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Derailing the Green Deal will weaken the EU's prosperity

An opinion piece by Philippe Lamberts, President, Green/EFA Group

The Commission President's own political family is pushing to derail key Green Deal files. To allow it will be a major mistake for EU competitiveness

This year marks the 50th anniversary of the Club of Rome "Limits to Growth" report. Based on the thenavailable science, it made clear that our economic development model is incompatible with the boundaries of our planetary ecosystem, insofar we want to keep it viable for humanity. It took however until 2019 for the European Commission, under Ursula von der Leyen's leadership, to finally take this reality seriously and at long last launch the EU on the path to a just transition away from a totally unsustainable model. Such is the ambition of the European Green Deal (EGD).

While the scope and ambition of the original EGD communication were pretty much on the mark, so as to make the EU the global leader of the transition, it is also true that its execution has shown serious shortcomings. The EU's Common Agricultural Policy has not been reoriented to make it compatible with the EGD's ambitions, nor has the EU's trade policy. More recently, the inclusion of gas and nuclear as supposedly "green" energy sources in the EU taxonomy of sustainable investments has made blatantly clear how the financial regulation still ignores the need for a fast transition away from a predatory economic paradigm.

This being said, the very significant increase of the EU's climate ambitions, supported by the so-called "Fitfor-55" package would have been unthinkable under the presidencies of Jean-Claude Juncker or José-Manuel Barroso. And it is remarkable that while the pandemic and the war provided perfect excuses to downgrade or shelve altogether the EGD, Ursula von der Leyen has instead made its acceleration the cornerstone of the EU's response to those unexpected emergencies. Accelerating our transition is the way to ensure extreme weather events do not become the new normal, to ensure people breathe quality air, live in a toxic-free environment and can afford healthy food.

However, the pressure from the right and extreme right wing of the EU's political spectrum to curb or even derail the EU's transition is becoming more vocal by the day. In particular, the European People's Party (EPP), the Commission President's very own political family, has been calling for a "moratorium" on any

EGD legislation beyond "Fit-for-55" and is actively working at weakening the latter. While the inability to conform to planetary boundaries is probably the gravest market failure of all times, the EPP wants to resuscitate a deregulatory push under the "one in-one out" motto, which would see any new piece of legislation matched by the elimination of an existing one. The key target of von der Leyen's own party is any piece of legislation that would enable our societies to meet planetary boundaries other than climate stricto sensu. Their argument: Increased climate targets combined with the economic impact of Putin's war are already enough of a burden. Anything extra would kill the EU's competitiveness.

While no one can deny the challenges posed by skyrocketing energy, food and raw material prices, this backwards-looking understanding of competitiveness is the surest way to destroy the foundations of the EU's future prosperity. The EU's car industry presents a prime example of how mistaken such an approach is. Indeed, for decades, this industry first pleaded against any regulation of car emissions. Then it strove to make the targets as lenient as possible. When they became more stringent, it lobbied to make the measurements as remote as possible from real driving conditions and finally when that failed too, they plainly cheated on the tests. The goal was clear: keeping the very profitable Diesel cash cow alive as long as possible. The net result of such a backwards approach is that the world champions of electric cars are not European, but American and Asian.

Our view is that the next industrial revolution will be driven by all the solutions that enable our societies to live within the confines of the planetary boundaries. Fixing the climate challenge, restoring biodiversity, managing resource scarcity and substantially reducing pollution of nature are all crucial to humanity's survival. And there is no other game in town for the EU's economy than to become a world leader in these solutions. Regulatory complacency will make us followers, forced to buy them from the rest of the world. This is why the backwards calls of the EU's right-wing parties, and the EPP in particular, must be ignored.

The European Commission's 2023 work programme is due to be announced this week in Strasbourg. This will be the last before the next European election in 2024. It is crucial that it renounces no part of the EU's European Green Deal agenda, including a revision of the EU's landmark REACH chemicals regulation. Likewise, the European Parliament and Council of Ministers have to redouble efforts to adopt an ambitious "Fit-for-55" package as well as a comprehensive nature protection package, including a 50% binding pesticide reduction target. Finally, while European citizens struggle to make ends meet, it is all the more necessary to lift up the EU's social and fiscal ambition to address the risk of adverse distributional effects on low-income households and ensure a genuinely just transition.

And yes, we will all need to be sensible in the way we legislators apply pressure on economic actors: we want them to be engines of change, not to put them in untenable positions. But renouncing ambition will achieve the exact opposite: by providing relief, it will just produce complacency and loss of leadership.

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