

Closing the national ownership gap: An EU 'Fit for 55' requires the EU-27 to be 'Fit for Zero'

EJNI
Policy
Paper
Executive
Summary
June 2021

Sharon Turner, Thomas L. Muinzer and Ciara Brennan

\*This paper is a summary of the full policy paper, which is available here.

- 1. The EU's decision to commit to achieve climate neutrality in 30 years at the latest transforms the magnitude and complexity of the challenge posed to Europe's climate architecture. Implementing the EU Climate Law will require rapid, radical and irreversible change across the economy. Achieving the climate neutrality objective in Europe will require transformation of the fundamental conditions of how we live and will impact on highly sensitive and deeply held individual, community and national socio-cultural values and practices. Delivering the practical changes on the ground will also require national, regional and local authorities to successfully roll out an accelerated but effective retrofit of millions of homes and buildings and put in place EV infrastructure for transport and in parallel facilitate major public engagement processes to ensure public understanding of and support for the complex and far-reaching choices that must be made to deliver policy making consistent with climate neutrality.
- 2. Achieving climate neutrality will be, by definition, a deeply political process and nothing short of a national 'mission-like' experience. While EU oversight and support is crucial, change on this scale cannot be achieved unless it is also 'owned' at national level by the EU-27. This is because transformational change is impossible without three core enabling conditions:
  - i. A societal consensus in effect public ownership of the policies needed for climate neutrality.
  - ii. **Stable political leadership** in effect, willingness from the parties in government but also a *cross-party* consensus to support policy making consistent with science so that leadership is resilient to electoral cycles and other disruptions and incentives to oppose climate action are eroded.
  - iii. A national 'mission mindset' to deliver the myriad practical changes on the ground in effect, a national capacity to deliver highly creative approaches to policy development and public engagement involving a willingness to take risks, create new markets and correct market malfunction, align the activities of numerous public agencies and redistribute powers between national, regional and local authorities to optimise policy efficiency.
- 3. The enabling conditions for 'national ownership' are preconditions for the quality of national commitment that is needed to achieve a smooth and timely transition, policy making consistent with a scientifically informed long-term objective and the policy efficiency and innovation needed to achieve practical delivery of the EU's climate objective on the ground.
- 4. Many factors stimulate political leadership and public ownership; however, there is now an <a href="established pattern">established pattern</a> amongst countries serious about climate neutrality of putting in place national frameworks for climate law and governance that are designed to foster public ownership, political leadership and a national mission mindset about climate. Though the quality of those arrangements varies, the pattern of behaviour by these countries reflects a consensus amongst high ambition countries that national ownership is necessary to achieve climate neutrality and moreover, that climate laws and governance play an <a href="important role">important role</a> in stabilising and fostering the enabling conditions for national ownership and thereby creating a self-reinforcing ' policy management system' or feedback loop that strengthens public support and drives ambition and delivery on the ground.
- 5. Despite the EU's considerable leadership in climate policies, national ownership of the EU's climate objectives is a neglected issue within its climate architecture. Consequently, it is only designed to achieve a shallow level of national ownership of the Union's climate objectives. This gap was arguably justified when the EU's climate objectives were incremental, and its long-term objective was uncertain but in an era of seriousness about achieving climate neutrality in 30 years at the latest, is an important weakness because it means that unless countries have taken action unilaterally the EU's climate architecture fails to foster the enabling conditions for transformational policy making and implementation at national level which will be crucial for achieving climate neutrality in Europe.
- 6. The adoption of the EU's Climate Law is a first step towards doing so but is not enough on its own. The EU Climate Law clarifies the direction of travel for the Union, but it is focused on creating a framework of EU level governance to achieve the collective objective but says nothing about the quality or effectiveness of climate governance at national level.

- 7. The Fit for 55 review is a unique opportunity to tackle the EU's national ownership gap because it relates directly to EU measures governing national delivery. Although the Resolutions of the European Council's Summit 24-25 May 2021 fail to provide a clear steer to the Commission concerning the recalibration of the EU's wider climate architecture, Commission President Von der Leyen's comments at the press conference following the Summit make clear that Heads of State have resisted the thinking set out in the Commission's Fit for 55 public consultation document and September 2020's Impact Assessment. The central message communicated by the Commission's analysis is that the EU's climate architecture could be revised to reduce the role of the state in climate governance (through reducing the scope of, and potentially even repealing the EU's Effort Sharing Regulation) and moreover, that its role could be replaced by expanding the role of markets and the EU ETS. Taking this approach to the recalibration of the EU's climate architecture would:
  - i. Widen the EU's national ownership gap and consolidate the impetus for disinterested or distracted national governments to believe they are justified in approaching EU climate negotiations as a race to the bottom.
  - ii. Create the conditions for destabilising political leadership, EU solidarity and public support for the EU's climate mandate at precisely the moment these need to ramp up.
  - iii. Be a major missed opportunity to apply the lessons learnt by high ambition countries concerning the important role played by national climate law and governance in fostering the enabling conditions for national ownership and to take steps to put in place EU measures creating minimum standards for national climate governance designed to foster national ownership of the EU's climate objectives.
- 8. While the European Council's resistance to a move away from national climate targets is to be welcomed, seriousness about getting the Union onto a pathway consistent with climate neutrality by 2030 means it is not enough for the Fit for 55 review to only focus on the revision of national 2030 climate targets and the strengthening of sectoral measures. It is imperative that the EU's recalibration of the Union's climate architecture also tackles the EU's national ownership gap. Doing so will require a willingness to apply a holistic 'national ownership' lens to the revision of the EU's climate architecture as a whole including even the measures created recently as part of the Green Deal particularly the Climate Pact and Just Transition Mechanism. In this regard it is regrettable the Commission has excluded the EU Governance Regulation, from the scope of the Fit for 55 review, but that should not deter the European Parliament and Council from proposing the amendment of the Governance Regulation through the adoption of provisions included in the revised Effort Sharing Regulation or other measure during the Fit for 55 process if only to exert pressure on the Commission to commit to an early revision of the Governance Regulation as part of its 2022 Work Programme and the development of a comprehensive diagnosis of the potential solutions to the EU's national ownership gap.

#### Resources

- To support the formulation of specific proposals for the revision of the EU's climate architecture for resolving the EU's
  national ownership gap, <u>Annex 1</u> to this paper sets out specific proposals for amendments and proposes the EU
  legislative files into which the revisions could be integrated.
- To support discussion about how and why EU measures on national climate governance could be revised to apply the
  lessons learnt by high ambition countries the <u>main paper</u> sets out the authors' underpinning analysis and provides an
  initial mapping of the:
  - o Reasons why national ownership matters and the risks of doing nothing to address this issue.
  - Consensus that has emerged amongst high ambition countries about what works and why in terms of designing governance and law to strengthen the enabling conditions for national ownership.
  - Nature and scale of the EU's national ownership gap.

- Legislative proposals for how this gap could and should be closed and how these changes could be integrated
  into the EU's existing architecture.
- A Q&A relating to this analysis and a Summary Table outlining the lessons learnt by high ambition countries about
  what works in terms of designing national climate governance to ensure strong national ownership and why these
  components of governance are missing from the EU's climate architecture can be found below.

### **Questions & Answers**

#### Q. Would adopting the proposed EU measures be inconsistent with the subsidiarity principle?

A. No. In a policy context where centralised EU level governance is necessary but not enough on its own to achieve the EU's objectives, the subsidiarity principle is not a barrier to EU action and indeed arguably militates in favour of EU measures setting down minimum standards harmonising the quality of national governance as a crucial step in ensuring national policy making is onsistent with the achievement of the EU's climate objective. In effect, the EU's climate architecture would evolve to ensure that action is being taken at the most appropriate level – both EU and national. Indeed, EU measures creating the minimum standards for more effective national climate governance would also replicate EU practice in energy policy which is another area of shared competence and one where EU measures have been adopted that allocate substantial powers to EU institutions but also require a harmonisation in the standard of national governance and include requirements for substantial institutional innovation at national level where it did not already exist.

#### Q. Would the proposed EU measures be inconsistent with EU oversight of national policy making?

A. No. The proposed EU measures would not replace or undermine the need for EU targets or EU oversight of national policy making. They would strengthen public, political and legal accountability for the quality of national policy consistency with the EU's objectives and thereby reinforce EU oversight. The proposed measures would also ensure greater public and political support for the EU's climate mandate and the Commission's role in monitoring progress and ensuring the quality and effectiveness of EU and national policy measures.

#### Q. Would greater EU controls of national climate governance be a barrier to national ambition?

- **A. No.** Greater EU controls on national climate governance would not act as a cap on or barrier to greater national ambition. These measures would only function to establish consistent minimum standards for the quality of national climate governance which includes targets.
- Q. Would it be acceptable for the EU to hope that the adoption of the EU Climate Law will prompt countries that are yet to adopt national climate laws and governance to do so rather than adopt EU measures to level up minimum standards of national governance?
- **A. No.** Doing so would render implementation of the EU's climate objectives hostage to a bottom-up process that is unpredictable in terms of timing and also the quality of the arrangements put in place. Despite the considerable policy innovation that has been and is occurring at national level, some of these national arrangements are weak in important respects. Effective implementation of the EU Climate Law militates in favour of EU measures ensuring a timely and consistent 'levelling up' of the quality and effectiveness of national climate governance so that the EU's climate objectives are more consistently and more genuinely 'owned' at national level.

#### Q. Should the Irish Government care about the issues addressed in this paper?

A. Yes. Ireland was one of the first countries within the EU to recognise the need for dedicated national arrangements for climate governance and was an early adopter of the framework climate law paradigm. It has also experienced the benefits of this legislation and its supporting institutions (both the advisory council and national parliamentary bodies) in fostering political leadership and public understanding of and support for climate action aligned to the net zero objective. Five years after the adoption of this legislation, the Irish Government formally started the process of strengthening its commitment to the Paris objective and alongside this strengthening its national climate law, the mandate of the Irish Climate Advisory Council and the role of Ireland's parliamentary bodies to hold government to account for delivering climate action consistent with net zero. Ireland was moreover a pioneer of deliberative processes for citizen dialogue about climate action with its Citizens Assembly, which crystallised the strength of public support for more ambitious action and led to an important cross-party parliamentary investigation of the options for how to translate the outcomes of the Citizens' Assembly into practical recommendations for government that have in turn shaped the Government's approach to the reform process. Consistent with the message communicated at the recent Dublin Dialogue that Ireland wishes to 'turn the page' in its approach to climate action and to provide leadership, Ireland should deploy that new ambition to lead a coalition of 'climate law' countries making the case for closing the EU's national ownership gap. There is also an important opportunity for Ireland and other climate law countries to share the lessons they have learnt about the value of Paris compatible governance in becoming fit for zero at national level, and stimulate a discussion within the EU's institutions about how EU rules on national climate governance could and should be revised to apply those lessons so that the minimum enabling conditions for transformational policy making are in place in all countries. Doing so would represent a major contribution to realising the Union's ambition to become the first climate neutral continent in the world.

## **Summary Table**

# Key governance elements adopted by 'climate law' countries versus the 'national ownership gaps' in the EU's climate architecture

High ambition national climate governance	EU's National Ownership Gap
National government has explicit, binding and whole economy responsibility for achieving the long-term, scientifically credible climate objective.	<ul> <li>EU's climate neutrality objective does not apply to MS individually.</li> <li>MS are not required to clarify their national long-term climate objective.</li> </ul>
National government duty to deliver the whole economy, long-term objective is not perceived as incompatible with a strong role for market mechanisms. It is seen as necessary to mobilise a 'mission mindset' within national government.  In effect, the state and markets play separate and	<ul> <li>EU rules approach state responsibility and market mechanisms as alternative rather than as mutually necessary and mutually reinforcing forces in national climate governance.</li> <li>EU rules only make the state responsible for climate action</li> </ul>
complimentary roles.	<ul> <li>in half of the economy (so-called 'non-ETS sectors').</li> <li>EU rules to not create a pressure on national governments to adopt a 'mission mindset' about the national transformation.</li> </ul>
Strong national measures ensuring a high degree of transparency and public, political and legal accountability for policy consistency with delivery of the national long-term objective and duties to ensure early action to take remedial policy action including duties to subject those proposed measures to political and public scrutiny and potentially to legal challenge.	<ul> <li>Weak controls on ensuring national policy consistency with EU's long-term objective.</li> <li>No clear objective for national LTS</li> <li>No rules on what consistency between NECP and LTS means (required by Gov Reg)</li> <li>No rules on sequencing NECP and LTS to ensure consistency.</li> <li>No rules on how consistency between NECP/LTS and EU 2050 duty will be assessed under EU Climate Law.</li> <li>No rules requiring MS to review their NECP/LTS if COM makes recommendation under EU CL/Gov Reg/EU Semester highlighting inconsistency.</li> </ul>
Strong role for national parliament in providing political accountability for policy consistency and effectiveness which fosters cross-party understanding, support and more sustained political leadership	<ul> <li>EU rules only require the engagement of the political party (or parties) in government.</li> <li>National parliaments are not required to be engaged in national climate planning or policy making or in its review/updating.</li> <li>If MS chooses to engage national parliament in NECP/LTS – national government has total discretion to determine the terms of this engagement.</li> </ul>
<ul> <li>Strong national guarantees to ensure transparency about the real policy options so that there is an informed national debate about policy consistency and ambition:         <ul> <li>Process of national carbon budgets imposes highly structured framework for policy making.</li> </ul> </li> <li>Duty to create independent expert climate advisory bodies mandated to publish annual progress reports; regular advice to government on policy options for ensuring policy consistency with long-term objective and proposing</li> </ul>	<ul> <li>Weak EU pressure on government to ensure transparency about the real policy options undermining potential of an informed national debate about ambition.</li> <li>EU rules national LTS are skeletal so LTS does not provide effective framework for national transparency about real options for long-term pathways.</li> <li>LTS also weak mechanism to ensure NECP is consistent with EU or MS long-term objective.</li> <li>NECP is therefore a weak mechanism to ensure transparency about real policy options for near term ambition.</li> </ul>

successive carbon budgets to ensure achievement of the long-term objective.

 EU rules only 'invite' MS to create these bodies, but Commission is not required to adopt EU Guidelines concerning best practice in how they should be mandated and structured and why.

Strong national arrangements for public participation in climate policy making and for building societal consensus.

Weak EU pressure to ensure meaningful public participation in climate policy making.

- Strong institutional and procedural guarantees to ensure transparency about real policy options and progress
- Deployment of deliberative models of citizen participation to ensure holistic and nuanced citizen engagement.
- Mandatory government and parliamentary engagement with the outcomes of deliberative processes.
- Legal rights of citizen access to justice to national courts to enforce public interest in policy consistent with long-term objective
- Weak guarantees of transparency about real policy options and progress.
- Easy for disinterested government to lawfully avoid meaningful public participation and particularly deliberative processes.
- No duty on government or national parliament to engage with outcome of deliberative processes.
- No guarantees of citizen/NGO access to national courts.
- No guarantee of effective citizen/NGO access to justice before EU courts.
- EU Climate Pact creates no pressure for the Commission to lead by example in engaging with deliberative climate policy making.

Fairness in climate policy is taken seriously as a dimension of climate governance to build public support and societal consensus on climate action.

National arrangements put in place to facilitate transparent and informed national debate about what constitutes a just national transition and policy making to enable it. EU rules do not require national transparency about the priorities for a national just transition so create a risk of lack of public support for the choices made.

- EU Just Transition Mechanism does not require:
  - National consultation about proposed territorial transition plan being submitted to the Commission.
  - 2. Commission to publish the guidelines being used to agree these plans and EU funding.
  - Commission to publish definition of what constitutes just transition and how progress will be evaluated.
- Just transition is not a 'dimension' of NECP only energy poverty. No pressure for national transparency about this issue.
- No duty on Commission to adopt EU guidelines or indicators on how socio-economic dimension is addressed in national LTS. So little pressure on NECP to address this in comprehensive way.

Please cite this document as: Sharon Turner, Thomas L. Muinzer and Ciara Brennan, 'Closing the national ownership gap: An EU 'Fit for 55' requires the EU-27 to be 'Fit for Zero: Executive Summary" (2021) EJNI Climate Governance Observatory, Policy Paper No. I available here.

\* Sharon Turner is a self-employed consultant specialising in providing strategic advice on climate law and governance and is Visiting Professor at the University of Sussex, Dr Thomas Muinzer is a senior lecturer at Aberdeen University and is Co-Director of the Aberdeen University Centre for Energy Law and Dr Ciara Brennan is the Director of the Environmental Justice Network Ireland (EJNI) and a lecturer in environmental law at Newcastle University.

The Climate Governance Observatory Project is being carried out by researchers from Aberdeen University and Newcastle University in collaboration with a wide range of external, expert stakeholders. The research which informs this policy paper has been generously funded by the European Climate Foundation, which itself is funded solely from private philanthropic organisations. ECF does not have any financial ties to EU political bodies or to private entities. For more information on EJNI or the Climate Governance Observatory Project, visit our website: <a href="www.ejni.net">www.ejni.net</a> or email <a href="mailto:admin@ejni.net">admin@ejni.net</a>



