here, change it there.' bioenergy in net-zero scenario EU's dismissal of crop-based biofuels will There will always be something member states will like or don't like, because their starting positions impede transport decarbonisation: industry are not the same. Poland for instance still depends on coal for 70% of its energy use, while Austria generates more than 75% of its electricity in a sustainable way. So we have to acknowledge the different starting positions. What will be the key elements of this package and how will they fit together? I think a cornerstone – and I'm not telling any secrets when I say that – is the ETS, because it's been so successful. It has put a price on carbon. It has influenced the energy sector and industry in the sense that they understand that, if they do better, they don't have to pay as much. So it is a huge incentivising instrument and it is clear that we need to expand it. We need to look at potential new areas to apply it to. But also in existing areas; we need to look very carefully at free allowances, for example. And we perhaps also need to look very carefully at enlarging the ETS to shipping or aviation. In doing all that – and perhaps expanding it to the built environment and transport – we also need to look at the effects that we will create. Internationally as well, because there is a price tag linked to that, and you immediately get into the discussion about the carbon border adjustment mechanism (CBAM), which is interlinked with the ETS. The ETS is manifestly the clearest instrument we have to influence behaviour so that emissions are reduced. You mentioned the international dimension - this year will be the year of COP26. Carbon markets will be one of the big topics of discussion. What are your objectives as the European Union entering that meeting in a few months from now? I had a very long talk with US climate envoy John Kerry about this in Berlin last week. We sat down to define our criteria for success in Glasgow. It is clear that we need to have all the industrialised nations on board, have all the major emitters make strong commitments. That will be one of our jobs in the months to come: to convince China, India and others to up the ante. In Glasgow, we need to be able to conclude that staying well under a 2°C increase in global temperatures is still feasible. That's the overarching goal. You then look at how to achieve that, and how to speed up the energy transition. Carbon markets are very important for that. We believe in our emissions trading scheme (ETS). We see that the Chinese are now also developing an ETS system. And there are forms of ETS in the United States as well. But carbon markets are not the only way, you can also achieve emissions reductions through regulation or taxation - that's a choice countries can make. What works is putting a price on carbon, to influence the behaviour of industrial emitters. That's how emissions reductions are dealt with in the industrialised world. Secondly, you need to get the industrialising world on board as well. They also want development and they want to mitigate the consequences of the climate crisis that they already have. They count on the richer parts of the world to put the money on the table that they have already promised. So the second element is to make sure the finances get organised in such a way that the developing world is on board and realise they also have a stake in this. This is especially the case in Africa and the Pacific, where countries are literally threatened with disappearance because of climate change. You're referring to the Green Climate Fund, I guess? Yes. The third element is to see whether you can have an agreement on which rules we apply: are we all on the same page? Do we do carbon accounting in the same way, for example? Because that's very important to determine whether we're all moving in the right direction. Keeping with international cooperation, you mentioned plans to introduce a carbon border adjustment mechanism (CBAM) to protect EU industry form unfair competition. This is causing concerns among emerging countries, like China and Brazil, who have called it a protectionist measure. One of the things they've complained about is the lack of diplomatic outreach to explain how the system will work. What do you say to these countries? We first get our act together internally. This is a very complicated issue technically speaking if you want to get it right. It is not a protectionist measure, nor a measure to generate revenue. It's a measure to create a level playing field and to avoid carbon leakage. So you have to look very specifically at which sectors would be concerned. Secondly, we've said very clearly that we want this to be WTO compatible. That immediately sends a message to the developing world, because the measures we take in Europe should not affect them and their trade position. Once we have decided on the mechanism, I'll do even more outreach, all that is necessary – all our teams will do so to make clear what this would mean, well before Glasgow. Thirdly, the rationale behind this is as follows: we've all committed to the Paris Agreement. We know what this means in terms of decarbonising the global economy. Now, we don't care how countries chose to do it, but the more ambitious they are in decarbonising, the less the need for adjustment as there is less risk of carbon leakage. I know there is a lot of nervousness about this in the developing world, I grant you, and in the industrialised world obviously. But in the EU we put a proposal on the table and then we start discussing it. It doesn't mean that if we put it on the table on 14 July, we apply it on 15 July. There's going to be a year and a half, maybe two years of negotiation with co-legislators about how we implement this. Of course, not everybody has the same idea what CBAM should be, also within the European Union. For the proposal, we get one shot at getting it right and that's what we want to do on 14 July. Do you envisage some sort of exemption for developing countries or would that be an infringement of WTO rules, as treating countries differently would make it incompatible? Exemptions are not necessarily an infringement. Within WTO rules you have special conditions for developing countries. So you'll apply the same framework? Let's wait and see what we do. As a principle, preferential treatment is not incompatible with WTO rules. That's all I want to say. And let me be clear, we are drafting a proposal to prevent carbon leakage. Exemptions are not our starting point. The point is to protect the environment so we should also be careful about what incentives we set. What about industrialised countries like the US for example? Some states in the US may have implemented carbon trading schemes will others haven't or have implemented standards instead. How will you decide whether the US has an equivalent level of carbon pricing than the EU? Well, first of all, the US are late coming to the party, so we need to give them some time to get organised. Secondly, they are very ambitious and want to drastically reduce their emissions. They could go about it in different ways – it doesn't all have to be ETS. I think the US actions will be in line with maintaining the Paris Agreement goals. There could be issues in one or two sectors, but given the fact that they've so clearly committed to decarbonising at pace, I don't foresee a major problem. Remember, over the past 30 years, we have reduced our emissions by more than 20% while our economy has grown more than 60%. The Americans peaked in 2019 – that's only a couple of years ago - so the starting positions are different. But the trajectory, even if you choose different instruments, is more or less the same. All this would hopefully lead to an understanding that there is a level playing field, and therefore adjustment at the border would not be necessary. One of the topics of COP26 will be carbon markets. Now, Europe has been a leader with the ETS which has enabled a transition away from coal. The next phase is going to be a bit more tricky though, with the potential inclusion of sectors like transport and buildings. You have expressed scepticism before about the inclusion of transport in the ETS, because of the social consequences. Have you now changed your mind? If we enlarge the ETS to areas like transport and buildings which directly affect citizens, we have to keep an eye on the social consequences, you're absolutely right. Because the last thing we need is energy poverty. In addition, when some people first came up with the idea to enlarge the ETS, it was seen as an alternative for emissions standards. That's the big reason for my initial scepticism because I feared it was just an excuse to not have new emission norms. Now I believe both an ETS extension and emission norms can exist in parallel. There's no exclusion of one or the other. So that, I think, is a problem that can be solved. And the third issue, obviously, is that we have committed to reduce our emissions by at least -55%. If we don't make enough emissions reductions in transport, we'll have to make them somewhere else. So the goal remains the same. These are the three considerations we have now. We will see to what conclusion we arrive in July. You'll then leave it to the member states to deal with the social aspect? No, sorry, that's not what I mean. If some member states don't want an ETS extension, they would have to say where they expect those extra emission cuts to then take place. Do they prefer putting more pressure on industry? Or get those emission reductions from somewhere else? Do they want to introduce taxation? All these questions, and their social effects, would need to be considered. Because, let me be very clear about this: in the huge transition that we're in, there will be effects whatever we do. There is one eternal question in politics – redistribution. When you use the word redistribution, people think, 'that's a leftist issue'. No, giving tax relief to big companies is also redistribution, but very right-wing. In a period of such fundamental transformation of our society, the Green Deal and the transition to a sustainable society are the biggest social question politics will be faced with for two generations. Everybody should be well aware of that. If we do not face this social question at the beginning, we will derail the whole process. The transition will not happen. Even if disaster looms with a 2, 3, or 4°C temperature rise, people would still refuse the transition if they believe it is unjust. Another sector currently not covered by the ETS is agriculture and forestry. You've met recently with the leaders from the Youth for Climate movement. What are your perspectives there in view of the 'trilogue' negotiations coming next week? What changes to the Common Agricultural Policy do you think are necessary in order to align it with the objectives of the **Green Deal?**

The CAP reform must enable us to implement the farm-to-fork strategy and the biodiversity strategy. These are two essential elements if we want to take agriculture in a greener direction. They are very important benchmarks when I go into the trilogue next week. Will you attend personally? Yes, I will. I have a very keen interest in that. A third essential element is that we need to make clear that we can also use the first pillar, which deals with direct payments to farmers, to target spending. The fact of the matter is that, on a European scale, 80% of the money is still going to 20% of the recipients - and I'm calling them recipients because very often they're not farmers, they're big landowners or big corporations. If we can agree to enlarge the eco-schemes as much as possible we will be able to support the farmers and their families going in an ecological direction. I think this is very, very important. If you can then also increase the possibility of setting aside land for nature, to do carbon farming, to reforest, re-wet peat lands, take care of grasslands, not use pesticides or fertilisers, if you can get that package together it would really make a change. With the Common Agricultural Policy, you're never going to have a revolution, but you can create a shift - like a huge oil tanker changing direction. That's what I want to achieve in the next trilogues. To close this interview, let's talk a bit about renewables. When you presented the 2030 target plan a few months ago, you pointed to roughly a doubling in renewable energy, which is going to be needed by 2030 to achieve the new -55% target. This is massive - how are you going to achieve that? Yes, it's massive indeed, but it's doable. First of all, we need to acknowledge that renewables are the future. This is what the International Energy Agency did last week with its net zero report, which I found very inspiring. Renewables are becoming cheaper as we speak – they'll be cheaper at the end of this interview than they were at the start. Especially solar, but also wind, and offshore wind in particular. It's becoming more and more attractive to invest in these technologies. The revenue is almost guaranteed and it will bring down energy prices. Secondly, to make that a success, we need to invest massively in grids. The private sector will want to do this because it's so profitable, but the public sector will need to create the right conditions – with credits, but also with changing the way we permit. That takes much too long and there are too many conditions. We need to speed that up. Thirdly, we have hydrogen. When we presented the green hydrogen strategy last year, people said our ambitions were crazy. At the time, we concluded that we could reach 40 gigawatts of green hydrogen by 2030. Well, commercially, they're already beyond that goal but a year ago, this was seen as overly ambitious. So hydrogen is taking off at lightning speed. The vulnerable element here is the underlying infrastructure. Take electric vehicles, which are now really taking off. Six years from now, an electric car will be cheaper, not just to run – that's already the case – but cheaper to buy than a car with internal combustion engine. But do we have enough charging capacity? Do we have enough renewable energy generation to feed the chargers? Those are the big challenges. So if you ask me, is that a challenge? Creating enough renewable energy generation might be the biggest energy challenge we face, even though the economic conditions are really very favourable. Some argue that, in order to bring all of that additional electricity, the Commission needs to look again at electricity market rules, which reformed only recently but are not supposed to be part of the July package. Are you now reconsidering this? I had a discussion with the German vice-chancellor about exactly this, last week. I don't see the need for a whole revision. If we run into bottlenecks that prevent member states from investing or

exploiting renewables, then we will jump in and try to fix it.

incinerator. I think it's unsustainable and it's indefensible.

industries. If you use that in biomass, nothing gets lost.

have sustainable use of biomass.

the LULUCF regulation works.

to be changed?

for it differently.

not bigger.

want to change?

That means taxing electricity less and fossil fuels more?

And unanimity is required as well?

[Edited by Zoran Radosavljevic]

Topics

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Yes, on top of all of that, unanimity is required.

member states become extremely nervous, so we need to be very precise.

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This massive increase in renewable energy, how much of it actually depends on biomass? Well, without biomass, we're not going to make it. We need biomass in the mix, but we need the right biomass in the mix. I hate the images of whole forests being cut down to be put in an But I also believe that, in primal forests, if you maintain them, there's always a lot of biomass that you can take out – you even help the forest by doing that. Or, in production forests, you never use 100% of a tree. There's may be close to 20% of the tree that you can't use for construction or other I know there is a very strong debate and campaigners have made the case to me that biomass is bad by definition. But I don't agree, there can also be good biomass. That said, you have to have rules in place, and you have to implement and police the rules. That will be our task. If we do all of that correctly, if we use the best available scientific knowledge, the newest technologies, then we can Currently, under EU law, biomass is considered carbon neutral by definition. Does that need No, biomass is not considered carbon neutral per se, but the accounting is different. You don't count the carbon when you burn it, you account for the carbon at production, when it grows. That's how Some people argue this needs to be revised because the carbon footprint of biomass can be so different, and that biomass should not even be considered a renewable form of energy. I disagree. As long as you can account for the footprint elsewhere, which is at the production under LULUCF, I think you can solve the problem. Because it's different than fossil fuels – you take the biomass from vegetation that has contributed to removing CO2 from the atmosphere. So it's a different approach. But it's not carbon neutral. And we're not pretending it is - we're only accounting Because of those issues, the growth potential of biomass is necessarily limited, correct? Yes, it is, obviously. Let's be clear: 75% of our forests are in bad shape. We have a huge biodiversity challenge. Ecocide threatens the survivability of our forests. I certainly don't underestimate the challenge we face, but still, I believe biomass can play a very useful role in the energy transition. How much growth in biomass do you assume for 2030? Because currently, biomass is roughly 60% of our renewable energy and that's massive. Do you expect that to grow much? I don't think that will grow. In proportion to the other renewables, it will probably become smaller, To close this interview, one key element of the upcoming package is energy taxation. But at the moment, taxation of oil and gas is lower than for electricity. Is that something you would It's not by chance that we will propose amending the energy taxation regulation. We need to get out of oil, gas, and coal. We need to have a fair taxation system that incentivises this. That's more or less the direction we will take. And I feel very supported in this by the IEA's recent net zero report. Well, let's see which form it will take. You know that, as soon as you touch the issue of taxation, \rightarrow

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