

# Green Deal in the times of Corona: A future for industry and climate

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## Introduction

The cornerstone of the European Commission's Green Deal agenda is the 2050 climate neutrality target. VDMA supports the continued strive towards the 2050 climate neutrality target including due consideration of the Paris Agreement measures and goals. All policy areas were designed with the intent of helping the EU member states to achieve this goal. Climate is still high on the agenda of the EU population in opinion polls. The VDMA still sees the Green Deal, coupled with the industrial strategy, especially after the Corona-crisis, as central building blocks for meeting this challenge. Pressing the reset button is not an option. Common ground must be sought and found for appropriate implementation, making the long-term transformation a model for success ecologically and economically and socially.

## Key recommendations:

- In this time of economic crisis is it important to focus on market based solutions, finding the most efficient use of resources and to avoid individual subsidies.
- There is a need for increased investment both to overcome the current economic crisis and to reach the EU's 2050 climate target; these are not mutually exclusive but can be made coherent.
- It is essential to maintain climate targets and provide planning certainty so that investment security is guaranteed and the needed investment in green technologies can continue.
- Investments must include both short term immediate help (relief), and a long-term recovery strategy (reform). The VDMA welcomes the Commission's plan to coordinate an exit strategy and to create a separate recovery plan for the medium term. The Commission should design its public spending plan to ensure that industry and society-at-large develops in a sustainable direction.
- VDMA strongly recommends providing a regulatory framework for an early green technology neutral market ramp-up. Only in this way the EU can create the necessary investment security for the development of green technology value chains.
- Regulations are important, but overburdening bureaucracy must be avoided. Undue obligations, such as additional reporting obligations must be avoided during the period of recovery. Especially SMEs will not have the required capacities and hence might become factually excluded from such programmes; equally large enterprises will be short of required resources for administrative requirements.
- The Green Deal is key to ensuring the transformation of the EU and industry towards a sustainable future. As industry is currently placed under extreme economic strain, alternative market-based measures should replace these planned bureaucratically heavy measures to build up the industry and incentivise necessary future investment. These could include a better assessment of climate contributions to ensure sustainable technologies become more widely available on the market as they offer an additional marketable product: climate mitigation.

- Generating an adequate demand pull both from private and public consumers is essential. The use of regional, national and the European Investment Bank as platforms is essential to help fund research, piloting and industrialization of sustainable technologies.
- The EU is not alone, neither economically nor in our climate challenge. Effective and efficient instruments exist under the umbrella of Article 6 of the Paris Agreement. Such instruments will strengthen EU technology exporters and producers as well as stimulate more climate action around the globe. These instruments consist of creating carbon markets, direct enabling finance or forward looking technology cooperation. By taking into consideration investments made by European exporters in technology transfer projects globally under the Paris Agreement, global cost-efficient investments in emission saving technology will be incentivised. However, this requires the EU to be receptive for such instruments in the EU climate law framework and contribute to climate action globally. Flattening the curve of global GHG emissions has the potential to generate more cost effective approaches to reach the EU climate goals within the Paris Agreement Framework.

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