

The 'Fit for 55' package a missed opportunity to learn from Europe's climate law countries about why national leadership matters.

The European Commission has just launched its Fit for 55 proposal (14th July 2021). These set out the Commission's vision for how EU rules governing national climate action should be recalibrated to meet the challenges of the Union's new commitments to achieve net zero by 2050 and increased 2030 target.

The package is successful in signalling the reality that achieving net zero will involve far greater intrusion into citizens' lives than has previously been experienced under EU climate policy. But it is a missed opportunity to tackle the governance implications of that reality and to apply the lessons learnt by Europe's 'climate law countries' about need for national ownership of the climate objective and the important role national climate laws and governance play in fostering the enabling conditions for this dynamic.

In failing to propose the overhaul of the Effort Sharing Regulation (ESR), and by excluding the Governance Regulation from review, the package ignores the national ownership gap inherent in the EU's climate architecture, undermining the enabling conditions for transformational policy making and leaving the Union's climate mandate exposed to a public backlash that could destabilise political will at precisely the moment it needs to ramp up.

At the heart of the Commission's vision for the future development of the EU's climate architecture is the proposal that market mechanisms should be expanded while the space for national ownership and leadership should shrink. In almost complete contrast, the European countries who are serious about net zero have moved ahead of the EU and put in place national climate laws and governance arrangements designed to foster sustained political leadership on climate, public support for ambitious policies, and a mission mindset within government about delivering the transition.

While the drivers of political leadership in these countries are myriad, Europe's climate law countries have nevertheless recognised both the need for strong national commitment to and ownership of the long-term Paris objective and the role governance plays in fostering these dynamics because it creates a self-reinforcing 'policy management system' or feedback loop that strengthens public trust in policy making and drives policy ambition.

The policy leadership demonstrated by Europe's climate law countries – which now includes almost half of the EU's countries and several in its neighbourhood – reflects consensus about three issues central to the design of the EU's climate architecture which strongly contradicts the Commission's proposed approach -

First, the state must be committed to the long-term, whole economic climate objective. **Second**, market mechanisms are an important policy tool but not an alternative to effective political leadership. **Third**, that EU rules are insufficient to stimulate the quality of policy making needed for the net zero transformation.

During the launch of the package Commissioner Timmermans challenged critics to come up with a better approach. The authors have undertaken extensive research on why and how the EU's national ownership gap can be closed. Based on this analysis we stand willing to support the European Parliament and national capitals in rising to this challenge, and hope Commissioner Timmermans and Ursula Von der Leyen will listen.

A better approach should be premised on the following conclusions:

- 1. The deeply political nature of delivering the rapid, radical, and irreversible transformation required for net zero renders it untenable to support the Commission's proposal to simply retain the core design of the ESR, leaving in place its technocratic title, short-term focus and outmoded design that limits the role of the state, excludes citizens, and ignores the important lessons learnt by Europe's climate law countries about the need for national commitment to and ownership of the long-term, whole economic transition.
- 2. Public support for climate policy and the EU's mandate to lead depends crucially on public trust that the transition is fair. Fostering that trust means that decision making about the just transition should reflect a genuinely strategic approach and compliance with minimum principles of good governance. This means: (a) avoiding the Commission's proposed proliferation of national plans relating to different aspects of the just transition, which undermines a strategic approach; (b) ensuring decisions concerning how to mitigate injustice are transparent and participative so that citizens are engaged in and not just passive receivers of remote decisions made behind closed doors as is proposed; and (c) the state must be required to take ownership of the just transition as an extension of a clear domestic commitment to the long-term climate objective to make it harder for governments to disown ambitious EU climate policies or disengage with EU just transition funding mechanisms, both of which risk exposing the EU's climate mandate to a powerful public backlash that could destabilise political leadership at the precise moment it needs to ramp up.
- 3. The Governance Regulation must be re-opened as a matter of urgency. EU rules governing national climate planning for the near term (2030) and long-term 2050 objective were adopted before the Union committed in law to achieve net zero, and like the ESR, reflect the same dominant focus on short term objectives and create only weak arrangements for fostering public and cross-party political trust in the real policy options at national level. High quality national long-term strategies are fundamental to national seriousness about climate policy back casting which is crucial for implementation of the EU Climate Law, while seriousness about engaging the public in a more nuanced discussion about the real policy options will be essential to ensure there is a stable societal consensus in all countries that Europe's commitment to achieve net zero is necessary and can be achieved fairly.

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CGO Policy Paper No.1

https://ejni.net/wp-content/uploads/2021/06/EJNI-CGO-Policy-Paper-No.1-.pdf

CGO Executive Summary

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Annex to Policy Paper

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