

# EU lays out trillion-euro 'Green Deal'

January 14 2020, by Marine Laouchez

---



European Commission President Ursula von der Leyen has proposed a transition fund meant to bankroll the sort of deep changes needed

Going green can be a costly business, as the EU's executive body made clear on Tuesday when it launched a one-trillion-euro (\$1.1-trillion) plan to finance its goal of making the bloc carbon neutral by 2050.

That figure, a 10-year investment to be sourced from leveraged public and private funds, is part of a European "Green Deal"—an ambitious rethinking of the economy, transport and energy sectors to turn the EU into a leading light in the fight against global warming.

European Commission chief Ursula von der Leyen, who has made the project the centrepiece of her mandate that started last month, presented the plan at the European Parliament in Strasbourg.

With those outlays came some growth opportunities, she insisted. But in any case, "the costs of failure to act here would be enormous... so we have no option other than to invest in this now".

That message is reinforced by recent scientific assessments that carbon dioxide concentrations are heating the planet faster than predicted when the Paris climate accord was agreed in 2015.

To help overcome the knotty problem of putting coal-dependent EU regions—for instance Poland, the Czech Republic, or parts of Germany—on the path of renewables, her Commission has proposed a "just transition mechanism" meant to bankroll the sort of deep changes needed.

## **A 'daunting' path**

It aims to make available up to 100 billion euros a year, as a "pledge of solidarity and fairness for those who face the deepest challenges to make this journey with us," Commission Vice President Frans Timmermans told MEPs.

The core of the mechanism will be an EU transition fund of 7.5 billion euros over the period of the next EU long-term budget, running from 2021 to 2027, as part of "cohesion" spending meant to boost regional

development.

While open to all member states, it is meant more for those that will have to give up fossil fuel energy.

"What we're doing here is a message to coal miners in (Spain's) Asturias, (Greece's) western Macedonia or Silesia (a region including parts of Poland, the Czech Republic and Germany), to the peat harvesters in the Irish midlands," Timmermans said.

"We know you face a steeper path to climate neutrality... the road to it looks daunting today," he said. The transition mechanism "is a pledge that the EU stands with you in this transition".

The Commission wants to see the fund encourage equivalent investments from members states, and also spur private sector activities in areas protecting the environment, making buildings more energy efficient, and boosting the use of renewable energy. The European Investment Bank will become a "climate bank" by offering loans to further the EU goal.

The Commission says an extra 260 billion euros in investments are needed per year to finance the switch, which would also entail social changes as populations adapt to new policies for transport, energy and agriculture.

Some of the gap between the transition mechanism and that cost projection would come from a quarter of the long-term EU budget under a proposal by the previous Commission.

A final agreement on the way forward has to be worked out between the Commission, the European Parliament and member states.

## **Poland unconvinced**

Poland has so far refused to sign on to the far-reaching project, worried about the economic and social costs involved.

And there is also a tricky debate over nuclear energy to be navigated.

France champions the atomic power it relies on as a relatively beneficial energy source when it comes to climate emissions. The Czech Republic and Hungary also defend nuclear as part of their energy mix.

But other member states, such as Luxembourg and Austria, are opposed to nuclear energy being painted as "green".

© 2020 AFP

Citation: EU lays out trillion-euro 'Green Deal' (2020, January 14) retrieved 27 June 2024 from <https://phys.org/news/2020-01-eu-trillion-euro-green.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.