

## **Common Statement on the European Green Deal and a European Recovery Plan**

**3rd Session of Franco-German Meseberg Climate Working Group – 28 April 2020**

The coronavirus pandemic is confronting Europe and the whole world with an unprecedented challenge. While combating the coronavirus pandemic and its immediate consequences has been at the core of efforts in the last months, now the focus needs to shift towards rebuilding a more sustainable European economy in the medium and long term.

France and Germany stress that the **European Green Deal** represents a starting point to a comprehensive modern growth strategy. It provides an encompassing framework for a recovery plan aiming to stimulate the economy in a sustainable and innovative way. Moreover, the Green Deal offers the opportunity for European global leadership in supporting our partner countries, in particular developing countries.

### **Stimulating the economy in a sustainable and innovative way**

As a central building block of the European Green Deal, **Climate action** remains a top priority. We must remain resolved to submit an updated **European NDC** in accordance with the Paris Agreement and inspire other global players to raise their ambition. Given the EU Heads of States endorsed the objective of a climate-neutral EU by 2050 in December 2019, France and Germany welcome that the EU Commission has delivered its proposal for the **EU Climate Law** that aims to enshrine the 2050 climate-neutrality objective into EU legislation. During the German EU Council Presidency, the EU Climate Law will be among the most important files. At the same time, France and Germany welcome the Commission's proposal for an interim target of reducing emissions in the European Union by between 50 and 55 per cent of 1990 levels by 2030. France and Germany stress the need for a thorough impact assessment, especially with regard to its repercussions and effects on the competitiveness of the European economy and social welfare and with a view towards a common understanding of sectorial contributions and respective measures.

The European Green Deal has delivered a blueprint **for a prosperous, resilient economy on the way to carbon-neutrality in 2050**. The measures needed to transform Europe's industry must be modelled in a climate- and nature conservation-compatible way and must be effective in helping the European industry to recover from the Corona-crisis. In this context, France and Germany emphasize the central role of the **EU's industry** in a post-Corona growth strategy. With the EU Industrial strategy, climate protection and biodiversity conservation, technological change and entrepreneurial, industrial and overall economic innovations go hand in hand while safeguarding Europe's strategic autonomy. France and Germany welcome the Commission's commitment to focus European funds on breakthrough innovations and green projects and call for financing projects related to the industrial strategy and the Green Deal as part of the recovery plan for Europe. In line with the new SME strategy proposed by the EU Commission, France and Germany join forces to support **green SMEs and start-ups**. To foster a recovery consistent with the Green Deal and the industrial strategy, we call for an adaptation of the **European state aid framework** in order to facilitate support to companies engaged in the decarbonisation of the economy and allow the development of a significant number of Important Projects of Common European interest (IPCEIs) in this field.

The deployment of **sectoral industrial initiatives** identified in the Green Deal and the EU industrial strategy must be accelerated. Steps in low-carbon steel making, the acceleration of the decarbonisation of the aerospace, aeronautics and automotive sectors and the creation of lead markets and European industrial ecosystems for climate and biodiversity-friendly materials and products are core challenges until 2030. Initiatives to develop industrial value chains in the circular economy announced in the recent **circular economy action plan** will also go a long way towards fulfilling the objectives of the Green Deal and contribute to mitigating supply chain vulnerabilities. **The digital sector**, for its part, can contribute to emission reduction objectives, for example, through the deployment of AI: initiatives pertaining to the reduction of its own emissions, for instance through the greening of data centres, must be furthered in the context of the coming Recovery Plan. Furthermore, the sectorial action plans must support the transition in **the fields of transport, agriculture, buildings, research and solutions for technological breakthrough, the preservation and restoration of biodiversity and tackling air pollution, the circular economy and the supply of raw materials**. Energy efficiency actions could play a major role in order to promote climate objectives as well as economic recovery. France and Germany support the „**renovation wave**“ in the building sector which could provide an important contribution to stimulating the EU economy.

In order to maintain and strengthen the transition towards climate neutrality in Europe and all around the world, **greenhouse gas emissions** in the EU and if possible in all G20 states should be **priced** in all relevant sectors of the economy. In this regard, the Commission proposal to extend carbon pricing to new sectors will be investigated and

discussed among the member states. Moreover, a revision of the market stability reserve and the introduction of a minimum carbon price should be considered.

France and Germany will explore the ways to implement a WTO-compliant EU-border adjustment tax in order to limit the risk of carbon leakage. As long as other states pursue less ambitious climate policies, their companies may have a competitive advantage on international markets, leading to carbon leakage jeopardizing domestic carbon measures efficiency and the competitiveness of the EU. France and Germany continue their exchange on all possible mechanisms through the responsible ministries to resolve the various open issues such as WTO compatibility or administrative practicability.

In order to reach the carbon-neutrality objective, **removals of greenhouse gases** will be needed to compensate for remaining greenhouse gas from sectors where decarbonisation is the most challenging. France and Germany will continue to ensure that sinks and reservoirs, including forests, are conserved and enhanced, as appropriate. That includes the sustainable use of wood and harvested wood products. France and Germany provide for instance further support to the “4 per 1000 – Initiative”. Furthermore, France and Germany acknowledge the long-term importance of carbon removal technologies and will intensify their exchange on research projects on risks, side effects and methods of carbon these technologies.

As part of the Green Deal, **Sustainable Finance** is of importance for improving sustainability-related risk management in the financial industry and channelling finance for sustainable and green investment. In this perspective, the role of the Taxonomy regulation is also crucial and the current work on the delegated acts should be a key priority for the Commission. France and Germany support the Commission’s ambitious timetable for the ongoing work on the Non-Financial Reporting Directive. Accordingly, France and Germany emphasize the forthcoming Sustainable Finance Summit’s role in autumn 2020 to reiterate the need of a sustainable financial system for a sustainable economy after the Covid-19 crisis. Furthermore, the **European Investment Bank (EIB)** will take an ever more important role in combatting the economic setback due to the Covid-19 pandemic. France and Germany will continue to explore measures to strengthen the bank and direct the bank’s longer-term financing capability into support for a forceful and green recovery of the European economy and to its partner countries outside the EU. In addition, France and Germany support EIB’s crucial role in EU-external investments for climate-neutral and resilient development.

### **Strengthening the EU as international climate leader**

France and Germany call on the EU’s crucial role in making sure the recovery respects the **international climate goals**. In this context, we welcome the commitment of the G20 Finance Ministers to support an environmentally sustainable and inclusive recovery, guided by a sense of shared, long-term responsibility for our planet and citizens consistent with the 2030 Agenda for Sustainable Development. France and Germany are supporting developing countries in mastering the immediate mid - and long-term implications of the economic and financial impacts of the current crisis. Both

countries are providing support through climate and development finance by bilateral and multilateral agencies in support of – inter alia – health and social protection as well as economic recovery and resilience, environmental health and economic resilience and well-being in line with NDCs and long-term strategies. Our individual and collective commitments to international **climate finance** stay a top priority for our assistance provided through technical cooperation agencies and development finance institutions such as the French AfD and German KfW as well as for our cooperation with Multilateral Development Banks. Both countries will continue to provide their fair share towards achieving the post 2020 climate financing goals. We are also fully committed to support MDBs in aligning their activities with the Paris Agreement. The recovery is an opportunity to make finance flows consistent with a low-carbon and climate-resilient development contributing to climate protection but also to biodiversity. To this regard, it is crucial that the EU's next Multiannual financial framework and the agreement on the Neighbourhood development and international cooperation instrument set higher climate and environmental targets.

The long-term temperature goal of the Paris Agreement will only be reached if international partners join the EU in pursuing an ambitious climate policy. Therefore, France and Germany will work towards the formation and strengthening of ambitious climate coalitions. In this regard, France and Germany stress the importance of the **EU China Summit, the EU-AU Summit** as well as the **COP 26** including the negotiations on Art.6. France and Germany will closely coordinate their **outreach efforts**, joining forces with like-minded member states and the climate diplomacy division at the EAD.

As one of the priorities of the German membership of the UN Security Council 2019/20, **Climate and Security** will be at the heart of Germany's presidency of the Council in July. France and Germany will continue their joint efforts to strengthen the UN system's capacity for addressing climate-related security risks.

The current situation underlines that Europe may need to **ensure its food security as well as the strategic autonomy and resilience of its agriculture**, including through sustainable agriculture, which takes into account the conservation and sustainable use of biodiversity and has to be in line with the climate protection goals of the Paris Agreement.

France and Germany also believe that **biodiversity conservation must be an integral part of the recovery**. The current Covid-19 pandemic has highlighted the need to clarify the link between the **loss of ecosystems** and the risks and likelihood of spill over of zoonotic diseases from wildlife to humans. Germany and France aim to enhance the implementation of multilateral environmental agreements in order to protect and manage sustainably natural ecosystems to strengthen countries resilience, particularly the most vulnerable, to pandemics. Germany and France also call for more efficient actions at the international level against deforestation, land degradation, and environmental crimes. Germany and France aim for a **successful CBD COP 15**, that should also deal with health issues by drawing lessons from the Covid-19 pandemic. **Germany and France are committed to reach an ambitious post 2020 global**

**biodiversity framework, which will set goals and targets, and drive implementation.** Germany and France support that resource mobilization for the post 2020 Global biodiversity framework and its implementation should be in line with this ambition. Germany and France **highlight the importance of the IUCN Congress in Marseille** in January 2021 **on the way to the adoption of the new framework and** the importance of the civil society mobilization during the World Congress for Nature in Marseille in January 2021. Germany and France underline the need for a more multidisciplinary scientific research at international level, in sustainable food systems including sustainable agriculture, in animal health, human health and natural ecosystems.