a regulatory framework for biodegradable and bio-based plastics, and will implement measures on single use plastics.

## Ecosystems and biodiversity

On 20 May 2020, the Commission presented a new [biodiversity strategy for 2030](#), with the tag line "Bringing nature back into our lives". To protect ecosystems and reverse biodiversity loss, the Commission intends to enlarge the network of protected areas and develop an EU Nature Restoration plan. In addition, a new European biodiversity governance framework will be put in place to steer the implementation of biodiversity commitments agreed at national, European or international levels.

## Farm to fork strategy

On 20 May 2020, the Commission also introduced a new [farm to fork strategy](#), a comprehensive approach to ensure that agriculture, fisheries and aquaculture, and the food value chain contribute to the 2050 climate neutrality target.

## Building renovation

Building renovation is also an important pillar of the Green Deal. The Commission indicated that it will strongly enforce legislation related to buildings' energy performance. The Commission will also examine the possibility to include emissions from buildings in EU ETS.

## EU strategy for energy system integration

On 8 July 2020, the Commission presented its [EU strategy for energy system integration](#). The strategy sets out a vision on how to accelerate the transition towards a more integrated energy system, and proposes policy and legislative measures at EU level to shape it gradually.

The strategy identifies six pillars where coordinated measures are outlined to address existing barriers for energy system integration:

- A more circular energy system, with "energy-efficiency-first" at its core;
- Accelerating the electrification of energy demand; building on a largely renewables-based power system;
- Promoting renewable and low-carbon fuels, including hydrogen, for hard-to-de-carbonise sectors;
- Making energy markets fit for de-carbonisation and distributed resources;
- A more integrated energy infrastructure; and
- A digitalised energy system and a supportive innovation framework.

## EU Hydrogen strategy

Finally, on 8 July 2020, the Commission also presented its [hydrogen strategy for a climate neutral Europe](#). This strategy complements the energy system integration strategy to

elaborate, in more detail, on the opportunities and necessary measures to scale up the uptake of hydrogen in the context of an integrated energy system.

In order to scale up hydrogen production, the strategy sets forth a phased approach:

- In the first phase, from 2020 to 2024, the Commission's objective is to support the installation of at least 6 GW of renewable hydrogen electrolyzers in the EU, in order to produce up to 1 million tonnes of renewable hydrogen.
- From 2025 to 2030, hydrogen needs to become an intrinsic part of the EU's integrated energy system, with at least 40 GW of renewable hydrogen electrolyzers by 2030 and the production of up to 10 million tonnes of renewable hydrogen in the EU.
- From 2030 to 2050, the aim is for renewable hydrogen technologies to reach maturity and be deployed at large scale across all hard-to-decarbonise sectors, such as chemicals and steelmaking.

To support Europe's nascent renewable hydrogen industry, the Commission kick-started the European Clean Hydrogen Alliance, bringing together industry leaders, national and regional ministers as well as civil society. The key deliverable of the Alliance will be to identify and build up a clear pipeline of viable investment projects.

## What is on the Commission's summer agenda?

The Commission indicated that it will communicate the following measures during the summer:

- An Impact Assessment Plan to increase the EU 2030 climate target;
- Revisions of relevant legislation to deliver on the new 2030 target;
- Proposal for the Energy Taxation Directive's revision;
- A chemicals strategy for sustainability.

Later this year, the Commission intends to communicate, *inter alia*, a strategy on offshore wind, legislation on batteries, legislative waste reforms, a strategy for sustainable and smart mobility, funding for public recharging and refueling points, a new EU forest strategy and a renewed sustainable finance strategy.

## Summer updates from Deloitte Legal

In a series of Deloitte Legal newsletters during the summer period, we will provide you with more details on the Green Deal action plans, strategies and proposals for new legislation adopted by the Commission. These will include (i) the EU industrial strategy, (ii) the circular economy action plan, (iii) the biodiversity strategy for 2030, (iv) the farm to fork strategy, (v) the EU strategy for energy system integration and (vi) the EU hydrogen strategy.

In addition, Deloitte Legal will closely monitor and communicate on all new developments within the framework of the Green Deal.

## How can Deloitte Legal help?

Deloitte Legal's EU regulatory specialists and dedicated services will help you design and implement your business strategy in line with the future evolution of the regulatory framework and market trends.

### Contacts

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