

Green Growth Summit 2019



About

The Green Growth Summit, held under the auspices of the Green Growth Partnership, brought together high-level representatives from EU Member States, including Ministers and State Secretaries, the EU institutions, business and civil society to discuss the drivers and conditions for the transition towards a climate neutral economy by 2050. Speakers agreed that climate neutrality by 2050 needed to be the destination for Europe and that this objective brings a clear direction for necessary political and business action. Despite growing momentum and recognition of the benefits, illustrated by commitments made by companies and countries, the transition requires scaling up and accelerating efforts from all stakeholders and thus close cooperation between policymakers and businesses. By setting ambitious objectives and legislation, policymakers can provide a framework which can help businesses to harness and accelerate the transition. Existing solutions illustrate the feasibility for Europe to achieve a climate neutral and prosperous future. This involves however, making the right decisions when further developing identified drivers like innovation, sustainable investments and the decarbonisation of industry. The EU must also take a leadership role on the global stage by adopting ambitious objectives and encouraging others to follow.

Introduction

Carole Dieschbourg, Minister for the Environment, Climate and Sustainable Development of Luxembourg opened the Summit by stressing the collective nature of the climate challenge involving politicians, economic actors and civil society. She stressed the need to build up the momentum for climate action in a context where young people are pushing for more action and scientists are demonstrating that change needs to happen fast. To illustrate this, she used Luxembourg's example which has increased its NDC to 55% emissions reduction in 2030 compared to 2005 levels. She considered that Europe needed to increase its ambition and send a message to the world by endorsing climate neutrality by 2050. She stressed the importance of mainstreaming climate neutrality across various sectors, making financial flows consistent with the Paris Agreement and bringing out the social opportunities of the transition.



Eliot Whittington, Director of Policy, CISL, Director of CLG Europe underlined the clarity of the message conveyed by young people and science, emphasising the need to scale up and speed up action. He indicated the need for Europe to demonstrate that a climate neutral economy is also a prosperous economy as well as a key area for dialogue between business, governments and financial systems. He indicated that the Summit was hosted by the [Green Growth Partnership](#) (GGP), a joint initiative between members of CLG Europe and ministers of the Green Growth Group (GGG). The initiative aims to bring together Ministers, businesses and representatives from the European Parliament to foster mutual understanding between stakeholders of the role of European business in the rapid transition to a climate neutral economy, the policy environment to best support this, and how collaborative and best practice approaches can be highlighted in the public debate on these issues.



Panel I – Laying the foundations of a climate neutral and prosperous European economy



Ursula Woodburn, Head of EU Relations, CLG Europe and Green Growth Partnership opened the discussion by stressing the need to increase climate ambition, reporting that despite exciting commitments from business and policymakers at the UNSG Summit, not enough action is being taken. She reiterated the objective of this session: to discuss how to lay the foundations for a climate neutral economy.

Lord Duncan, Minister for Climate Change of the UK, indicated that Europe is at a critical threshold. He stressed that the transition could come with economic growth and wellbeing. The UK is demonstrating leadership in this area by adopting a legislative framework with a target of net zero emissions by 2050. However, although legislation and governments can define pathways, change comes from business and households. Paris has set the destination for a journey we are taking together, and Europe must bring the rest of the world on this journey and show other countries that it is a journey worth taking. He believes that 1.5 degrees is a realistic objective if we walk the talk now. Europe must recognise its potential strengths, such as the development of offshore wind technology. He concluded by stating that regardless of what happens with Brexit, the UK is committed to work with the EU as an ally to travel along the pathway to a net zero future and be good partners and good friends in that journey.

Juris Pūce, Minister for Environmental Protection and Regional Development of the Republic of Latvia started his intervention by saying that the need for action on climate change should not be questioned and that concerns about climate policies should not limit necessary political action. The transition should be just and fair and demonstrate how climate policy will be beneficial for people, bringing new technologies, innovation and well-paid jobs. Governments must ensure a just transition while making people understand that their lives are changing. He stressed the need to have different solutions at the same time, with business playing a role in accelerating the transition. He mentioned the global responsibility of the EU, being at the forefront of the transition, which should, for example, develop new technologies which might be too expensive for other countries to develop. European standards can drive the faster adoption of technologies globally through trade agreements. He regretted that Europe was currently not using the full potential of opportunities of digitalisation that can change consumption patterns.

Norbert Kurilla, State Secretary of the Ministry of Environment of the Slovak Republic indicated that his country recently endorsed climate neutrality by 2050, was delivering its 2020 targets, and planning to phase out coal by 2023. He considered the transformation of the economy and new technologies as key aspects for reaching climate neutrality. From his perspective, the transition also requires sustainable investments, a well-functioning ETS and creating synergies across the economy with areas like resource efficiency, the circular economy and the bio-economy. He explained that Slovakia will undergo a massive transformation in energy and industry sectors and that the government needs to assist business in this transformation, enabling them to stay competitive. He stressed the need to find a common understanding between all stakeholders with practical proposals and initiatives for public-private cooperation towards climate neutrality. He finished his intervention by recommending to get rid of harmful subsidies including for coal.

Artur Runge Metzger, Director for Climate Strategy, governance and emissions from non-trading sectors at the European Commission said that the vision for climate neutrality by 2050 was being embraced in Europe with a majority of Member States endorsing the objective, which is also backed by the European Parliament. He pointed out that implementation starts today as ‘a vision cannot stay a vision’ and that the European Commission planned to present a climate law to enshrine this objective in EU legislation. The transition will require a massive economic transformation with investments including in the field of innovation. He indicated that the Commission will present a proposal for a Just Transition Fund to ensure that the transition is just and fair. He underlined the important role of business in the transition with its ability to decarbonise the whole supply chain and act faster than governments. He expressed the need for the EU to bring other countries on board in a context where some of them are already moving fast and recognising business opportunities like China with electric vehicles.



Harry Verhaar, Head, Global Public and Government Affairs at Signify explained that Signify is on track to be carbon neutral by 2020 and called other companies to commit to this objective by 2030. He stressed the need to step up collective efforts with integrated policies that incorporate renewable and energy efficiency explaining that an energy efficient building will decarbonise twice as fast and twice as cheap. He recommended to fix public procurement as energy savings from efficient lighting weren't picked up because public authorities look at the initial price rather than the return on investment.

Monica Mireles Serrano, Head of European Affairs at Ingka Group/IKEA stated that sustainability was at the core of the company, which has always been resource efficient and investing in renewable energy. IKEA has been adopting bold targets like 100% renewables and plans to use electric vehicles for all last line deliveries by 2025. She pointed out the company's commitment to help one billion people live sustainably including through LED lighting and sustainable food. She considered education to be paramount in the transition with is why the IKEA foundation organises sustainability contests in schools which involve for example installing solar panels on school rooftops. She ended her presentation by calling all stakeholders to 'lead with action, act with speed and focus on impact'.

Panel II – Transforming Europe's heavy industry

Martin Porter, CISL's Executive Chair at CISL Brussels opened the session by explaining that transforming industry requires looking at the economy as a whole and the role of heavy industry throughout the value chain. He recommended for the new industrial strategy, planned by the European Commission, to incorporate various elements like innovation, the role of artificial intelligence and consider how a digitally-enabled circular economy is driving change. He referred to the CLG Europe report on '[Forging a carbon-neutral heavy industry by 2050: How Europe can seize the opportunity](#)' which looks at the latest thinking around the challenges and opportunities involved in decarbonising European heavy industry and calls for a new focus from the EU on circularity, clean technologies and the decarbonisation of industry.

Eva Svedling, State Secretary for Climate of Sweden expressed the need to make strategic decisions and choices for our industry to become fossil-free while maintaining competitiveness, jobs, welfare and standards of living. Tackling emissions from industry is going to be a tough but also rewarding task, she said. Her government, which is committed to carbon neutrality by 2045, launched the initiative Fossil Free Sweden in 2015 which develops roadmaps for sectors to become fossil-free by 2045. She indicated that Sweden also launched the global Leadership Group to reduce industry emissions at the UNSG Summit, with eleven countries and twelve companies having joined the initiative, and hoped to see more countries and businesses joining the group.





Karsten Sach, Director General, International and European Policy, Climate Policy at the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of Germany explained that climate neutrality by 2050 represents a clear direction but that intermediate science-based targets were necessary to bring a clear perspective. He underlined the need to have a clever mix of policies that help industry, workers and regions undergo the transition, a clear legal framework with carbon pricing and big programmes on how to decarbonise. With this in mind, Germany is developing a decarbonisation programme for the industry sector, as well as innovation and just transition funds. He recommended for the EU to proceed with caution when designing the border tax adjustment including by ensuring that it is strong enough when establishing trade measures against other countries.

Martin Lindqvist, President and CEO of SSAB underlined the feasibility of the transition towards a net-zero industry. However, stable policy conditions, partnerships between companies and with policymakers were necessary to make this transition a success. When referring to his company's actions, he explained that SSAB, which is committed to be entirely emissions neutral by 2045, joined forces with LKAB and Vattenfall in 2016 to create HYBRIT. This initiative has been developing the first fossil-free steel-making technology, with virtually no carbon footprint. His objective is to have exclusively fossil-free steel on the market by 2025 as a fossil-free value chain will help decarbonize sectors such as automotive, transport and construction. He recommended to have a significantly higher price on carbon emissions combined with a mechanism that ensures that industries have a clear incentive to minimise their environmental impact while maintaining their competitiveness.

Geanne van Arkel, Head of Sustainable Development at Interface EMEA, said that net zero was already possible and recommended to already move to a more aspirational goal by striving to be carbon negative. Her company is aiming to contribute to moving towards a regenerative economy and is developing products that will contribute to achieving this objective. Its Climate Take Back approach is articulated around four pillars: 1. 'Live zero': aim for zero negative impact on the environment, 2. 'Love carbon': stop seeing carbon as the enemy and start using it as a resource, 3. 'Lead the industrial re-revolution': transform industry into a force for the future we want, 4. 'Let nature cool': Support our biosphere's ability to regulate the climate. According to her, the objective is to move from a low carbon circular economy to a regenerative economy, an approach that is consistent with the SDGs. She expressed the need for the EU Green Deal and the climate law to adopt this holistic approach and create a climate fit for life.

Dr André van Wageningen, Director Public Affairs EU/NL at Royal DSM said that his company considered climate action as being both a responsibility and an opportunity and therefore uses climate and energy as a core input for its strategy, innovation and portfolio development. The implementation of DSM's climate agenda contains three themes including improving its carbon footprint and climate resilience, enabling its customers to do the same by using circular materials or products, and advocating for accelerated climate action in networks and among peers. He underlined the need for broad collaboration across the value chain and to rapidly redesign the economy. From his perspective, the objective of net zero emissions by 2050 can help ensure that European companies and regions remain competitive in the global market by driving innovation, the deployment of low carbon solutions and more holistic embedding of climate change into the financial system. He called companies to be active advocates to help shape and amplify the pressure for systemic change.

Sam Van den plas, Policy Director at Carbon Market Watch stressed the urgency for heavy industry sectors to deliver their share of greenhouse gas emission reductions. This is a big challenge that will require a joint effort, strategic planning and an overarching and an effective industrial climate policy framework. He explained that emissions from cement, chemicals and steel, which currently account for 60% of the emissions of heavy industry sector, have not declined since 2012 and will not decrease under current scenarios. He considered the many free emission allowances received by energy-intensive industries under the current EU-ETS as being part of the problem. He explained that a plethora of solutions for decarbonising energy-intensive industries have already been identified including increasing energy savings, scaling up renewables and developing the circular economy. On that basis, Europe should develop a climate-proof industrial strategy for energy-intensive industries, as part of a Green Deal to achieve net-zero carbon emissions by 2040.

Sveinung Rotevatn, State Secretary for Climate and Environment of Norway responded to the previous presentations by saying that Europe needs to be a continent of industry and provide a green future for these industries. He echoed the previous speaker by saying that the sector is currently at a standstill when it comes to reducing emissions and considered the ETS as being very helpful in reducing emissions further, providing that the ETS price would become higher. He advised the EU to develop Carbon Capture and Storage (CCS) in order to decarbonise the most difficult emissions from industry, a technology in which Norway was already investing.



Panel III – Investing in the net zero emissions economy



Dr Bronwyn Claire, Senior Programme Manager, ClimateWise at CISL opened the session by explaining that talking about net-zero by 2050 requires from companies to act now. The finance sector needs to play a role in the transition including by being more communicative and cooperative.

Emma Navarro, Vice-President of the European Investment Bank (EIB) started her intervention by saying that ‘sustainability is in the DNA of the EIB’. As such, the organisation could play a central role to decarbonise economies and is already delivering on its commitment to allocate 100 billion dollars in climate financing. However, she expressed the need to accelerate and increase climate action indicating that the transition to a low carbon neutral future will require huge investments equivalent to 175-190 billion euros per year. She stated that ‘we need to go from billions to trillions’ and, as such, reorient capital flows towards more green investments. The EIB has issued more than 26 billion euros in green bonds, which constitute a powerful instrument to mobilise private sector investments. She explained that the institution was considering allocating half its lending activity to climate and environment by 2025 and phasing out energy projects dependent on fossil fuels.

Maria Patek, Federal Minister for Sustainability and Tourism of the Republic of Austria, stated that her country was experiencing a growing interest in sustainable investment and developing a ‘Green Finance’ agenda based on a comprehensive market analysis and involvement of all stakeholders. Since 2005, the volume of domestic sustainable investments has grown on average by 23% annually. Referring to best practices in Austria, she highlighted the green bonds issued by the energy company Verbund to finance and refinance energy efficiency measures in hydropower plants and wind power. Another example is the Raiffeisen Sustainability Initiative (RNI) that brings together companies that want to increase the share of climate friendly products and services in their respective portfolios to 25% by 2030 and reduce greenhouse gas emissions in their climate investments by at least 25% by 2030 compared to 2015. Speaking about the drivers for sustainable investment, she considered taxonomy as essential in creating more transparency in the market and a unified classification system.

Seppo Parvi, Chief Financial Officer, Deputy to the CEO at Stora Enso said that his company was investing in sustainable forestry and low-carbon products, such as wood for buildings, which are key in achieving the Paris agreement. Sustainable finance can help to prioritise investments in these products. He explained that Stora Enso's renewable products had an annual substitution potential of 21 million tonnes of CO₂. When it came to financial instruments, he considered the green bond market as a good innovation, testing the sustainability commitments of companies. Given the importance of innovation, he recommended to allocate more money and time to research and development, universities and education for researchers.

John Scott, Head of Sustainability Risk at Zurich Insurance Group explained that his sector aimed to protect industry from physical risks associated with climate change such as rising sea levels, forest fires, droughts, river flooding and tropical storms. He pointed out that Zurich joined the Net-Zero Asset Owner Alliance, an alliance of major investors overseeing \$2.4 trillion committed to making portfolios entirely carbon-neutral by 2050, and was the first from the sector to sign the UN Business Ambition for 1.5°C Pledge. The company is also one of biggest investors in green bonds which help influence behaviour change by signalling through thresholds the shift in investment decisions.

Simon Connell, Head of Sustainability Strategy at Standard Chartered, highlighted the Collective Commitment to Climate Action made by his company and other banks at the UNSG Summit to scale up their contribution to and align their lending with the objectives of the Paris Agreement. His company also piloted the PACTA methodology for corporate lending, which looks at the technology shift that is needed across certain sectors and can analyse the alignment of portfolios against this shift. Even though he considered taxonomy as being a helpful tool, he recommended to also move beyond this and look at how finance relates to the real economy, and how real behaviour change can be achieved. Regarding policy, he pointed out for the need to have a clear policy direction for the real economy and consistent definitions, including in the EU taxonomy, to determine the foundations needed for banks' decision-making.



Closing session:

Eliot Whittington, Director of Policy, CISL, Director of CLG Europe summarised the main takeaways from the day's discussions. The first panel made it clear that climate neutrality was and needed to be the destination. It also showed that the destination was positive with big questions on how to overcome challenges like the future of the Common Agricultural Policy (CAP). He considered that the second panel demonstrated that we must have decarbonisation, but not de-industrialisation and that leadership examples prompted some optimism. As for the final panel, it showed the essential nature of moving money and investments to the right places, and how we shift finance through green bonds and the Sustainable Finance Action plan. He indicated that we had to deal with the change brought about by the transition and, as such, make the right decisions.

Krista Mikkonen, Minister of the Environment and Climate Change of Finland provided closing remarks considering that the event proved that climate action was a joint effort involving governments, companies, financial institutions and scientists. She expressed the need to do more to achieve carbon neutrality and underlined the benefits of the transition including jobs and increased competitiveness. She was confident regarding an agreement of the European Council on the climate neutrality by 2050 objective. She finished her intervention by underlining the role of policymakers in developing a policy framework to help businesses adapt to the transition and do more.

