



**Flanders**  
State of  
the Art

# The European Green Deal

Position paper of Flanders

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On 11 December 2019, the European Commission published its Green Deal, a roadmap to make the EU's economy sustainable. As a reaction to this publication, the Government of Flanders presented on 21 February 2020 a document setting out the principles of Flanders regarding the Green Deal, and the Flemish position on the different elements that are proposed in the Commission's Green Deal Roadmap..

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## 2 PRINCIPLES OF THE FLEMISH POSITION

The **principle of subsidiarity** needs to be respected during the roll-out of the Green Deal.

There is a broad consensus on the need for a sustainable transformation and **the urgency of global action** to confront the climate challenges. Although European emissions account for fewer than 10 percent of worldwide emissions, the European Union can take a leading role and continue to reinforce its economy (in particular through the development of innovative technologies which could also be applied in third countries). But if Europe is to have a bigger impact, the EU also has to remind the other trading blocs about their responsibility. Hence the ambition of the Commission to present itself as a geopolitical player in the climate debate.

The Green Deal holds a lot of positive aspects, such as the integrated plan of action, accents on innovation, circular economy, nature and forestry policy, biodiversity, sustainable mobility and agriculture. Flanders will assure that the further elaboration of the Green Deal effectively contributes to the achievement of the objectives and **results in an acceleration of investments, innovation and technological advance.**

The feasibility of the Green Deal for Flanders will depend on the right balance between ambition and concrete measures.

The Green Deal should be able to realise its ambitions through the reorientation and a more targeted spending of available European funds. Flanders takes the opportunity of the ongoing negotiations on the European multi-annual budget for calling on the European institutions and member states to enable the **financing of the Green Deal within the Multiannual Financial Framework (MFF)**. The Government of Flanders is opposed to draining the national revenues from ETS in order to fund the Green Deal. Flanders will also scrutinize any European proposals involving new own resources. Finally, the European Commission will also need to pay attention to the financial needs and risks involved in the transition in prosperous regions in order to guarantee affordability for Flanders.

It is essential for Flanders that the initiatives of the Green Deal:

- do not lead to an increase of **tax pressure** or energy bills in Flanders;
- safeguard the **competitiveness** of our Flemish businesses and the purchasing power of Flemish families;
- comply with the principle of **cost efficiency** at European level.



Achieving European climate neutrality in 2050 and stepping up the European climate objectives for 2030 are a crucial part of the Green Deal for the European Commission.

- Flanders has detailed its planned contribution to European climate neutrality in 2050 in the Flemish Climate strategy 2050, which was approved at the end of 2019 and has been integrated in the Belgian long-term strategy for the reduction of greenhouse gas emissions of Belgium. We strive towards a 85% reduction of greenhouse gas emissions in non-ETS sectors in Flanders by 2050, as compared to 2005, with the ambition to make the transition to 100% climate neutrality. As for the ETS sectors, we agree to what Europe has decided for these sectors in a context of a shrinking emission allocation under the EU ETS system.
- The current climate objectives for 2030 are already a major challenge for Flanders. Flanders may subscribe to a further reinforcement of this European objective if a number of important preconditions are taken into account. which are also laid down in the coalition agreement of the Government of Flanders (cf. passage “on the 2030 objectives” further in this text).

Within the context of the Green Deal, the Government of Flanders calls on everyone to look pragmatically and without prejudice to all possible solutions that meet the formulated objectives and reserves itself **the right to define its own energy mix** when drawing up the Green Deal.

Furthermore, the Green Deal contains a lot of proposals which elicit questions and which at the least **call for additional examination and analysis**. Therefore, the Government of Flanders stresses the importance of subjecting new legislative proposals to a sound impact assessment.

# 3 FLEMISH POSITION ON CERTAIN ELEMENTS OF THE EUROPEAN GREEN DEAL

## 3.1 IN GENERAL

For the Green Deal to succeed, there is a need to share efforts in the most cost-effective way and for strong and far-reaching sectoral measures at European Union level that safeguard the European competitiveness and trade position, including:

- support for innovation (Horizon Europe and Innovation fund);
- labelling for sustainable energy and climate products;
- strong product standardisation for energy and climate products (e.g. within the Ecodesign framework);
- support for European transport networks (CEF, TEN-T, European Rail Area), also focusing on the regions that are most susceptible to traffic jams.

Carbon pricing (including an extension of the EU-ETS to other sectors) receives a lot of attention under the Green Deal. In Flanders we are willing to examine how this can be implemented at European level in different areas. It is essential for Flanders that this does not lead to an increased tax pressure or higher energy bills in Flanders, that the competitiveness of our Flemish businesses and the purchasing power of the Flemish families are safeguarded and that the principle of cost efficiency at European level is respected. Possible revenues from carbon pricing should flow back to the member states/regions in which they are generated. In the event of extensions of the EU-ETS, the different characteristics of the various sectors (industry, energy, mobility, ...) must be taken into account. Separate ETS systems, each having their own set-up and regulations, should be considered in this context.

## 3.2 RAISING THE EU CLIMATE AMBITION LEVEL FOR 2030 AND 2050

- Flanders subscribes to the objectives of the 2015 UNFCCC agreement of Paris.
- Every increase in the ambition level requires an impact analysis, in which the effects per member state and per sector are clearly charted.
- As for the ETS sectors, we agree to what Europe has decided for these sectors in a context of a shrinking emission allocation under the EU ETS system.

### 3.2.1 On climate neutrality in 2050

Flanders supports the objective of a climate-neutral Europe in 2050. Flanders contributes to this objective through a 85% reduction of emissions in non-ETS sectors by 2050.

At this moment, the exact content of the European Climate Law is still unclear, which explains why the Government of Flanders hasn't yet taken a position on the concept of the 'European Climate Law' other than a plea for the strictest respect for the separation of powers.



In order to achieve the European long-term ambitions, every member state will have to implement far-reaching and drastic emission reductions. For the majority of economic sectors, zero emission will become the norm, beyond member states' borders. However, both the IPCC and the European Commission recognise that some emissions are very hard or even impossible to rule out. In order to achieve climate neutrality, these emissions will have to be compensated through the absorption of greenhouse gases (or the so-called 'negative' emissions) in soils, forests and through technological solutions such as CCS and CCU. That is why climate neutrality at EU level or at global level does not necessarily mean that each country, let alone each region, will be climate neutral. Some countries and regions will still have residual emissions, while other countries/regions (e.g. forested areas) will have negative emissions. What is important is that there is a balance between these types of emissions, as is prescribed by the Paris Agreement. Flanders counts on the solidarity of countries with negative emissions in this context.

Flanders is a densely populated region with relatively little space for additional forests and limited potential for the geological storage of CO2. Achieving climate neutrality within the Flemish territory is therefore not easy. Still, with a 85% emission reduction we make an important contribution to the European ambition of reaching climate neutrality by 2050 and technological and societal evolutions may enable us to step up our efforts beyond those -85%.

Consequently, the efforts involved in reaching EU climate neutrality in 2050, need to be shared between the individual member states. For Flanders, this sharing should be based on the following principles:

- each member state should in the first instance consider for itself the extent to which it can contribute to the objective of European climate neutrality in 2050 and inform the European Commission about its contribution (= bottom-up approach)
- the European Commission should then examine the extent to which the aggregated ambition level of all national contributions matches the European objective. In the event of an "ambition gap", the additional required effort should be shared among the member states in a cost-effective way
- in addition, it should be possible to make use of international flexibility. Member states making an effort beyond their cost-effective contribution, should have priority access to these mechanisms

**3.2.2 On the 2030 climate objectives**

Flanders is fully committed to effectively achieving the agreed objectives and to accelerating investments, innovation and technological progress, which are key to not only delivering on our planned contribution to the European climate targets but also to providing leverage for the necessary global efforts.

Based on an evaluation of the additional climate efforts of other important trading blocs, Flanders can subscribe to a feasible, affordable and bottom-up increase of the European greenhouse reduction objective for 2030, if it is cost-efficiently distributed among the member states, if it allows international flexibility and if it does not increase the energy bills of citizens and businesses.



**3.3 MOBILISING OUR ECONOMY TOWARDS A CLEAN AND CIRCULAR ECONOMY**

Flanders strives for a 100% circular economy in order to better cater to our needs for raw materials and water and as a way to maximise our well-being while reducing our ecological footprint. If we want to reduce our greenhouse gas emissions in a sustainable way, we should also focus on reducing the carbon footprint of our production and consumption. It is important to look at the entire life cycle of materials and goods if we want to make a correct estimation of the ecological impact.

The circular economy offers particular opportunities for our prosperity and economy if we succeed in reducing the use of primary resources and materials while increasing their re-use, without having to make sacrifices as far as our comfort or prosperity is concerned.

Businesses will play a major role in a successful transformation of our society through innovation and technological advance, which will call for considerable investments. Hence the need for a competitive and predictable investment framework, in which the global economic context is taken into account.

Together with the EU, Flanders will lead the way towards a CO2 neutral economy. We will however continue to prevent carbon leakages to regions outside of the EU with more lenient climate rules as well as the delocalisation of manufacture to countries outside of the EU. Flemish, and by extension all European businesses, are asked to reduce their CO2 footprint. Still, there is no point in reducing the greenhouse gas emissions of our businesses if this is accompanied by the import of CO2 intensive products from countries outside of the EU.

That is why measures tackling the risk of carbon leakage remain very important. In the event of other trading blocs not implementing greenhouse gas emission reductions at the same rate as the EU, we call for solutions within the WTO to counter this problem.

Encouraging the acquisition of the right skills needed in green jobs is important if we want to make the transition to a greener economy.





**3.4 ACCELERATING THE TRANSITION TO A SUSTAINABLE AND SMART MOBILITY**

It is important that the EU invests in sustainable rail and inner waterway connections, both through cross-border projects and through Flemish area-unlocking priorities having TEN-T relevance.

It is indeed appropriate that the focus is now on a transport modal shift towards inner waterway and rail connections. The Seine-Scheldt project which connects Paris, Antwerp, Ghent and Rotterdam with each other is important in this respect as are the breakthrough in the Iron Rhine project connecting the port of Antwerp with the Ruhr area, which merits full EU support and the investment-worthy rail connection between Ghent and Terneuzen.

This also implies that the financial resources for the Connecting Europe Facility (CEF) in the next MFF need to be compatible with the expectations of the sectors involved within the framework of the Green Deal.

**3.5 ASPIRING TOWARDS GREEN FUNDING AND INVESTMENTS AND GUARANTEEING A JUST TRANSITION**

There is still a lot of vagueness as to the funding of the ambitions set out in the Green Deal today. Nor is there any clarity on the way in which the Green Deal objectives will fit within the Multi-annual Financial Framework (MFF). It is clear, however, that the planned (additional) efforts will require considerable financial resources. The budgetary component of the Green Deal seems to favour the bigger polluters in the first place. If the measures are to remain affordable, the European institutions will need to take into account the financial needs and risks inherent in a transition in prosperous regions such as Flanders.

The Government of Flanders does not agree with the European Commission’s proposals as regards the Just Transition Mechanism. According to the European Commission, Flanders will not be eligible for financial funding from the Just Transition Fund (1st pillar of the mechanism), which is part of the vaster mechanism. Flanders will moreover benefit to only a very small extent or not at all from the dedicated scheme under InvestEU for a just transition (2nd pillar) and from the public sector loan facility within the EIB group (3rd pillar) while countries which thrive on (brown) coal or other polluting energy sources draw major advantages from these instruments. Countries which have closed their coal power plants and which invest in technology and innovation to reduce their pollution, such as Flanders, are disadvantaged. The Flemish government does not agree with this. That is why Flanders suggests some concrete proposals for amending the draft regulation on the Just Transition Mechanism.

- Firstly, Flanders demands absolute transparency from the European Commission on the allocation method and the used statistics in the short term.
- Flanders makes a plea to not disadvantage regions with high added-value industries in the allocation method.

- Hence, the Government of Flanders calls for an amendment of the criteria which are used for the distribution of resources within the Just Transition Mechanism between the member states. Since the money is mainly intended to support industrial transition, linked to the support of workers in these sectors, we propose linking the distribution of the money to the share of the individual member states' emissions in the overall European industrial emissions. The higher the industrial emissions, the bigger the challenge which member states face. For emissions in the electricity sector, a modernisation fund has already been created within the EU.
- Flanders asks for an increase of the minimal contribution per member state within the Just Transition Fund. Furthermore, Flanders advocates a lowering of the maximum amount of funding from the Just Transition Fund to which one member state is entitled. We propose that one single member state is entitled to maximum 10% of the Fund.
- The Government of Flanders insists on a consistent application within each member state of the subsidiarity principle at the time of the distribution of the resources from the Just Transition Fund. As for the intra-Belgian distribution of resources, Flanders will not adopt the criteria which the European Commission proposes. Flanders will itself decide on the areas which should be eligible for support within the context of its territorial transition plan. Port areas and their hinterland in particular, are eligible for support.

It is essential for the Government of Flanders that the European Investment Bank preserves its triple-A status. The European Investment Bank is active in a market environment based on demand-driven programmes. Projects need to be selected on the basis of their (eco-)technical, economic and above all, financial merits.

Finally, we will closely follow the proposals within the context of the Multi-annual Financial Framework which are relevant for the Green Deal (e.g; the EU Innovation Fund, the CAP, Horizon Europe, ...)



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