

SPANISH PRESIDENCY OF THE COUNCIL OF THE EUROPEAN UNION

An ambitious presidency for a resilient Europe

1. A climate neutrality commitment ahead of 2045

The IPCC has announced an increase in climate alert in response to the large increase in global temperature, which is already close to 1.2 degrees Celsius, and has called for efforts by countries to avoid exceeding 1.5 degrees Celsius. At the European level, thanks to initiatives such as the Fit for 55 and RePowerEU packages, the EU could achieve carbon neutrality by 2040.¹

Bringing the carbon neutrality commitment forward to 2045, in line with commitments already made by member states such as Germany and Sweden, will send a clear signal to businesses and citizens that the EU as a whole is committed to a green economy and climate protection. It will also serve to strengthen the continent's energy independence and demonstrate its global leadership in the fight against climate change. Advanced economies must be at the forefront of climate action and the European presidency is the ideal scenario for this announcement to take place, as well as a great opportunity for Spain, as a major beneficiary given its geographical, technological and industrial advantages for the ecological transition, to exercise its climate leadership.

2. Economic governance at the service of the green transition

In a context of rising inflation, social crises and economic recession, the reform of fiscal rules in the European Union is essential in order to guarantee the level of investment needed for the climate and ecological transition. The European Commission's recent proposal² is not ambitious enough to ensure an economic recovery consistent with climate objectives and the European Green Pact.

Investments that help decarbonise the economy should have a different assessment in the European Commission's analysis of debt and public budget sustainability. The model applied in advising the European Next Generation funds is a model that could be followed to promote a green, inclusive and just transition.

Our main **recommendations** are as follows³:

- **Prevent investments in renewables** (wind and solar), electrification of transport, RFNBOs and refurbishment of buildings to improve their energy efficiency **from counting as a deficit** in the accounting criteria
- **Commission independent fiscal institutions (IFIs)** to analyse each country's debt sustainability and estimate green financing needs.
- **Develop country-specific conditional borrowing schemes** based on minimum social and environmental standards.
- Create single **National Reform and Investment Plans** (NRIPs), aligned with specific borrowing plans, country-specific recommendations (CSR) and EU priorities (Green Deal, REPowerEU).
- Enhance the **European Semester** to assess countries' progress towards EU objectives (Green Deal, European Pillar of Social Rights, European Industrial Policy, etc.).

¹ <https://caneurope.org/eu-can-achieve-climate-neutrality-a-decade-earlier-than-planned-new-report-climate-analytics/>

² https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6562

³ For more details, see the CAN-Europe & Finance Watch report, published in June 2022:

https://caneurope.org/content/uploads/2022/06/Policy_Brief_From_Maastricht_to_Paris_FW_CAN_FINAL.pdf

3. An energy transition with citizens as allies

Today, **buildings are responsible for around 40% of the EU's total energy consumption** and 36% of its Greenhouse Gas emissions. Reversing this situation means greatly increasing energy renovations and boosting self-consumption. At the same time, it is essential to decarbonise the entire building stock, from construction and demolition processes to heating and cooling systems.

In addition, **obsolescence in buildings** also has a high social cost. Situations of energy poverty and its causes have increased exponentially. In Europe, more than 50 million people are unable to sufficiently heat, cool or light their homes, contributing to the deaths of around 100,000 people per year and costs of 194 billion euros. In total, the social, environmental and economic benefits linked to improving the energy efficiency of Europe's obsolete building stock are estimated at around €291 billion per year.

Our **main recommendations** are as follows:

- **Energy Performance of Buildings Directive (EPBD):**
 - Introduction of energy demand as a parameter for measuring renovations at European level.
 - Zero-emission buildings that include the full life-cycle carbon emissions.
 - Introduction of social safeguards, such as rent capping, in the renovation process.
 - Harmonisation of energy performance certification of buildings at European level.
- **Eco-design and energy labelling legislation** to accelerate the transition of heating and cooling of residential buildings in the EU. Deployment of renewable heating technologies.
- **Ban of "stand-alone" fossil fuel boilers** by 2025 at the latest: phasing out fossil fuel boilers.
- European strategy to promote and provide technical and economic support for the development of **sustainable rural municipalities**.

4. Decarbonisation of transport, mobility transformation and modal shift

The transport sector is the largest contributor to greenhouse gas emissions in Europe, accounting for more than 27% of the total. The use of fossil fuels and other false alternatives is aggravating already devastating climate forecasts. It also deteriorates biodiversity and the quality of the air people breathe, resulting in numerous health problems and premature deaths: more than 30,000 in Spain and 400,000 in Europe in 2019.

In line with the massive deployment of renewables, and in line with the objectives and commitments established by Europe to achieve net decarbonisation by 2050, it is essential to move towards a transformation and transition to mobility based on clean, renewable and efficient energies for the different transport systems.

Boost European railways, both passenger and freight, to move towards a connected and decarbonised Europe.

As rail is the mode of mass transport with the lowest carbon footprint (on average 33 gCO₂/km according to the EEA), its enormous potential to contribute to the decarbonisation of transport and territorial cohesion in Europe has yet to be exploited. It is necessary to boost **modal shift, define ambitious modal share targets (in passengers and freight)**, ensure its interoperability and integrity, establish a smooth collaboration and create the necessary mechanisms and tools for European citizens to consider it as the preferred option for their journeys. To this end, we consider the following **priorities**:

- Commitment to investment and promotion to guarantee **passenger and freight services on cross-border connections** between the countries of southern and central Europe,

- prioritising their maintenance and improvement.
- **Interoperability and collaboration agreements** for passenger and freight services and infrastructure use between European operators.
- Creation of a **European ticketing system** for cross-border travel.

Electrification of road transport

In Spain, road transport accounts for more than 95% of emissions in the transport sector. The use of technologies such as batteries guarantees its decarbonisation as soon as possible, which is why it is a fundamental pillar of European policy. This goes hand in hand with the need to ensure European energy independence and seize the industrial opportunity for the continent resulting from its transformation. To this end, Europe must establish clear objectives and decisions to guide the way forward, the plans and strategies of companies and the action of other public agents. With this in mind, we consider the establishment of the following **commitments** to be a priority:

- Negotiation and adoption of a **European industrial policy** to ensure leadership in the whole value chain of electric vehicles and renewable energy.⁴
- Establish high environmental standards in the EU Due Diligence Directive and **Raw Materials Law**, taking into account environmental, territorial and social risks for all industries (including climate plans).
- Presentation and initiation of the development of a proposal for the creation and design of a **European environmental labelling scheme for vehicles**.
- Establish, within the proposals for **fleet regulation**, the obligation for fleets to be made up of zero-emission vehicles by 2030.
- Ensure ambition in the **Directive on CO2 standards** for heavy-duty vehicles, facilitating and influencing the achievement of a common agreement with a ban on the sale of internal combustion trucks (2035), urban buses (2027) and intercity buses (2030).
- Encourage the **development of (ambitious) national plans for the deployment of recharging points** beyond the European road network.
- Ensure compliance with the **Energy Performance of Buildings Directive (EPBD)** targets for all existing buildings (not just new ones).

Clean and safe shipping

Maritime transport has hardly contributed to its decarbonisation, despite accounting for almost 5% of total EU emissions. An ambitious roadmap must be drawn up to develop green fuels on a large scale and to eliminate all the false solutions that continue to pollute our oceans.

- European strategic plan to **boost H2/Nh3/electricity infrastructure for maritime transport** in ports.
- European agreement in the framework of the Fuel EU Maritime regulation to **boost the development of green H2 to decarbonise maritime transport**.
- **Withdraw support and promotion for gas production and consumption** and instead support local production of green hydrogen for maritime and air transport, while seeking European **alignment to halt new gas infrastructures**.

Aviation

Air transport is the second largest source of emissions in European transport after road transport. As in maritime transport, there is an urgent need to promote green fuels in order to achieve an economy of scale that allows for the substitution of current fuels, while ensuring the sustainability of their production.

⁴ For example, attracting investment in batteries and the processing and recycling, through the Raw Materials Act, of critical minerals in Europe, supporting and investing in local projects, simplifying procedures for the allocation of European funds and permits, and fostering security of supply through sustainable local extraction and partnerships with third countries. Furthermore, assess instruments to protect the European electric vehicle market from excessive dependence on imports.

- Extend the **scope of the EU ETS** to cover at least outbound flights.
- **Control non-CO2 effects** and put a price on them by establishing a monitoring, reporting and verification (MRV) system.
- **Eliminate free allowances** and finance decarbonisation through the **Innovation Fund**.
- **Allow a limited amount of allowances** until 2030 to finance only synthetic fuels (including renewable hydrogen and electricity) and truly innovative technologies.
- Include only truly sustainable feedstocks for the production of **sustainable aviation fuels** (SAF) within the ReFuelEU initiative. Promote the production of e-kerosene or synthetic paraffin.

Sustainable fuels

In the transition to clean fuels, it is essential that strict sustainability criteria are maintained and that the most efficient option for decarbonisation and biodiversity protection is always used. In this regard, **we call for the following**:

- Classify soy as "**high ILUC risk**" along with palm oil and immediately end its use in transport.
- A **Europe-wide phase-out of all crop-based biofuels** as soon as possible by 2030, and focus on waste-based biofuels that are not being used by other industries.
- Implement **credit mechanisms for renewable electricity**.
- Enhance the **development of green hydrogen** with priority use for maritime transport and aviation.

5. Moving towards clean, liveable and healthy cities

Cities have a decisive role to play given their proximity to citizens, their impact and their vulnerability to climate change. Air pollution is the biggest environmental health risk and a major cause of heart disease, stroke, lung disease and acute respiratory infections. More than 96% of the European population is exposed to pollution levels exceeding the World Health Organisation (WHO) 2021 limit values. In addition, they account for 60-80% of energy consumption and more than 70% of total emissions.

The revision of the **Air Quality Directive** will play a major role in safeguarding citizens' health. It is therefore vital that the directive's standards are fully aligned with the parameters of the World Health Organisation, and that pollutants such as ozone, ammonia, black carbon and ultrafine particles are included in the scope of the directive. Furthermore, compliance with the directive must be ensured by providing for sanctions and penalties, and monitoring must be carried out to ensure that all data are up to date.

On the other hand, the **revision of the TEN-T network** should lead to the requirement that Sustainable Urban Mobility Plans (SUMP) include binding targets for zero-emission mobility, active mobility and the use of public transport by 2030, making European funding conditional on the implementation of these plans. We also recommend expanding the percentage of natural spaces and transforming school environments to make them safer spaces in terms of the environment, mobility and gender, among other measures for the transformation and recovery of urban space.

From this perspective, our **recommendations** focus on:

- Ensure full alignment of **EU air quality standards** with the latest air quality guidelines of the World Health Organisation (WHO).
- Set an ambitious timetable, include other pollutants, and introduce provisions on sanctions and penalties for non-compliance.
- Harmonise and improve **access to up-to-date information on air pollution at European level**.

- Promote an agreement at European level to require SUMP (Sustainable Urban Mobility Plans) to include binding **zero-emission mobility targets** for 2030.
- Promote the development of a European strategy for the **transformation of school environments** into safe and healthy spaces with environmental, mobility and gender perspectives as key pillars.

6. Europe must leave no one behind: just and universal transition

Progress towards a fair, green, socially responsible, inclusive and united Europe is also the responsibility of the countries holding the Presidency of the Council. Spain can be a flag bearer and make its own a stage in the Community's path towards an ecological transition in which we not only obtain environmental benefits in terms of mitigating and adapting to climate change, but in which the measures implemented are also used to implement redistributive mechanisms that allow us to achieve quality of life standards and a more equitable society. To this end, we consider the following priorities:

- **Communication and capacity building campaigns** at European level to raise awareness, inform and sensitise on the objectives, commitments and new regulations.
- Incentives for the **generation of green jobs and skills**, training programmes for new job profiles and job protection tools (guaranteeing purchasing power).
- Promote the elaboration of a **European Strategy against energy poverty** and a **European Strategy against mobility poverty**.
- Increasing the ambition of the **European Rural Development Strategy** to include issues beyond agriculture, such as mobility, energy, services to citizens and buildings.
- Strengthening the **local role in governance processes**, with the generation of spaces for dialogue with entities linked to the territory.
- Roadmap for the **implementation of renewable energies** in the territory, leading to a 100% renewable, diversified, decentralised, balanced, equitable and inclusive energy system.

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