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EU's vast public investment gap will kill climate ambitions & weaken standing on global stage

Today, the Greens/EFA Group have launched unprecedented new research into how the green transition is being undermined by a lack of public investment. The study, The Road to Net Zero: Bridging the Green Investment Gap, commissioned by the Group and carried out by the Institut Rousseau, finds that an additional €10 trillion investment is needed by 2050, averaging around 2.3% of current GDP yearly. This is about half of what the EU spent on fossil fuels imports in 2022. Three quarters of these funds can be secured by reallocating current expenditure that is either superfluous or harmful to the green transition.

Philippe Lamberts MEP, Greens/EFA Group President and Member of the Economic and Monetary Affairs Committee, comments:

"It's time for European governments to put their money where their mouth is and prioritise public investment to meet the green transition. This study for the first time puts a clear number, not only an estimate on the extra investment needed for the green transition. It clearly shows that we need to increase and redirect current investment across Europe or we will fall far short of our climate targets.

"The EU's climate ambitions currently suffer from inadequate fiscal policies and missed opportunities in public spending. Much of the money needed is out there, but we need massive divestment from climate killing projects to keep our planet livable for our species. Time is an increasingly scarce resource.

"If the Green Deal is Europe's 'man on the moon moment,' then we need the kind of support for this moonshot to match that ambition. The EU needs a common investment facility, in the vein of the RRF, to reach our climate targets. By investing in our future we will see an enormous return on investment, for green jobs, innovation and a thriving European economy fit for the 21st century

"We will never manage this if we tie our own hands by constraining how much countries can spend through the reform of the EU's fiscal rules. Both the private and public sectors need certainty, clear rules and room to invest. Hawkish ideological dogma cannot be allowed to undercut our position on the world stage. Without space for green investments, the EU will spend the rest of the century playing catch up to the US and China."

More:

The study, which can be found here, was commissioned by the Greens/EFA Group and carried out by 150 researchers coordinated by the Institut Rousseau, looks at Member States' spending across sectors affected by the green transition.

The report finds that public expenditure should double from €250 to €510 billion per year to catalyse private investment and address less profitable decarbonisation measures.

This additional public investment of €260 billion per year amounts to around 1.6% of the current EU GDP. This is less than EU Covid-19 recovery spending (€338 billion per year), EU-27 fossil fuel subsidies (€359 billion per year). These investments will be higher if delayed.

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