



## EUROPEAN POLICY ANALYSIS

# Green paths through a pandemic

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### Summary

A European Green Deal was going to be the flagship project of the new European Commission, with Ursula von der Leyen at its helm. Then a pandemic struck. What now?

The Commission has reaffirmed its commitment to the Green Deal, including in the Recovery Plan put forward on 27 May. Member States such as France and Germany have made clear that environmental sustainability should be at the core of the response to the pandemic crisis.

However, it is too early to draw definitive conclusions on how COVID-19 will affect EU environmental politics. Some factors, identified in this analysis, tend to keep the policy window for the Green Deal open, but others could close it or at least reduce the momentum. Much will depend on Council negotiations about the Commission proposals during the coming months.

Governments with high environmental ambitions need to particularly consider six issues: greening recovery policies, financing green transitions, creating advantages for all parts of the Union, planning strategically for the long term, building broad support in society, and framing the Green Deal in a global perspective. Political leadership will be key to what green paths the European Union chooses through the pandemic crisis.

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## 1 Introduction

Sudden events can change the most elaborate political plans. Newly elected European Commission President Ursula von der Leyen in 2019 made a European Green Deal her defining mission. Then came the pandemic. COVID-19 has already changed the political agenda, with implications for both EU environmental policy and European integration in general.

However, climate change and other environmental problems have not disappeared. What can proponents of ambitious European environmental policies do to achieve results during the coming years, most likely a time of rising public debt and high unemployment? In particular, what factors will be most important for the Council and European Parliament deliberations on the recent Commission proposals related to the Green Deal?

The European Commission has proposed a recovery plan, “Next Generation EU”, with the Green Deal at its core. Council negotiations during the next few months will be decisive for what course the European Union chooses. Longer-term strategies in light of the new situation are also needed for Member States, for example Sweden, which is preparing an upcoming EU Presidency in 2023. For this reason, this paper has a time perspective until 2024, when the mandates of the present Commission and European Parliament end.

**“The European Commission has proposed a recovery plan, ‘Next Generation EU’, with the Green Deal at its core.”**

There are many uncertainties in these turbulent times. Preliminary descriptions and conclusions can still be useful. What has changed when it comes to the Green Deal? What factors might slow down plans or alter the course? Are there new factors that support green transitions? An attempt to answer these questions, despite the uncertainties, may be helpful in defining strategic issues facing governments.

A review of studies by a number of think tanks and institutes has contributed to identifying the main questions. While peer-reviewed scientific articles on this topic are hard to find at this early juncture, semi-structured interviews with 15 senior policymakers and experts, in EU institutions

and in six national capitals, have provided more insights on possible developments and measures governments might take.

## 2 Green plans before the pandemic

European environmental policy has developed gradually over a long time. It has survived a number of political and economic crises and is today an established part of European integration (Haigh 2016). Since the early 2000s, climate change has risen to the top of the policy agenda, resulting in significant initiatives within the European Union such as the Emission Trading System (ETS), and the EU has also played a leading role in global negotiations. Some Member States have been pushing for ambitious policies more than others have been, with Germany for example being a key actor for a long time. This pattern has changed somewhat over time, with countries such as France also becoming very proactive. Under Jean-Claude Juncker’s mandate as Commission President, 2014–2019, there was, according to interviews for this study, a widespread view that EU environmental policy had lost momentum, with the exception of climate change.

In July 2019, the European Council nominated Ursula von der Leyen as Commission President. The choice was controversial, partly because von der Leyen was not one of the European parties’ candidates for the job (“Spitzenkandidaten”) during the election campaign. After her first hearing in the European Parliament, which drew some criticism, von der Leyen returned with a [policy document](#) that emphasised social and ecological issues (Political Guidelines 2019). Her first priority was a Green Deal for Europe. She also promised to make the Dutch social democrat Frans Timmermans Executive Vice-President and in charge of the Green Deal file. Timmermans had been candidate for Commission President for the Party of European Socialists (PES). Von der Leyen’s green promises helped in securing a majority. The European Parliament confirmed Ursula von der Leyen as Commission President with most of the EPP, ALDE, and S&D groups voting in favour. Other groups mainly voted against, including the Greens.

During the confirmation hearings with the designated commissioners, Frans Timmermans and others outlined more detailed plans for the

Green Deal. In the cluster organisation of the new Commission, Timmermans was given a coordinating role for a number of Green Deal topics, such as the environment, transport and energy. However, some important aspects such as financing became the responsibility of another Executive Vice-President, Valdis Dombrovskis.

Shortly after the new Commission was confirmed, it put forward an ambitious **Communication** on a European Green Deal. Making Europe a climate-neutral continent by 2050 was one of the key targets, but the text also included moving forward on biological diversity, clean air and water, safe chemicals, and more. An annex outlined 47 concrete measures, many of them to be proposed already in 2020 (European Commission 2019).

The Commission rapidly moved on. A **Sustainable Europe Investment Plan** was presented in January 2020, as well as a Just Transition Mechanism and a proposal for a new policy element, a European **Climate Law**. It is however worth noting that the European Council has so far not committed itself to the Green Deal. The summit meeting in December 2019 only noted the Commission proposal. Already before the new Commission was nominated, the European Council agreed on a **Strategic Agenda** for 2019–2024, mentioning inter alia climate change but not making the environment the first priority, as in von der Leyen's program. In contrast, the European Parliament immediately showed strong support for the Green Deal in a resolution (European Parliament 2020a).

A number of environmental initiatives were already scheduled for the next few years due to earlier decisions, for example an 8<sup>th</sup> Environmental Action Program and a revision of the ETS. In other areas such as chemicals and waste, large policy evaluations had recently been undertaken.

Germany had started to plan its upcoming EU Presidency in the second half of 2020 with climate as a key issue. The European Union was preparing its strategies for important global meetings on climate and biodiversity in the autumn of 2020.

### 3 Early reactions to the COVID19-crisis

Already in January 2020, the European Centre for Disease Control (ECDC) had noted the emerging

threat of a new coronavirus in China. On 13 February, EU Health Ministers held a meeting on the topic. It was not until early March, however, that the pandemic overshadowed all other policy issues.

The Industrial Strategy had been envisaged as a flagship policy initiative of the new Commission. When it was **put forward** on 10 March, it had been somewhat modified because of the crisis. However, the Green Deal was clearly evident in the document, and the transition to a climate-neutral Europe was one of the main goals.

In the beginning of March, there were some calls for the EU to put the Green Deal on the back burner. "Forget the Green Deal", **said** Czech Prime Minister Andrej Babis. Polish ministers **warned** that it would be difficult to reach climate goals and **called** for changes to emission trading. However, those were rather isolated voices in the public debate.

In contrast, the Commission reaffirmed its commitment to the Green Deal. When the European Council held a **video meeting** on 9 April, the roles of green transitions and digitalisation in recovery strategies were emphasised.

Ursula von der Leyen summarized when **speaking** to the European Parliament 16 April:

And it also means doubling down on our growth strategy by investing in the European Green Deal. As the global recovery picks up, global warming will not slow down. First-mover advantage will count double and finding the right projects to invest in will be key. A more modern and circular economy will make us less dependent and boost our resilience. This is the lesson we need to learn from this crisis.

This line of argument has continued and is reflected in the Commission's revised proposal for the next multiannual financial framework (MFF), as well as in the **country-specific recommendations** in the European Semester. It is significant that France and Germany, in their **initiative** for recovery from the coronavirus crisis, made "speeding up the green and digital transitions" one of the priority areas with a number of concrete proposals. After a few weeks of delay, the Commission has also moved forward with significant initiatives in the Green Deal such as the biodiversity and the farm-to-fork strategies.

Still, it is clear that the situation has changed. Some analysts believe that in contrast to the statements mentioned above, the environment will be lower on the political agenda when the economic crisis takes its full toll (for example Grant 2020).

The financial crisis in 2008–2009 was met with a number of policies, including for green growth. According to evaluations, some of these policies were successful from an environmental viewpoint, but mainstream economic policies to a large extent supported traditional consumption and production patterns, contributing to a rebound of carbon dioxide emissions when the economy started to grow again (Tienhaara 2018). In the European Union, there was a certain slowdown in environmental policy during the years after the financial crisis, with fewer proposals from the Commission. Some scholars have described the period from 2011 to mid-2013 as “the longest time span of regulatory inactivity” (in the field of the environment) over the last two decades (Steinebach & Knill 2017). However, there was not a significant roll-back of existing environmental legislation. On the contrary, EU green policies turned out to be rather resilient to crisis (Burns et al. 2020). The European Union continued to take important decisions in the area of climate change (Delbeke & Vis 2015).

The current situation is different in a number of aspects. The present political leadership of the Commission and in some important Member States has shown strong commitment to environmental sustainability. Important parts of legislation such as the ETS have been reformed and are now more robust. On the other hand, in 2009 there was a long-term budget (MFF) in place, and no negotiation was going on with a former Member State that had chosen to leave the EU.

**“There is much uncertainty as to how the present crisis will unfold and what effects it will have on the Green Deal.”**

There is much uncertainty as to how the present crisis will unfold and what effects it will have on the Green Deal. How can this complicated issue be analysed? Theory on policy processes might be helpful.

The Multiple Streams Framework (MSF) including the concept of “policy windows” was originally formulated by John Kingdon and later applied in different contexts, including the European Union. In Kingdon’s view, political problems, possible policy solutions, and politics develop rather independently, in what he called a problem stream, a policy stream, and a political stream. Nicole Herweg has adapted the MSF to the EU agenda-setting process in studying natural gas policy (Herweg 2016). She describes necessary conditions for agenda change according to the MSF: “First, the problem, political, and policy streams must be ripe when the policy window opens; second, this policy window must be opened by a change in the problem or political stream; and third, a policy-entrepreneur succeeds in coupling the streams once the policy window is open.” According to Herweg, the European Commission can be seen as a policy-entrepreneur in the sense of the MSF.

The Green Deal provides another object for applying the MSF. During the political campaigns for the European Parliament elections in 2019, climate was in focus, including the need for a “Green Deal”. Public opinion was in favour of more ambitious environmental politics, and extreme weather events had increased awareness of climate change. A number of concrete proposals for environmental reform were on the table. Thus, in the terms of the MSF, all “streams” were ripe for agenda change: the problem itself, the political setting, and the policy currents. A new Parliament was to be elected, as was a new Commission, both institutions potentially embarking on new policy routes. This provided a window for change.

## **4 Factors that might close the policy window – or keep it open**

In the current situation, it is useful to identify factors that might close the policy window for increased environmental ambitions, as well as other aspects that could create opportunities. The following analysis is not a strict scientific testing of the MSF, but it draws on insights from that school of thought.

### **4.1 Circumstances that might reduce the green momentum**

The political commitment to the Green Deal seems still to be there, as we have seen in the



previous section. However, the EU is facing a very challenging crisis, and new obstacles have appeared. What are the factors that may close the policy window for environmental reform, or at least cause delay and some downgrading? Based on the literature and interviews for this study, some of them can be identified.

**"The pandemic will not end quickly, and much political energy will be devoted to this issue."**

**Redirected attention.** Attention might be diverted from climate change and other environmental issues. COVID-19 has forced policymakers to focus their attention on crisis management. The pandemic will not end quickly, and much political energy will be devoted to this issue. The economic consequences may linger on for a number of years, and they may include high unemployment and increased risks to the financial system.

**Delays because of business concerns.** Whereas a number of companies have urged the European Union to maintain its ambitions for the Green Deal, there is also lobbying to postpone some measures. Business Europe has argued for **a slower pace** in environment legislation. Three influential business organisations in Germany, Italy, and France have in general terms supported a green recovery, but they also stated: "One will have to avoid measures which were to increase the tax or regulatory burden on businesses at national and European level" (BDI et al. 2020). Similar views have been put forward in the European Parliament.

**Divisions within the Union.** The Polish government has also **called for delays**. This illustrates old divisions between different parts of the European Union. For a long time, there was a strong North–South dimension to EU environmental policy, with some countries in the South more reluctant to agree to ambitious legislation. Since EU enlargement in 2004, East–West conflicts have become more significant, for example in Poland's resistance to higher climate targets (Wurzel et al. 2019). Now, North–South issues might take on more importance again, when debt levels increase drastically in countries such as Italy and Spain. At the same time, an East–

West dimension remains. When 18 environment ministers, in responding to a Danish initiative, **called for** environmental protection to be a core of the response to the crisis, only four of them came from among the countries in Central and Eastern Europe that became members in 2004 and later.

**Reduced institutional capacity.** Another aspect is decreased institutional capacity. Lack of physical meetings where difficult questions can be discussed and agreed upon, as well as other administrative obstacles, slow down decision-shaping and decision-making. This is reflected in the revised Commission work program for 2020 presented on 27 May. The German Ambassador to the EU has **warned** Berlin that the capacity for Council meetings, including at the working group level, will be limited during the rest of the year. And even if it is possible to continue work in working groups and COREPER, it might be more difficult to do the necessary deals at a political level without physical meetings. Later, things will probably return more or less to normal, but some momentum might be lost.

**Availability of capital.** COVID-19 might also cause problems related to the availability of capital. The transition to a climate-neutral Europe as well as other parts of the Green Deal require large investments. In January, the Commission addressed this issue in its Sustainable Europe Investment Plan, aiming to mobilise one trillion euro over 10 years. Most of this money would come from the private sector.

Now, however, it is unclear how much private capital will be available even if the Green Deal is at the core of the Recovery Initiative proposed by the Commission and currently negotiated between Member States. This is partly because of other loans, reducing the availability of capital, but also due to uncertainty about the financial system as such. A new financial crisis cannot be excluded, given the serious situation in emerging economies, high corporate debt, and high levels of private lending in some EU countries.

Member States might also be reluctant to take on more government debt for investments in low-carbon transitions, for example. Debt will rise substantially anyway because of the crisis.

**Budgetary cuts.** After the acute crisis and a period of recovery initiatives, many finance ministries

across Europe will likely be arguing for austerity measures and “structural reforms” to get back to the conventional normal. The costs incurred during the pandemic crisis, both in the health sector and in other parts of the economy, might restrict the possibilities in other areas, including expenditure on Green Deal-related initiatives. Cuts in existing budget lines might even jeopardise the current level of environmental protection, in particular in Member States where the institutional capacity is already limited.

#### 4.2 Factors that might keep the window open

There are thus a number of aspects that can reduce the green momentum. However, other factors work in the opposite direction.

**Climate change is not going away.** The climate issue is here to stay, and the same applies to other environmental issues such as threats to biodiversity. The Conference of the Parties to the Convention on Climate Change scheduled for November in Glasgow (COP26) has been postponed but will most likely take place next year. The Paris Agreement is still valid, and parties to the climate convention have to put forward revised national plans shortly. Germany has **indicated changes** to its plan for the upcoming EU Presidency in the second half of 2020. It will now be a “corona”-presidency, dealing with the crisis and its consequences. However, it is worth noting that climate change is still high on the agenda.

There are similar aspects to other environmental policies. For example, the meeting under the Convention on Biological Diversity planned in Kunming this October has been postponed, but the process mainly remains the same. On a more general level, preparations are still on for some kind of meeting and declaration related to sustainability and global governance in connection with the 75th anniversary of the United Nations this year, and for a global ministerial event in 2022, 50 years after the UN Conference on the Human Environment in Stockholm in 1972.

**Existing EU environmental legislation.** The existing EU environmental legislation (acquis) provides a framework that is not easily scrapped. Changing directives and regulations requires delicate decision-making and is more complicated than in most Member States. This can be an obstacle to

rapid moves forward, but it also provides a certain insurance against backlash in times of economic crisis. The process of developing and evaluating common regulation at the European level can sometimes also create a consensus in relevant policy communities on the need to move further.

**“The supporting framework for climate policy thus seems to be stronger today than after the 2008 financial crisis.”**

Regarding climate, a number of important legal acts have been adopted during recent years, including a reform of the ETS with a market stability reserve, and strict limits for fuel consumption of cars. The supporting framework for climate policy thus seems to be stronger today than after the 2008 financial crisis.

Some revisions of environmental legislation such as the ETS are already scheduled according to earlier decisions, with a clear indication that ambitions should be raised. The European Parliament has historically been keen on the Commission and the Council living up to such promises in earlier decisions, and with the current parliament it seems likely that this will continue to be the case. During the pandemic, the European Parliament has been a strong force to keep the Green Deal alive.

**The political commitment.** The Green Deal, including a climate-neutral Europe, seems to remain at the top of the European Commission’s agenda. “Putting the Green Deal at the core of the Recovery Initiative” is a key message of Ursula von der Leyen. This ambition is clearly visible in the Commission proposal for a Recovery Plan and a revised EU budget on 27 May. The same seems to apply to important Member States such as Germany and France. When Emmanuel Macron and Angela Merkel on 18 May presented their joint initiative for European Recovery, they showed strong commitment to ecological sustainability.

The European Commission has an Executive Vice President responsible for the Green Deal, Frans Timmermans, who has played a key role in keeping the environmental issues in focus even in the turbulence of the crisis. This was not the case during the financial crisis in 2008 and its aftermath. There also appears to be a need

for common, forward-looking projects for the European Union post-Brexit and post-COVID. In addition, major European political parties still seem committed to a green EU agenda.

Actually, there are developments that might even make the Green Deal easier to accomplish.

### 4.3 Factors that may strengthen environmental policies

Although emissions have decreased substantially during the crisis, this is not something that environmentalists in general welcome as a positive development. On the contrary, many of them **note** that the crisis is claiming human lives and that combatting climate change, for example, needs a planned approach including social sustainability, not disruptive events. There is also a likelihood that current reductions of emissions are temporary and that emissions will increase when economic activity rebounds.

**The ability to adapt.** The ability of society to adapt rapidly is however a positive aspect that **some** highlight. Examples during the pandemic crisis include mobilising financial resources, changing manufacturing, and moving to digital meetings. If this is possible in a pandemic, some argue, what is needed to make similar change feasible in relation to climate change?

**Increased awareness of financial risks.** For financial institutions, risks in relation to the climate have been on the agenda for a number of years, with large actors moving away from coal and oil. The dramatic drop in the value of assets depending on fossil fuels could accelerate this development. The crisis also offers an opportunity to increasingly phase out subsidies to fossil fuels.

**"Synergies between health and environmental policies might be a facilitating factor."**

**Synergies might facilitate.** Synergies between health and environmental policies might be a facilitating factor. Ursula von der Leyen **has spoken** of adding a White Deal to the Green Deal: "The Green Deal is and remains very important, but will be supplemented by a white component, white as the colour of medicine. We are now realising that health is as much a public good as a tolerable

climate," she has said. "We are protecting the health of the planet and we are protecting the health of human beings."

### 4.4 Changing factors with unclear environmental effects

Of course, these are early days with many uncertainties. Some factors could have great influence on environmental policies but are difficult to assess in the current situation.

**Support from the general public.** Just half a year ago, attention to climate change was strong in the media and among the general public. Climate was a top concern for citizens, according to polls in connection with the European elections. According to one early study, public opinion seems to be in favour of urgent climate action also during the pandemic crisis (Garton Ash & Zimmermann 2020). It is however too early to say to what extent this will be the case during the coming years of economic hardship.

There is still civil society engagement for environmental policies, but it has changed character. Fridays for Future with Greta Thunberg at its front has disappeared from the front pages, at least for the moment. News reporting on climate change and other environmental issues has declined. Civil society organisations such as the European Environmental Bureau, WWF, and others are however very active—and so far, rather successful—in influencing the EU response to the crisis.

**Changing domestic politics.** In the Member States, existing governments receive support in a time of crisis. Will this trend continue, or are we facing more political turbulence in 2–3 years? Do populist parties and leaders benefit from increased societal divisions in a time of crisis? If so, what effects would that have on European environmental policies? Rising unemployment might also affect the priorities of some mainstream political groups.

**A new economic geography.** Global supply chains have been disturbed, and some are arguing for more self-sufficiency in Europe, not only when it comes to health-related equipment. In its Recovery Plan, the Commission proposed a new Strategic Investment Facility, supporting strategic value chains. The debate on industrial policy and trade relations has had a new dimension added to it.

Patterns of travelling might change also in a longer time perspective.

**"EU–China relations are of large importance in environmental policy. Now they are becoming even more complicated."**

**Geopolitical tensions.** Existing tensions between the US and China have become even stronger. EU–China relations are of large importance in environmental policy. Now they are becoming even more complicated. The handling of the pandemic crisis will also affect the US presidential election in November. A Democratic president would bring new opportunities for transatlantic cooperation and for multilateralism.

**Trust in the EU.** European integration in general might be affected by the pandemic crisis. Will support for joint efforts against common challenges grow, or will there be more conflict and a lack of trust in European institutions? What will happen to the euro? These are big questions, and environmental policy-makers will have to manoeuvre in a terrain that is uncertain.

## 5 What can governments do?

It is clear that the political landscape has changed since Ursula von der Leyen made the Green Deal her flagship project. The current health crisis poses enormous challenges. As we have seen, there are factors that might close the green policy window, as well as others that might keep it open. What can the Commission and governments with high environmental ambitions do to keep the Green Deal alive and adapt it to the new circumstances?

The analytical framework provided by Kingdon through MSF does not address in detail how policy entrepreneurs can stop windows from closing. Partly building on the MSF, Roger Karapin has provided another useful framework on the combination of structural factors and the way actors behave in promoting ambitious climate policies, emphasising inter alia the role of political leadership. Karapin also incorporates some elements from theories on path dependency and advocacy coalitions in his framework. He notes that "elected officials often play the role

of policy entrepreneurs, who bring together political commitment, a framing of the problem, and politically viable solutions." Because the opening and closing of policy windows is very unpredictable, there is a need to have a number of tools ready. Well-designed strategies and tactics increase the chances of progress. Some useful measures are building broad coalitions, emphasising co-benefits of policies, and swiftly making public interpretations of new developments in a way that supports a green agenda (Karapin 2016).

Thus, according to Karapin, political leadership is crucial for the success of environmental policies. Making a parallel to the current situation, politicians and leading civil servants can contribute to the survival of the Green Deal. Ursula von der Leyen, Frans Timmermans, Angela Merkel, and Emmanuel Macron have already shown such leadership when it comes to COVID-19 and the environmental ambitions. So have others. However, there is as yet no agreement in the European Council on a number of fundamental issues such as financing.

**"Well-designed strategies and tactics increase the chances of progress."**

As shown in the previous sections, there are many issues to address. It is not possible to discuss all of them in the context of this paper. Based on the factors identified above, in particular those that might close the policy window, six key issues can be identified that governments need to address if they want to keep the green momentum.

### 5.1 Greening recovery policies

As we have seen, diversion of attention and business concerns are two factors that might slow down environmental progress. Making the Green Deal a key part of the recovery plans and creating business opportunities is a way of counteracting such threats.

It is not possible to deal with all aspects of greening recovery packages here. Important lessons can be drawn from green growth policies after the 2008 financial crisis, for example on the need to integrate sustainability aspects in all parts of economic policy (Tienhaara 2018). It is wise to invest in both physical and human capital, and to make sure that programs such as the foreseen "Renovation



wave” contribute to both environmental and social sustainability.

Policymakers need to watch out for vested interests and make sure that there is also stimulus to disruptive innovations and start-up companies. For example, support for the car industry for electrification needs to be complemented with aid to start-up companies providing new innovative mobility solutions that do not require a car. Often there is a need for policies accompanying financial support to give correct market signals, for example taking away subsidies or strengthening regulation (Jacobs et al. 2020).

Horizontal financial instruments, such as the proposed Recovery and Resilience tool, can have a big (and sometimes negative) environmental impact. As stated by the Dutch government, it is important that such policies do not harm climate and environmental objectives. A number of methods can be used to avoid this, for example sustainability proofing and exclusion lists (Government of the Netherlands 2020).

Separating short-term measures from long-term decisions can be useful. For example, demand has fallen for some agricultural products. Some kind of EU support is likely for agricultural sectors especially hard hit, partly through existing emergency funds, partly through new measures. However, such initiatives might go against ambitions to modernise and green the Common Agricultural Policy (CAP). Putting the short-term support outside the CAP in specific funds with limited duration might help in keeping the reform agenda on track. A similar approach can be relevant in other areas where short-term support might be necessary. However, these kinds of measures also have to be in conformity with sustainability targets.

Quite a lot has been written on green recovery. Even if the United Kingdom has left the European Union, the six principles **advocated** by its Committee on Climate Change are relevant for the EU (CCC 2020):

- Use climate investments to support economic recovery and jobs
- Lead a shift towards positive, long-term behaviours
- Tackle the wider “resilience deficit” on climate change
- Embed fairness as a core principle

- Ensure the recovery does not lock in greenhouse gas emissions or increased risk
- Strengthen incentives to reduce emissions when considering tax changes

The International Energy Agency has **proposed** accelerating clear energy transitions as part of the recovery packages. Other international institutions such as **the World Bank** take a similar line. There have been a number of political statements to similar effect. Many think tanks and NGOs have elaborated on possible content (**IEEP, CEPS, EPC, IDDRI, E3G, EEB and partners, WWF, ETUC**, and others). The Commission proposal for a revised MFF including a Recovery Fund builds on similar thinking.

## 5.2 Financing the transition

Lack of private capital is a factor that might slow down green transitions, as we have already discussed. How can money be found for investments, particularly in debt-ridden states? This is of course dependent on overall political solutions on financing the recovery. In its proposal for a revised MFF, the Commission hopes to leverage large amounts of private capital, but the success of this approach is not assured. In addition to the general situation on financial markets, it depends on the availability of sound projects to fund.

**“Environmental policymaking can help by providing investors with more certainty [...]”**

Environmental policymaking can help by providing investors with more certainty, for example through the European Council recommitting to a climate-neutral Europe in 2050, adopting more stringent climate targets for 2030, and possibly by setting a floor price within the ETS. In sectors such as renewable energy and electrification of transport, such investments might even provide a rather safe return on investment compared to other areas. Softening some of the EIB’s lending policies, including the requirements for co-financing, might also facilitate access to capital. One of the additional ideas floated is for the EIB to issue “green bonds” that are then bought by the ECB.

The Green Deal Communication also included proposals to integrate environmental aspects in

national budgets. This is not an easy task even in ordinary times, and in a period of austerity it might require even more political commitment from the top level. The European Semester country reports this year highlight some environmental aspects, but more can be done. How green aspects will feature in the future process is a key issue, in particular because new forms of financing such as the Recovery and Resilience tool will be linked to recommendations in the European Semester process in a similar way as after the financial crisis. In the German and French [proposal](#) for recovery measures, developing green roadmaps for all sectors including conditionalities for economic support is one element. How [Ecofin](#) and national finance ministries act on such issues will be of great importance.

In order to gain acceptance for environmental expenses, it is useful to highlight co-benefits with other issues such as health (Karlsson et al. 2020). Other aspects are the costs of inaction and not taking a too narrow approach to cost-effectiveness of measures (Alfredsson & Karlsson 2016).

In addition, the need to fund an increased EU budget will direct attention to more own resources. The Commission has already proposed using parts of the income from the ETS, and a new plastic tax, for this purpose. The pandemic crisis opens possibilities for further such proposals, for example a revised energy tax with a carbon component.

### 5.3 Advantages to all parts of the EU

Divisions between groups of countries and within societies can slow down or stop environmental progress, as noted above. All parts of Europe need to see advantages of the Green Deal. This was true already before COVID-19. Negotiations about new climate targets and emission trading have historically been dependent on promoting restructuring in Member States such as Poland with many jobs in the coal sector. The Commission proposals in January on fair transition, including the Just Transition Fund, took aim at this issue. Similar issues arise with the recovery proposals from the European Commission in the revised multiannual financial framework (MFF). As an example, the Forum Energii institute in Warsaw and the business organisation Lewiatan have together [shown](#) benefits to Poland from a green recovery from the present crisis. At the same time,

it is important to see the significant differences between Member States, for example in Central and Eastern Europe, and find tailor-made solutions to just transition challenges.

**"Social aspects need to figure prominently in the political answer to environmental challenges such as climate change."**

Differences within countries and between different groups also need to be bridged. For example, the North–South divides within Italy and Spain might become even deeper than before, with social and political effects that are negative for environmental policy. It is thus even more important than before COVID-19 to find a policy mix that contributes to just transitions. Social aspects need to figure prominently in the political answer to environmental challenges such as climate change. Widening the agenda can also help finding broad coalitions for difficult reforms, for example by including trade unions.

Finding common ways forward is to a large extent a matter of trust. Rich countries need to show solidarity with others both in the present crisis and during the years to come. This is key also in addressing the necessary fundamental changes in moving to a carbon-neutral Europe. For example, negotiation positions on the MFF cannot be based only on what is deemed to be the optimal outcome for national budgets, but they must also take into account benefits to Europe as a whole and what advantages that has for Member States (Tarschys 2020). Pressure will be strong on net contributors to the budget to show some flexibility, and this will be expressed also with environmental arguments. But trust also works the other way. For example, the misuse of EU funds by authoritarian governments in some Member States needs to be addressed.

This is also a time to find opportunities. Historical experiences show that crisis can give support to measures for green transitions. For example, the Russia–Ukraine conflict and worries related to gas supply contributed to political support for renewable energy and savings. In the current situation, digitalisation might offer similar opportunities, not only for the richer Member States.

Green transitions of industry need to bring benefits to as many parts of the Union as possible. This was already an issue in the discussion on a new industrial strategy. Here, reforming state aid rules are an important component. In the Sustainable Europe Investment Plan, the Commission proposed relaxing some of the state aid rules to encourage innovative technologies such as low-carbon steel production. Now the ability of Member States such as Germany to support, for example, its car industry through state aid is causing concern in other Member States. This could affect the support for low-carbon transitions. It is thus important to find alternative forms of aid to innovative companies in Member States that do not have the financial strength of Germany.

#### 5.4 Planning strategically for the long term

Keeping eyes not only on the immediate issues is another element for governments with ambitious environmental agendas. For example, Sweden will hold the EU Presidency in 2023, when there are important global climate events on the agenda, such as the COP meeting under the climate convention in December.

During the autumn of 2020, the climate law and a revised emission target for 2030 will be negotiated. Following agreement on the target, the Commission has planned to put forward legislative proposals in June 2021, including revisions of the directives on energy efficiency, energy tax, renewable energy, land use and forest, effort sharing between Member States, and CO<sub>2</sub> emission performance standards for vehicles. Final agreement on such a climate package might be a main issue for the Swedish presidency. In the current situation, keeping these directives in focus and building support for their adoption seems to be an important priority.

Other issues in the Green Deal that might need final agreement in the Council during the Swedish presidency include follow-up legislation to the biodiversity, chemicals, and zero-pollution strategies. Supporting the Commission now in developing proposals that might bear fruit in 2023 can contribute to good results.

It is also important to safeguard elements that provide long-term stability to environmental policy. Much effort was put into defending existing legislation during the beginning of the

Juncker Commission. In times of economic crisis, such situations might arise again. It is not only a question of the legislation itself, but also about the extent to which the Commission acts on infringements. Improving implementation is important for a level playing field and can have positive effects also on jobs. Sufficient funding of the European Environmental Agency (EEA) and of the European Chemical Agency (ECHA) are other key elements.

The Green Deal includes many concrete initiatives in fields other than climate. This is also the case for the Seventh Environmental Action Program covering the time period 2013–2020. If the diversion of attention and the institutional problems because of the pandemic limit the number of proposals that can be put forward and agreed upon, it is more likely that issues such as water and chemicals are downgraded than climate change.

An Eight Environmental Action Program (8 EAP) can support policies in areas that are not so much in the political focus as climate change, for example water and chemicals. The present Commission might have some doubts on the advantages of the 8 EAP and might like to see it merely as monitoring of the Green Deal, but historically such programs have been useful in safeguarding environmental policies when political winds have started blowing in other directions. An ambitious 8 EAP would also provide some stability for the next mandate of the Commission and the European Parliament, as it will encompass the time period until 2027. During its presidency in 2023, Sweden can also initiate other Council conclusions that facilitate the continuation of the Green Deal ambitions after 2024.

**"Sooner or later, there will be changes to the treaties. This will be a moment for governments to push for climate change [...]"**

Another part of long-term importance is to defend and develop institutional capacity. After the immediate crisis response might come a time of austerity. This is not the place to analyse to what extent such economic policies are appropriate. However, as discussed in previous sections, earlier

experiences show that it is essential to safeguard institutional capacity for environmental protection in such budget discussions. This is particularly true in Member States where the institutional capacity is already limited. Well-trained staff in sufficient numbers is a key factor.

On another policy level, the Conference on the Future of Europe will address horizontal issues with great significance for environmental policy. Sooner or later, there will be changes to the treaties. This will be a moment for governments to push for climate change to figure more prominently in the primary law, in a similar way as some Member States including Sweden did in the negotiations on the Amsterdam Treaty on other environmental aspects.

### 5.5 Building broad support in society

Finding majorities for low-carbon transitions could be more challenging in a time of crisis and high unemployment. As already noted, domestic policies and the level of public engagement are changing factors with unclear effects on the Green Deal.

However, there have already been a number of examples of “advocacy coalitions” for high environmental ambitions in response to the pandemic crisis. For example, MEP Pascal Canfin’s [initiative](#) brought together 180 policymakers, business leaders, non-governmental organisations, and researchers. They stated in their appeal: “Projects such as the European Green Deal, and other national zero carbon development plans have a huge potential to build back our economy and contribute to creating a new prosperity model.” Among the signatories were CEOs of major European companies. Trade unions have key roles if green transitions are to be successful, not the least in times of high unemployment. It will be of great importance whether national unions follow a similar line as the European Trade Union Confederation (ETUC), which [joined](#) Canfin’s initiative. Green NGOs and think tanks in Brussels have also been very active in pushing for a green recovery.

**“Regions and cities are crucial for change.”**

Regions and cities are crucial for change. One example is the [Platform for Coal Regions in Transition](#), that needs further support. The

Committee of the Regions has also [put forward](#) proposals in this regard.

The Climate Pact foreseen in the Green Deal Communication can be part of building broad coalitions. More strategic plans for how it can best be designed are needed.

### 5.6 Framing the Green Deal in a global perspective

This is a way of responding to business concerns mentioned earlier, as well as factors with unclear effects such as changing global value chains and geopolitics. The EU already has a reputation for leadership in climate policies. On health, the Commission has been actively supporting multilateral efforts including hosting a global conference on vaccines in May. The Green Deal provides additional opportunities to show European leadership in a partly new geopolitical landscape. Currently, international environmental negotiations have been postponed, but this also gives time for the EU to build stronger alliances and to adapt its positions for example to the increased interest in links between health and environmental protection. Governments need to work better in tandem with the Commission and the External Action Service toward this aim.

**“Bilateral relations such as EU-China and EU-Africa will need even more attention in relation to the Green Deal.”**

Bilateral relations such as EU-China and EU-Africa will need even more attention in relation to the Green Deal. Germany’s ambitions to continue environmental cooperation with China in connection with the next EU-China Summit are to be welcomed. If Donald Trump loses the presidential election in the US, new opportunities for global environmental cooperation will arise. The EU needs to have concrete plans for such a scenario.

## 6 Conclusions

It is too early to draw definitive conclusions on how the pandemic will affect EU environmental policies and the Green Deal. Some factors could contribute to closing the policy window, yet others might keep it open.



As we have seen, there are signs that political commitment to the Green Deal is still there. When discussing in his seminal book why policy windows close, Kingdon noted that if it is not possible to reach results on a new policy agenda within a reasonable time period, the window might be shut (Kingdon 1984). The European Commission has reconfirmed its commitment to the Green Deal, but is it possible to achieve enough results to keep the momentum until 2024 and later? Preliminary agreements in the Council this year on the Commission proposals will be important. This is true both for environmental legislation and for wider issues, such as the Recovery Plan and the revised EU budget.

Climate policy will be in the limelight, in particular the issue of whether the EU decides to increase its emission target for 2030 to a reduction with 50 per cent or more. This will not necessarily be easy in a time of crisis. Efforts to find such an agreement will certainly play a prominent role, but making the target the only litmus test for the Green Deal carries risks. If Kingdon is right about policy windows shutting because results are lacking, a wiser strategy might be to emphasise the broad character of the Green Deal and try to achieve progress on a number of issues, not only regarding climate change but also in areas such as biodiversity, air pollution, and non-toxic material cycles.

What is more difficult to assess are the long-term effects of economic crisis and high unemployment. It seems crucial that the Commission and national governments give enough attention to long-term processes such as an ambitious 8<sup>th</sup> Environmental Action Program, as well as to greening the European Semester.

Many of the measures discussed above are the responsibility of ministries other than the Ministry of the Environment in the respective Member States. At the Agriculture Council on 8 June, a number of ministers questioned parts of the Green Deal. In particular, finance ministers will be even more influential than usual in a time of crisis, putting ECOFIN and the Eurogroup in a key role. Thus, the success of the Green Deal rests as much on ECOFIN and the Eurogroup prioritising environmental aspects as on the EU Environmental Council doing so—or even more. Conclusions in the European Council will also be of great importance for the future of environmental policy. How much weight will the treaty provisions carry that state that all policy areas must contribute to ecological sustainability, for example in the design and implementation of the Recovery Fund and other new financial instruments?

**"Political leadership will be key to what paths the European Union chooses through the pandemic."**

Environmental policy is not determined by structural factors alone. Political leadership will be key to what paths the European Union chooses through the pandemic. Decision-makers need to address strategic issues not only regarding environmental policy narrowly defined, but also in a context of cohesion and solidarity between Member States, and in a rapidly changing geopolitical landscape. Building broad coalitions in societies will be crucial. It is a tall order, but signs of such leadership are already there.

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