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DRAFT REPORT

on the Sustainable Europe Investment Plan - How to finance the Green Deal
(2020/2058(INI))

Committee on Budgets
Committee on Economic and Monetary Affairs

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(Joint committee procedure – Rule 58 of the Rules of Procedure)

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the Sustainable Europe Investment Plan - How to finance the Green Deal (2020/2058(INI))

The European Parliament,

- having regard to the Commission communication of 14 January 2020 on the Sustainable Europe Investment Plan - European Green Deal Investment Plan (COM(2020)0021),
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640) and to its resolution thereon of 15 January 2020¹,
- having regard to the Commission proposal of 2 May 2018 for a Council regulation laying down the multiannual financial framework (MFF) for the years 2021 to 2027 (COM(2018)0322) and to the amended proposal of 28 May 2020 (COM(2020)0443), together with the amended proposal of 28 May 2020 for a decision on the system of Own Resources of the European Union (COM(2020)0445),
- having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ (COM(2020)0456) and its accompanying legislative proposals,
- having regard to Directive (EU) 2018/410 of 14 March 2018 amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814², which includes the Modernisation and Innovation Funds,
- having regard to its interim report of 14 November 2018 on the Multiannual Financial Framework 2021-2027 – Parliament’s position with a view to an agreement³,
- having regard to its resolution of 10 October 2019 on the 2021-2027 multiannual financial framework and own resources: time to meet citizens’ expectations⁴,
- having regard to its resolution of 18 December 2019 on fair taxation in a digitalised and globalised economy: BEPS 2.0⁵,
- having regard to its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences⁶,

¹ Texts adopted, P9_TA(2020)0005.

² OJ L 76, 19.3.2018, p. 3.

³ Texts adopted, P8_TA(2018)0449.

⁴ Texts adopted, P9_TA(2019)0032.

⁵ Texts adopted, P9_TA(2019)0102.

⁶ Texts adopted, P9_TA(2020)0054.

- having regard to its resolution of 15 May 2020 on the new multiannual financial framework, own resources and the recovery plan⁷,– having regard to the final report and recommendations of the High-Level Group on Own Resources,
 - having regard to the final report by the High-Level Expert Group on Sustainable Finance (HLEG),
 - having regard to the Commission communication of 8 March 2018 on the EU Action plan on Financing Sustainable Growth (COM(2018)0097),
 - having regard to its resolution of 29 May 2018 on sustainable finance⁸,
 - having regard to the Commission’s European Economic Forecast: Spring 2020,
 - having regard to the Treaty on the Functioning of the European Union (TFEU),
 - having regard to the joint deliberations of the Committee on Budgets and the Committee on Economic and Monetary Affairs under Rule 58 of the Rules of Procedure,
 - having regard to Rule 54 of its Rules of Procedure,
 - having regard to the opinions of the Committee on the Environment, Public Health and Food Safety, the Committee on Transport and Tourism, the Committee on Agriculture and Rural Development and the Committee on Culture and Education,
 - having regard to the report of the Committee on Budgets and the Committee on Economic and Monetary Affairs (A9-0000/2020),
1. Welcomes the Sustainable Europe Investment Plan (SEIP) as central in ensuring the success of the Green Deal and the transition towards a more sustainable and resilient economy;
 2. Welcomes the Commission’s European Recovery Plan with the European Green Deal at its heart; endorses the underlying principle that public investments will respect the oath to ‘do no harm’; emphasises that national recovery and resilience plans should put the EU on the path to a 50 % to 55 % reduction in greenhouse gas emissions by 2030 compared to 1990 and climate neutrality by 2050;
 3. Stresses that the success of the EU’s aim to achieve climate neutrality will depend on the adequacy of the financing;
 4. Questions whether the SEIP, as currently constituted, will enable the mobilisation of EUR 1 trillion by 2030, given the negative economic outlook following the COVID-19 crisis; requests the Commission to ensure full transparency on financing issues, such as the optimistic leverage effect or the lack of clarity over the extrapolations of certain amounts; furthermore questions how the new MFF as proposed by the Commission in its revised proposals of 27 and 28 May 2020 would enable the achievement of the SEIP targets;

⁷ Texts adopted, P9_TA(2020)0124.

⁸ Texts adopted, P8_TA(2018)0215.

5. Wishes to see it ensured that funding from the SEIP, at EU and national level, goes towards the policies and programmes with the highest potential to contribute to the fight against climate change, and looks forward to the Commission's upcoming climate tracking methodology using appropriately the criteria established by the EU taxonomy;
6. Believes that public and private finance should adhere to the EU taxonomy and to the Do Not Significantly Harm (DNSH) principle, in order to ensure that EU policies and financing, including the EU budget, the programmes financed through Next Generation EU, the European Semester and EIB financing do not contribute to objectives, projects and activities that significantly harm social or environmental objectives;
7. Calls for the phasing-out of public and private investments in highly polluting and harmful industries for which economically feasible alternatives are available, while fully respecting the rights of Member States to choose their energy mix;

The EU budget: targeting, triggering and catalysing financial resources

8. Stresses the central role of the EU budget in delivering the SEIP; reiterates its long-standing position that new initiatives should always be financed through additional appropriations and should not negatively affect other policies;
9. Underlines the fact that, in order to meet its obligations under the Paris Agreement, the EU's contribution to the climate objectives should be underpinned by an ambitious share of climate-related expenditure in the EU budget, going beyond the levels of targeted spending shares of at least 25 % over the MFF 2021-2027 period and of 30% as soon as possible and at the latest by 2027;
10. Welcomes the proposal to top up the Just Transition Fund (JTF), including with additional funds from Next Generation EU, and the two additional pillars of the Just Transition Mechanism, namely a dedicated scheme under InvestEU and a public sector loan facility, which will contribute to alleviating the economic effects of the transition to climate neutrality on the most vulnerable regions in the EU;
11. Welcomes the role of InvestEU in the implementation and functioning of the SEIP and considers that it should be at the heart of the Union's green, fair and resilient recovery; welcomes, therefore, the Commission's proposal to increase the programme's size and scope; welcomes the proposal to create a Strategic Investment Facility within InvestEU to promote sustainable investments in key technologies and value chains;
12. Notes that the Innovation Fund and the Modernisation Fund should make a significant contribution to the sustainable transition, and welcomes in particular the fact that the Modernisation Fund is designed to support investments to improve energy efficiency in 10 lower-income Member States and is therefore an important tool in ensuring a just transition;
13. Supports the Commission's innovative approach in stating that the EU budget will contribute to achieving climate objectives also through its revenue side;
14. Reaffirms its previous position regarding candidates for new own resources, and calls on the Commission to propose new own resources which correspond to essential EU

objectives including the fight against climate change and the protection of the environment; asks, therefore, for the introduction of new own resources based on the auction revenues of the Emissions Trading System, a contribution on non-recycled plastic packaging waste, the future Carbon Border Adjustment Mechanism, a Common Consolidated Corporate Tax Base or a precursor based on operations of large enterprises, a tax on digital companies, and a financial transaction tax;

Monetary and financial institutions – enabling the implementation of the Green Deal

15. Welcomes the efforts of the European Investment Bank (EIB) to revise its energy lending policy and to devote 50 % of its operations to climate action and environmental sustainability; calls on the EIB to commit to the sustainable transition towards climate neutrality while taking into account the different energy mixes of Member States and devoting particular attention to the sectors and regions most affected by the transition;
16. Recognises the important role of the national promotional banks and institutions and of international financial institutions (IFIs) in the financing of sustainable projects, thereby contributing to the achievement of the goals of the Paris Agreement;
17. Recalls the statement of the ECB President that the ECB is supporting the development of a taxonomy as a way of facilitating the incorporation of environmental considerations in central bank portfolios; calls on the ECB to evaluate the feasibility of including sustainability criteria in its collateral framework and its annual stress testing exercise, while assessing ways to guide lending towards energy transition investments and to rebuild a sustainable economy in the aftermath of the COVID-19 crisis;

Mobilising private investments for a sustainable recovery

18. Supports a renewed sustainable finance strategy; underlines the need for an EU eco-label for financial products, for an EU Green Bond Standard (EU GBS), and for more reliable, comparable and accessible sustainability data obtained by harmonising sustainability indicators and creating a public sustainability data register;
19. Insists on the integration of social objectives in the sustainability framework, including through an evaluation of extending the scope of taxonomy and the development of an EU Social Bond Standard;
20. Insists on the integration of governance objectives in the sustainability framework, including through additional voting rights for long-term shareholders, reform of remuneration structures and fiduciary duties for top-line management, and mandatory sustainability reporting and due diligence for financial institutions and large corporates; welcomes the preparation of a sustainable corporate governance initiative;
21. Recalls that investments in unsustainable economic activities may lead to stranded assets with lock-in effects; considers this risk to be insufficiently integrated in credit ratings and prudential frameworks;

Promoting sustainable public investment in times of crisis

22. Calls for the introduction of an enabling framework for public sustainable investments

to achieve the goals set out in the European Green Deal, but stresses that whatever financing model is chosen must not undermine the sustainability of public finance in the EU; supports the commitment by EVP Dombrovskis to explore how taxonomy can be used in the public sector; calls for public support for airlines to be used in a sustainable and efficient manner;

23. Recalls that the European Semester is a framework for EU Member States to coordinate their budgetary and economic policies; believes that it could facilitate the implementation of the European Green Deal, the European Pillar of Social Rights and the UN Sustainable Development Goals (SDGs); believes that the SDGs should be at the heart of EU's policy making process;
24. Notes that recovery and resilience plans will be based on shared EU priorities; highlights in this context the European Green Deal and the European Pillar of Social Rights; seeks the inclusion of priorities in areas such as employment, skills, education, research and innovation and health, but also in areas related to the business environment, including public administration and the financial sector;
25. Supports the Solvency Support Instrument to level the playing field in the single market, and the introduction of 'transition plans' for certain companies to increase the sustainability of their activities; considers that society can ask for a quid pro quo when providing support to companies; believes that transition plans should be obligatory for companies seeking state aid or EU-level support unless it is clear that they do not engage in environmentally or socially harmful activities; urges the Commission to only approve transition plans that set businesses on the path to the climate-neutral and circular economy without significantly harming any other environmental or social objectives;
26. Invites the Commission to revise the Energy Tax Directive and coordinate a kerosene tax that could also feed into the EU budget;
27. Wishes it to be ensured that all contribute equitably to the post-corona recovery and the transition to a sustainable economy; seeks an intensified fight against tax fraud, tax evasion and tax avoidance and aggressive tax planning; calls on the Commission to create a blacklist of EU Member States facilitating tax avoidance; calls for EU-level coordination to avoid aggressive tax planning by individuals and corporates; seeks in this context an ambitious strategy for business taxation for the 21st century;
28. Instructs its President to forward this resolution to the Commission and the governments and Parliaments of the Member States.