



# The European Green Deal a Catalyst for Systemic Change?

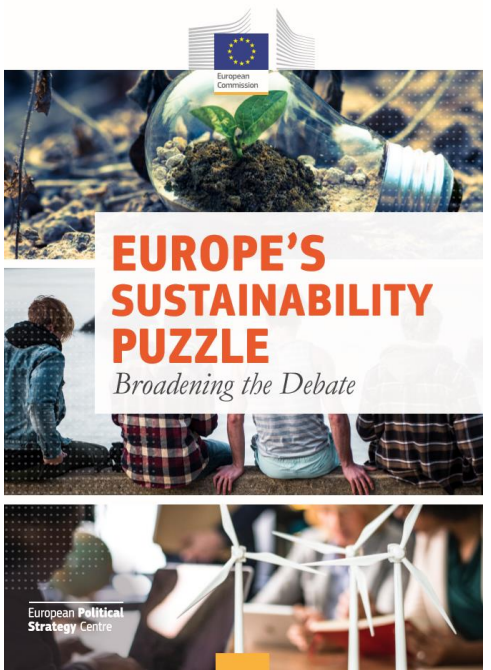
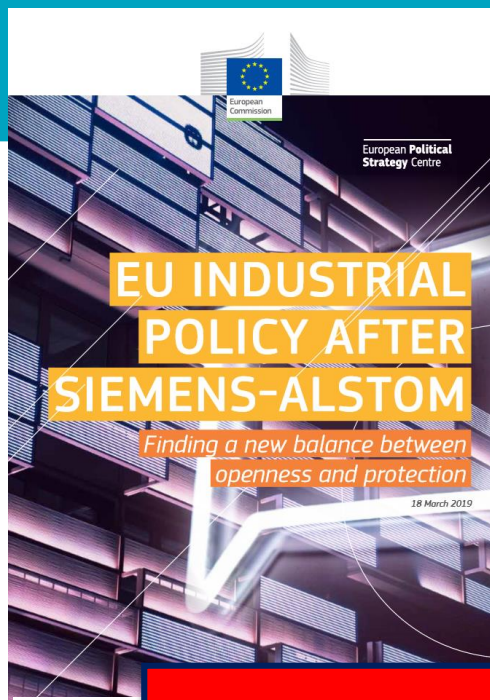
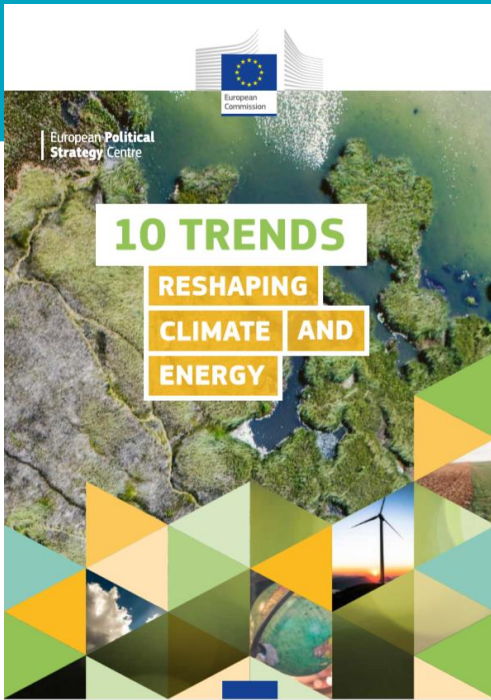
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**NTNU European Conference 2019**

Brussels 10 October 2019



A Union that strives for more

My agenda for Europe

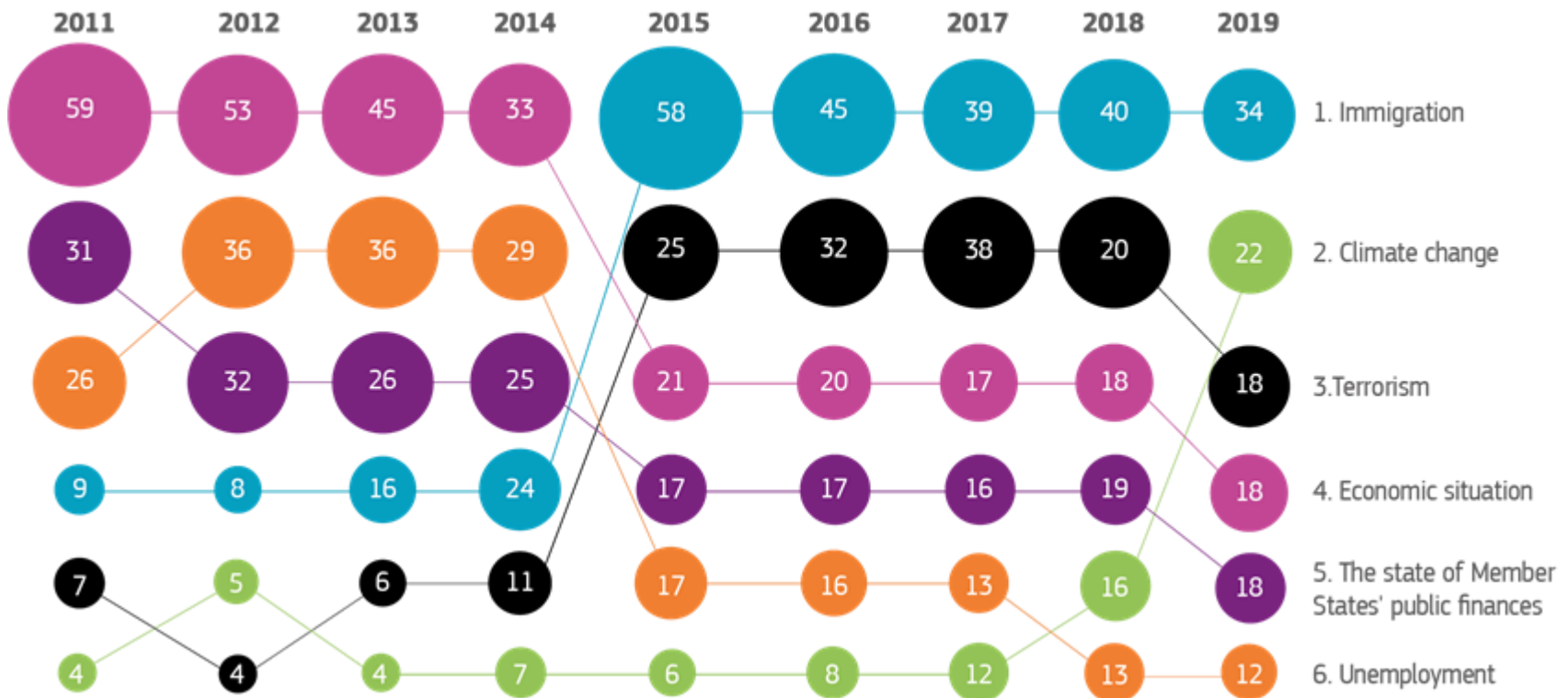
*candidate for President of the European Commission*

**Ursula von der Leyen**

**POLITICAL GUIDELINES FOR THE NEXT EUROPEAN COMMISSION 2019-2024**

# What do people think?

Most important issues the EU is facing at the moment



# What do experts think?

## Global Risks: social & environmental risks on top

### Top 10 risks in terms of Likelihood

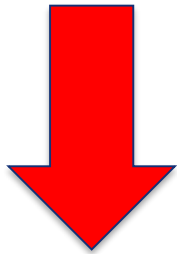
- 1 Extreme weather events
- 2 Natural disasters
- 3 Cyberattacks
- 4 Data fraud or theft
- 5 Failure of climate-change mitigation and adaptation
- 6 Large-scale involuntary migration
- 7 Man-made environmental disasters
- 8 Terrorist attacks
- 9 Illicit trade
- 10 Asset bubbles in a major economy

### Top 10 risks in terms of Impact

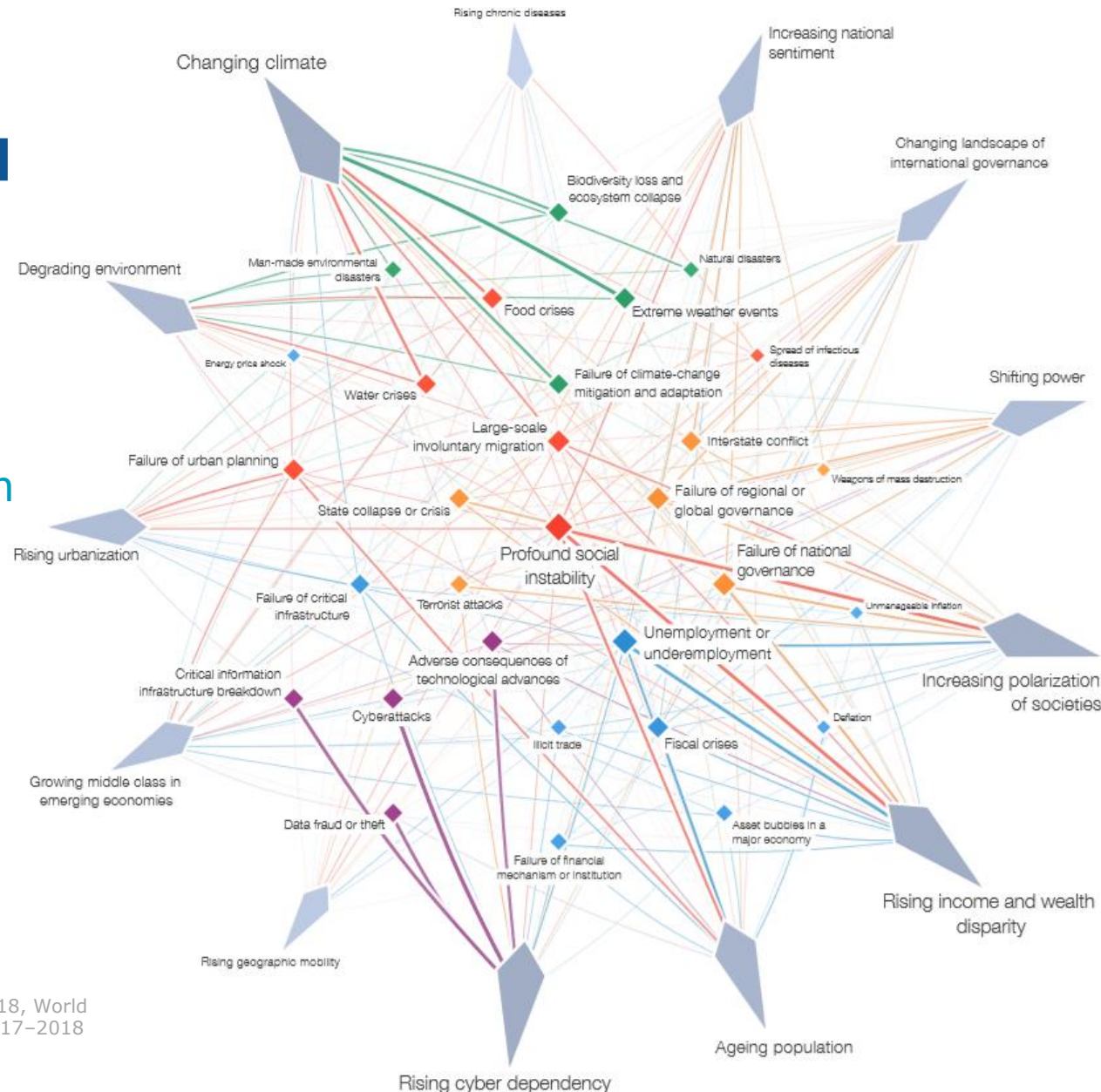
- 1 Weapons of mass destruction
- 2 Extreme weather events
- 3 Natural disasters
- 4 Failure of climate-change mitigation and adaptation
- 5 Water crises
- 6 Cyberattacks
- 7 Food crises
- 8 Biodiversity loss and ecosystem collapse
- 9 Large-scale involuntary migration



Issues are very much **connected**



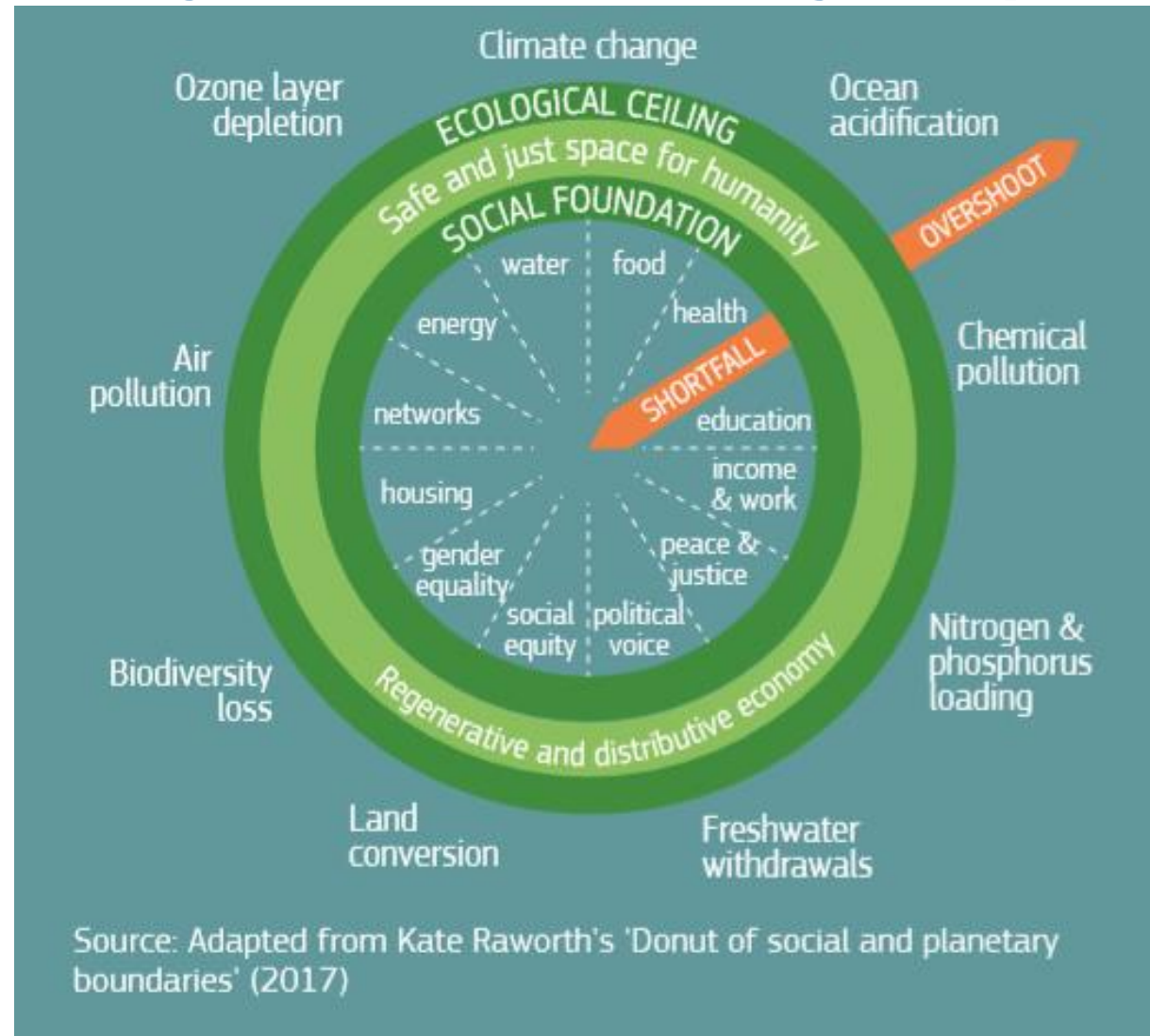
What does this mean in terms of **strategy development** and **policy making**, including **research & innovation**?



# Sustainable Development is therefore **more than ticking the boxes of the 17 SDGs**

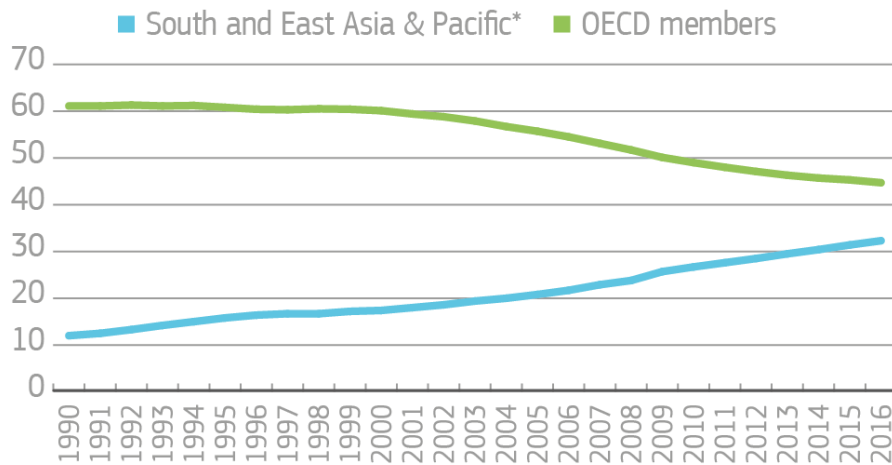


In other words: how to get in the **'safe and just space for humanity'**?



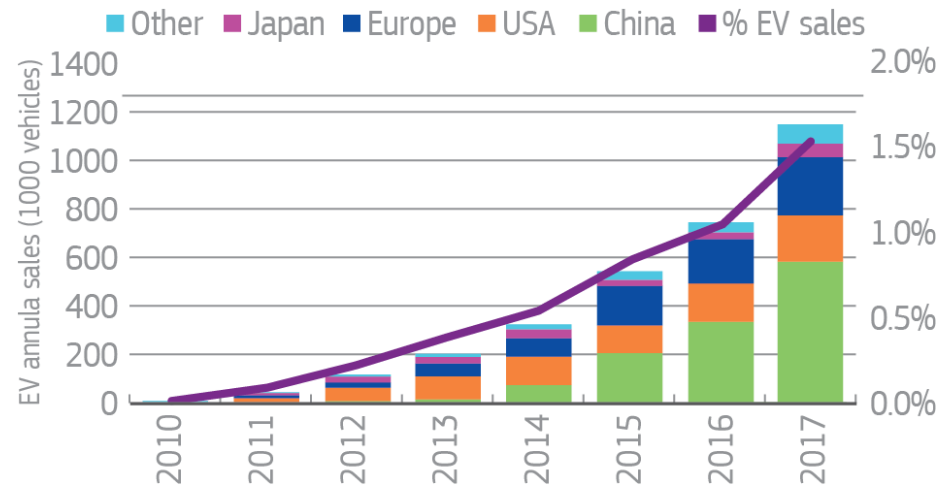
# In a world where the Global Economy is Shifting East & Geopolitics is everywhere

Share of developing Asia in total world GDP  
(constant 2011 international \$ PPP)



Source: World Bank

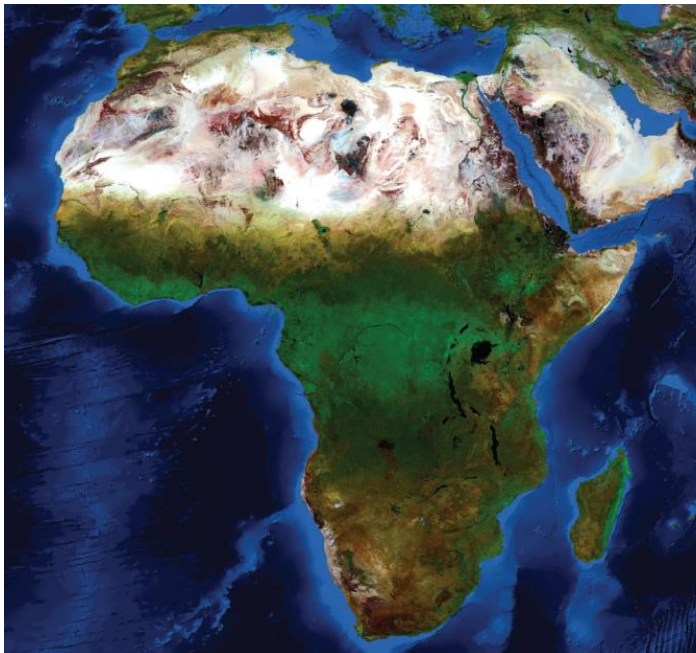
Annual sales of electric vehicles



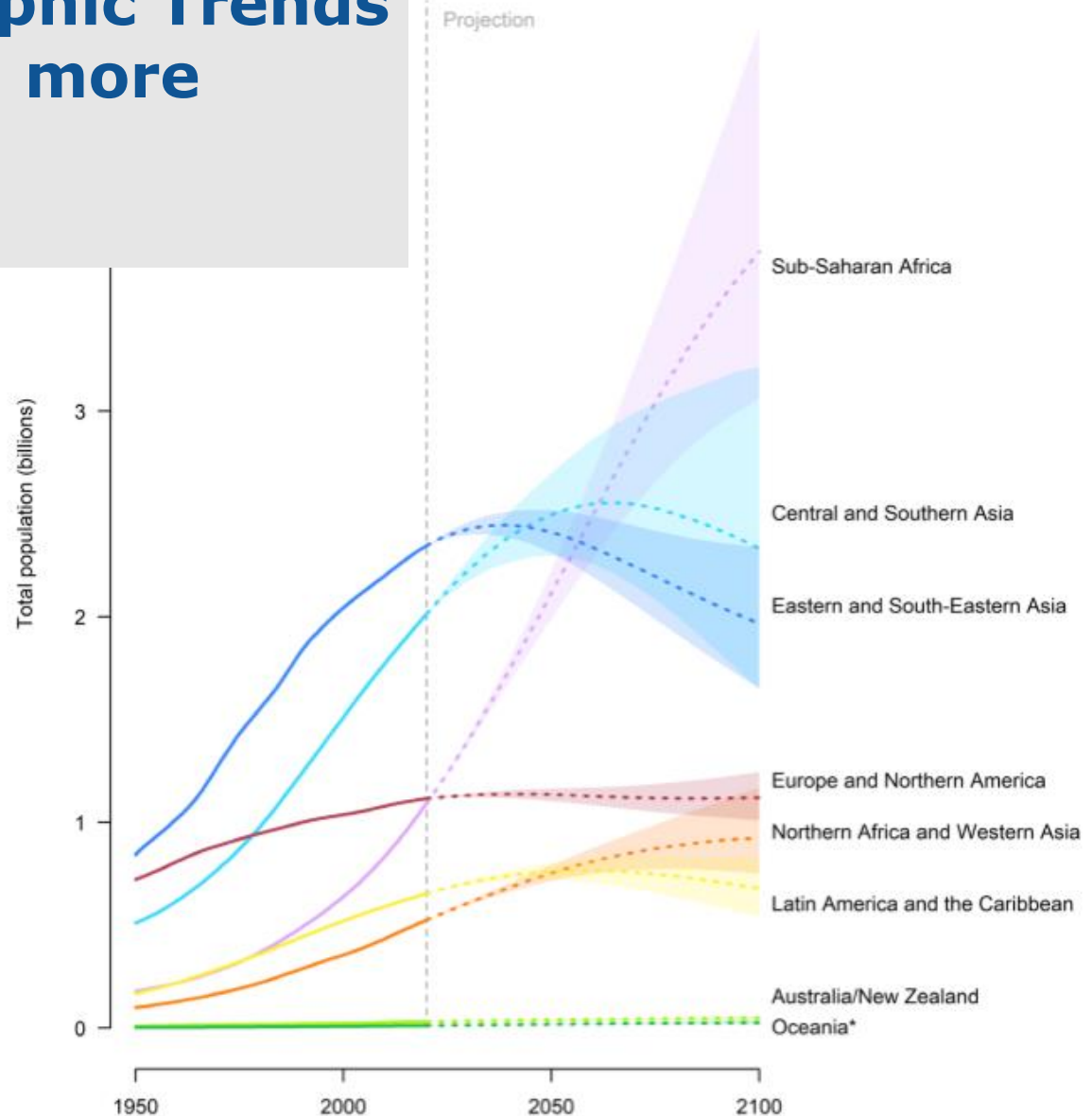
Source: Joint Research Centre, Bloomberg New Energy Finance



# And where **Demographic Trends** will make things even **more** **challenging**



Source: UN Population



# Reflection Paper:

## Europe's challenges for the years to come



FROM LINEAR TO CIRCULAR ECONOMY



SUSTAINABILITY FROM FARM TO FORK



FUTURE-PROOF ENERGY, BUILDINGS  
AND MOBILITY

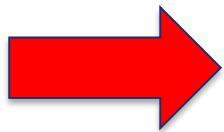


ENSURING A SOCIALLY FAIR TRANSITION

## Europe's responses

- Education, training, science, technology, research, innovation and digitization
- Finance, pricing, taxation, competition
- Corporate social responsibility
- Open and rule-based trade
- Governance and policy coherence
- The EU as a global trail blazer

## How to translate this into the next European Commission's European Green Deal?

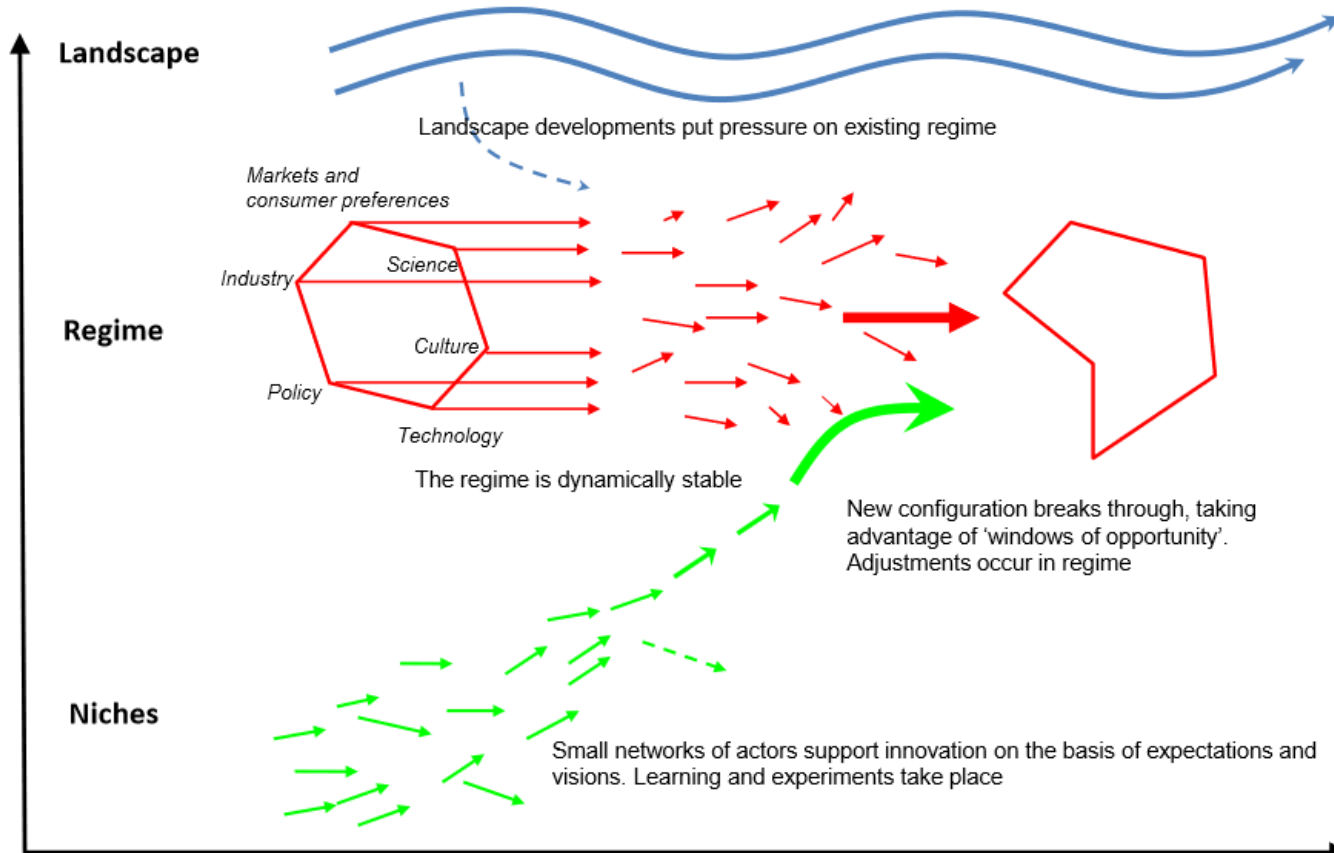


An impressive number of  
policy initiatives across the  
board



European Climate Law to enshrine the 2050 climate-neutrality target into law  Emission Trading System extension  Carbon Border Tax  Energy Taxation Directive review  Industrial and Innovation Strategy with a dedicated SME strategy  Just Transition Fund  European Climate Pact  Strategy for Green Financing  Sustainable Europe Investment Plan (€1 trillion) and turning parts of the EIB into Europe's Climate Bank  Increase the EU target for 2030 to 55% (based on social, economic and environmental Impact Assessments) and lead international negotiations to increase the level of ambition of other major emitters by 2021  Biodiversity Strategy for 2030  "Farm to Fork" Strategy  Cross-cutting strategy to move towards a zero pollution ambition and protect citizens' health  New Circular Economy Action Plan (textiles and construction) and Single Use Plastics Strategy  Highest trade standards of climate, environmental and labour protection  Comprehensive strategies on Africa and the neighbourhood  Conference on the Future of Europe and a European Democracy Action Plan  Refocus the European Semester into an instrument that integrates the SDGs  Action Plan to fully implement the European Pillar of Social Rights

Profound changes are necessary  
So, can we **move whole systems** so that they become sustainable?



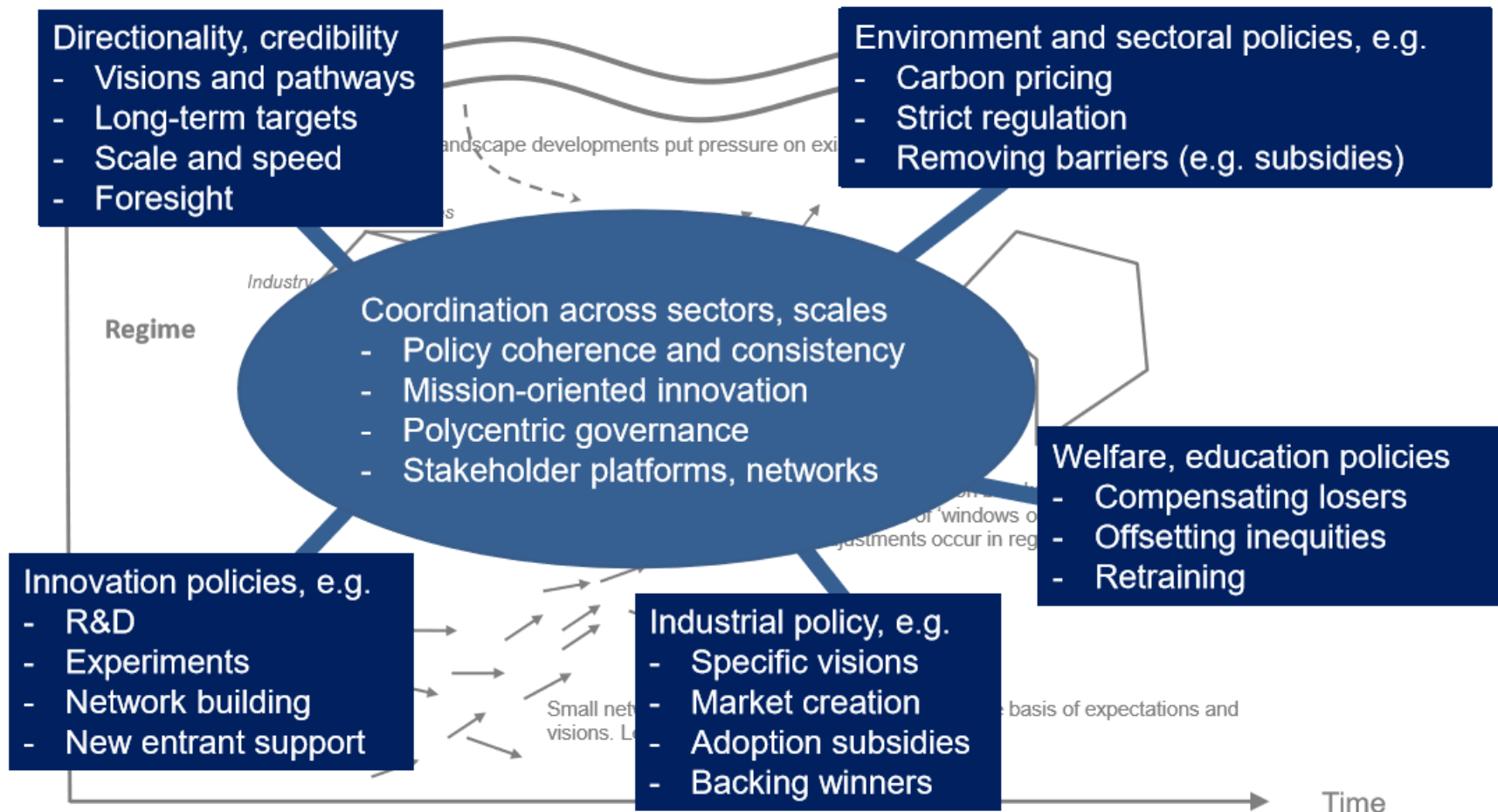
**System  
Innovation  
= New  
System**

**NOT Partial  
System  
Redesign**

**NOT System  
Optimisation**

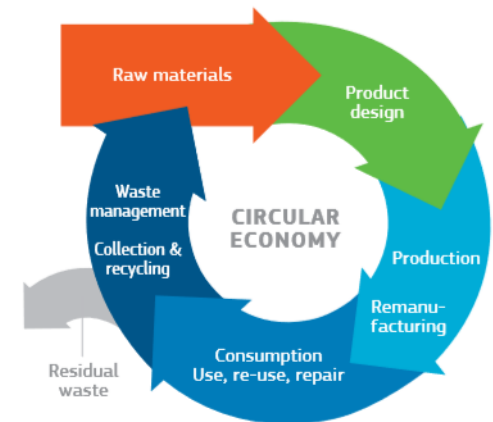
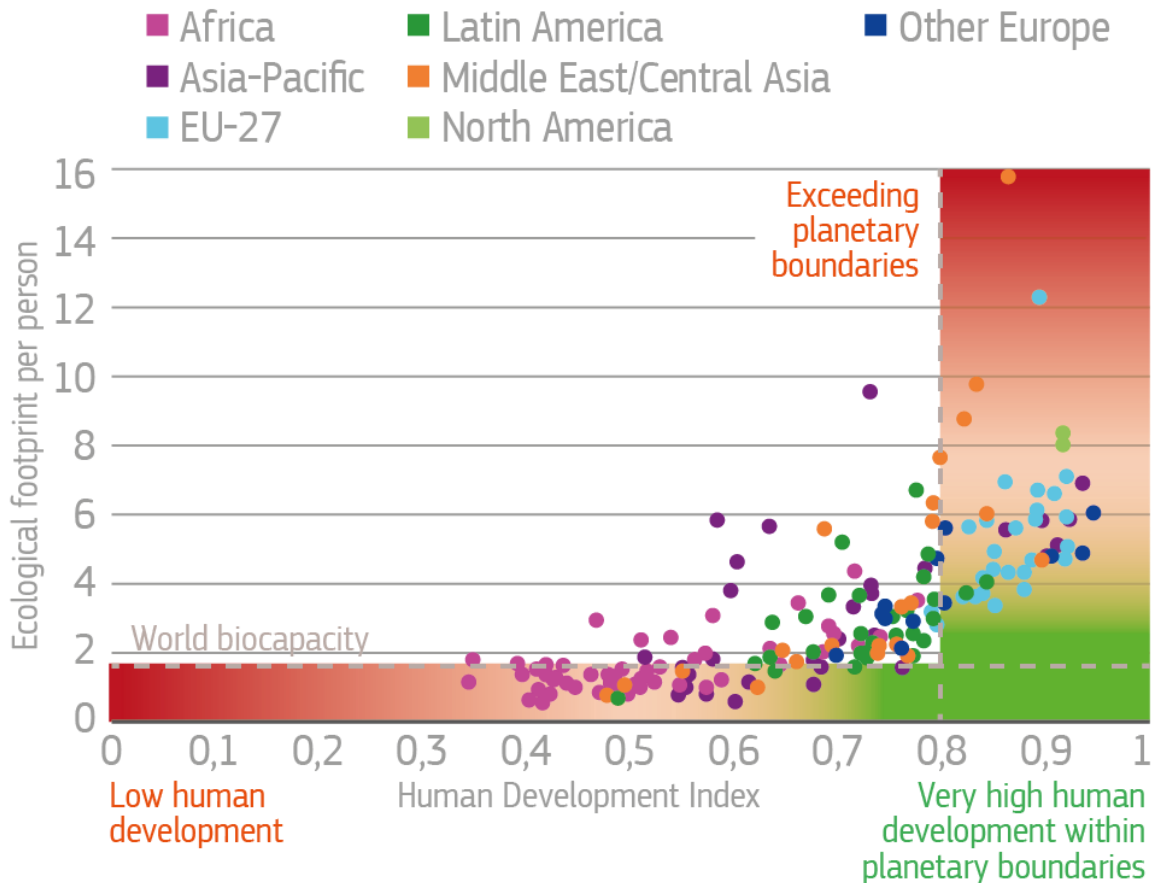


# No silver bullet: a mixture of policy tools will have to be activated jointly



# Requires a new socio-economic model & a redefinition of what is success

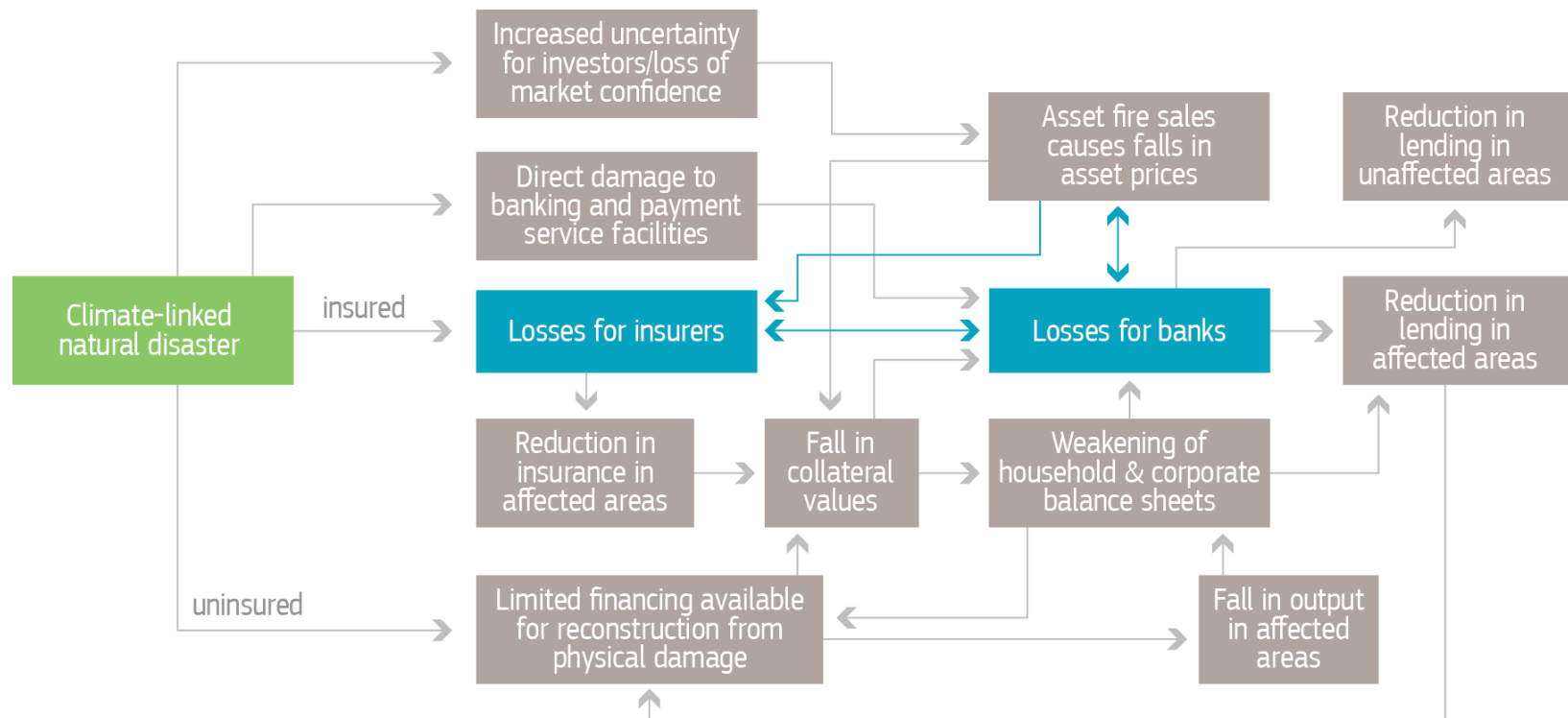
Not a single country has achieved a high human development within planetary boundaries



← How to get there?

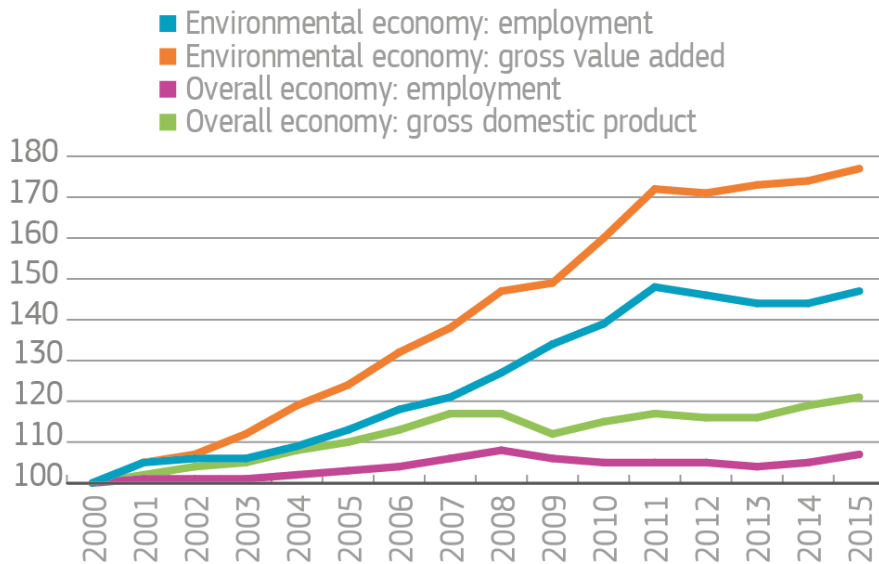
# Sustainability risks are financial risks

## Possible impacts of climate-related natural disasters on the economy



# Opportunities need to be made visible and captured

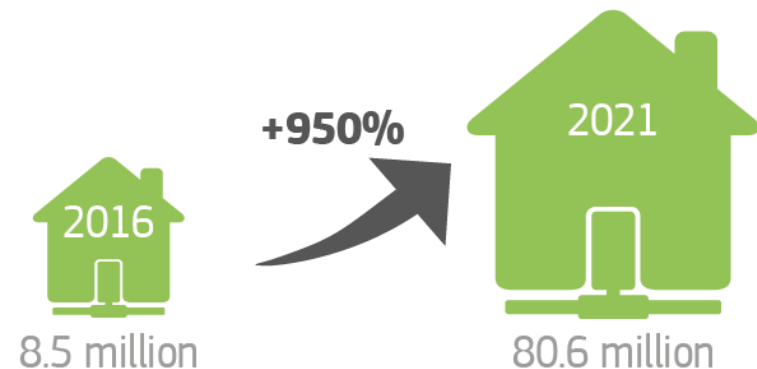
Environmental economy growing faster than overall economy



Source: Eurostat, European Commission

The number of smart homes in the EU is expected to increase tenfold by 2021

## Smart homes\* in the European Union

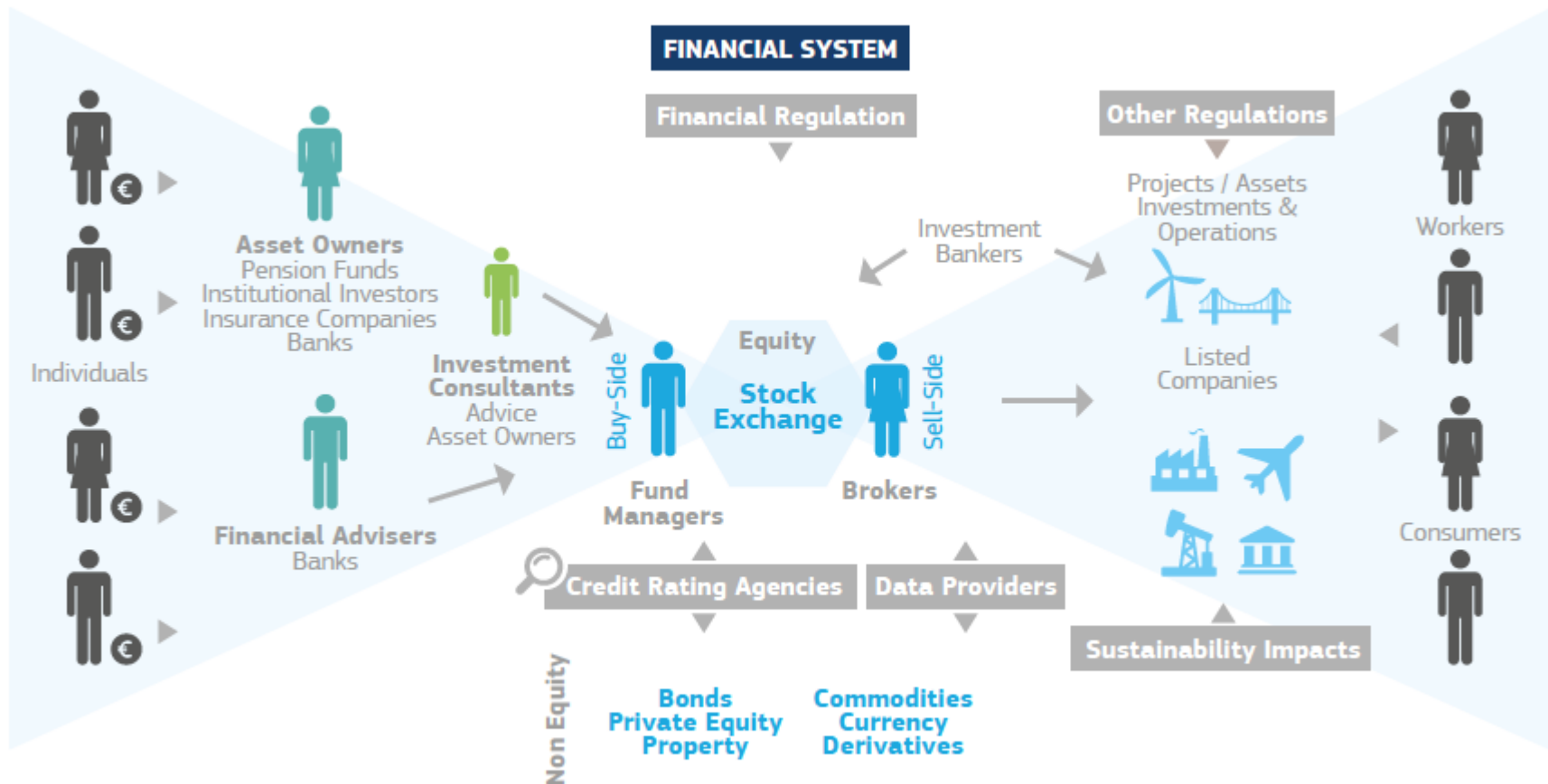


\*Homes which use digitally controlled lighting, heating, ventilation, air conditioning, security, as well as home appliances

Source: European Commission

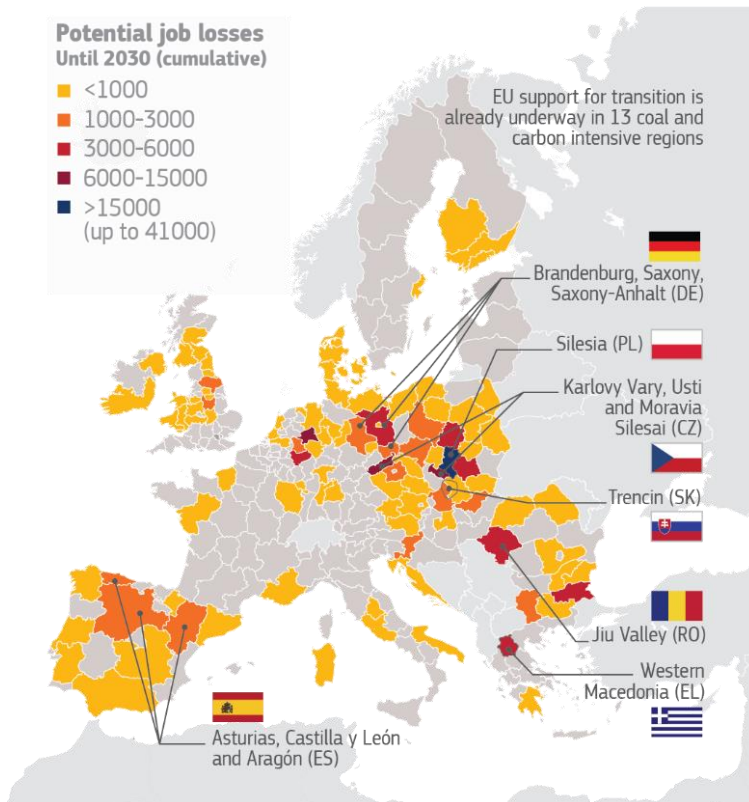


# All actors throughout the finance value chain will have to be on board



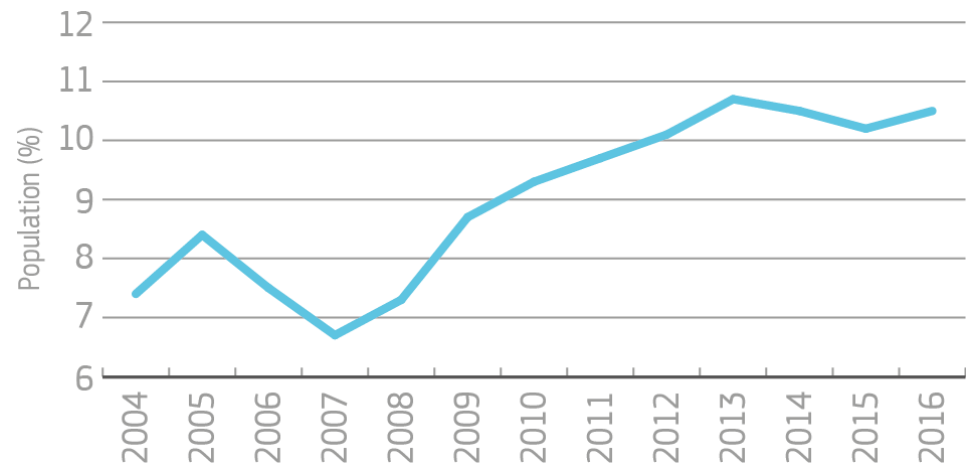
# There is the risk of overlooking the intersections between social & environmental policy, thereby compromising both

EU planning well ahead for the transition in coal regions



Source: European Commission (DG JRC, DG REGIO).

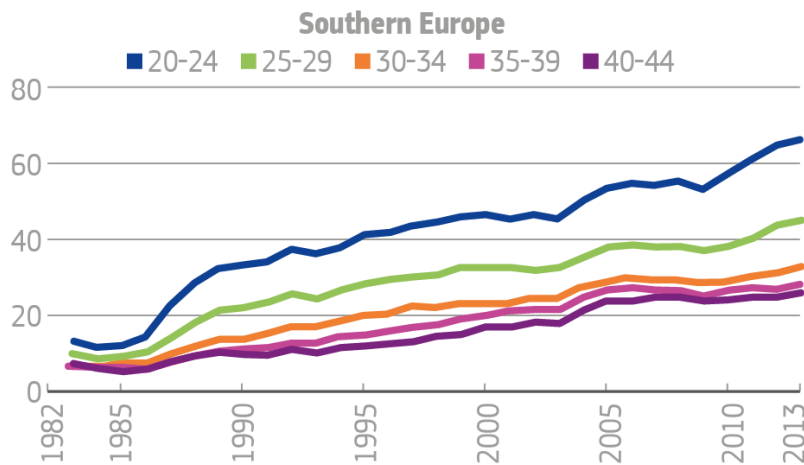
More Europeans unable to pay their utility bills in recent years



Source: Eurostat, Energy poverty indicator

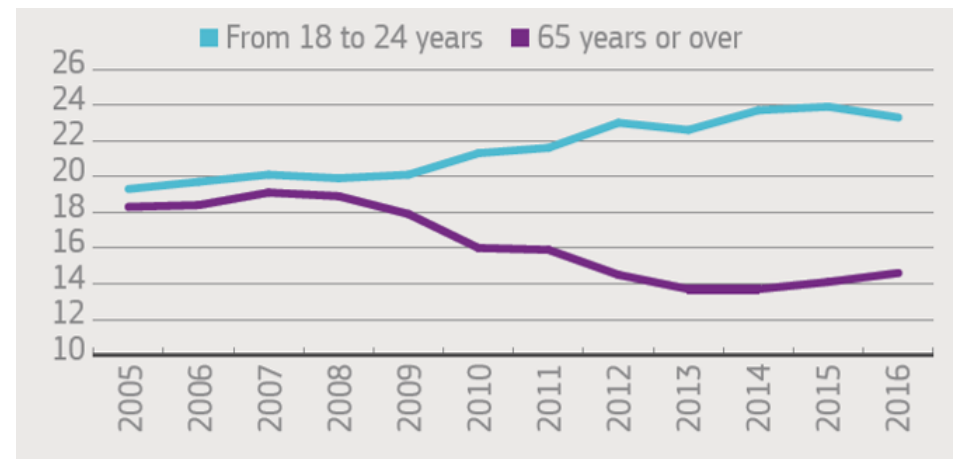
# New forms of employment require a reinvention of the Social Contract

**Intergenerational divide:** the incidence of non-standard employment



Source: World Bank, 2018

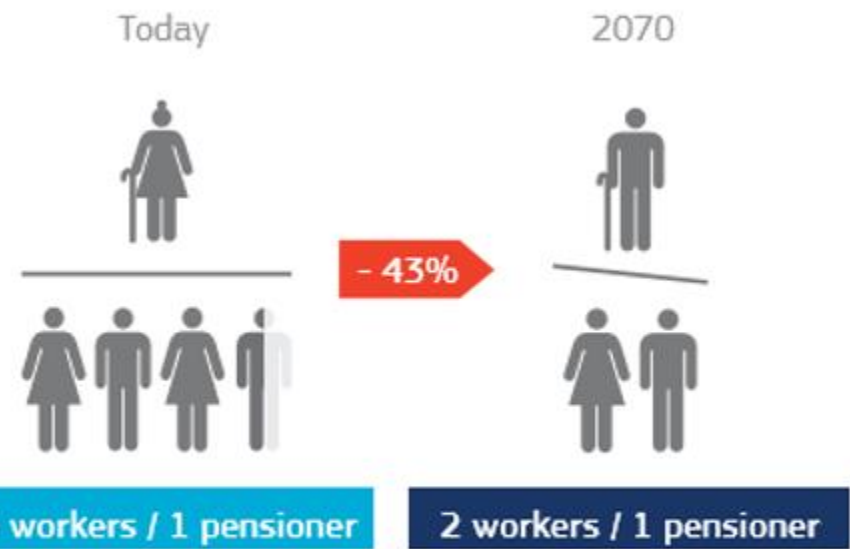
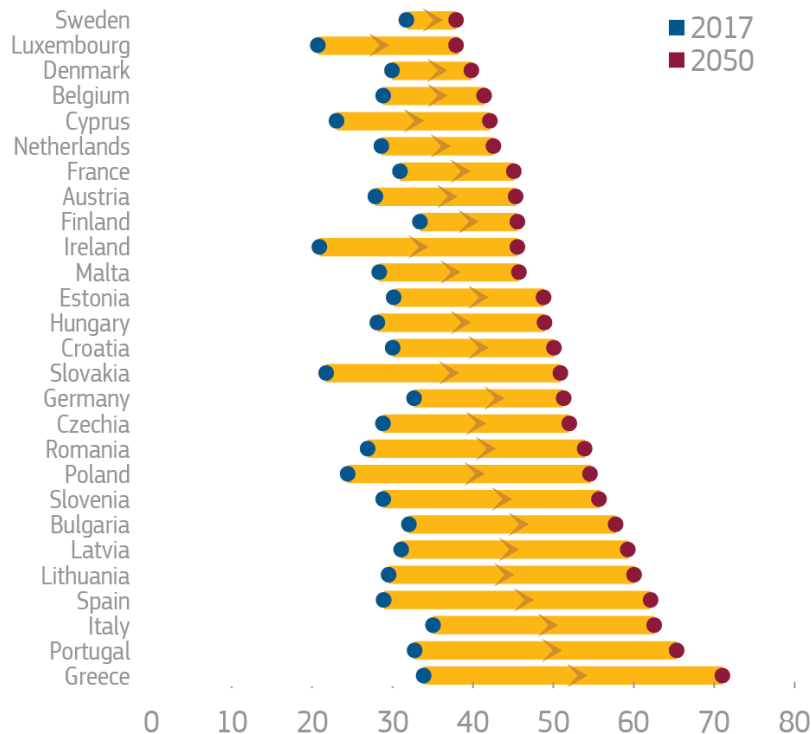
At risk of poverty, percent of total



Source: Eurostat

# Fiscal unsustainability: about demographic ageing and more

The old-age dependency ratio will continue rising across Europe



Note: This chart shows old-age dependency ratios — defined as the number of people aged 65 or over as a percentage of the working-age population (i.e. people aged 15-64).



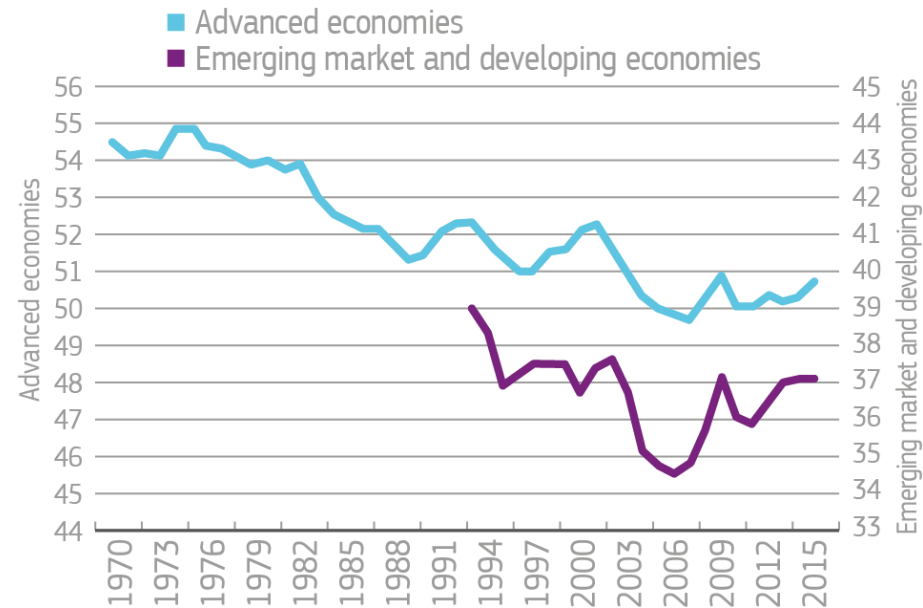
# Sources of revenue are coming under ever greater pressure

Evolution of taxes over time, OECD countries, indexed to 2000



Source: OECD

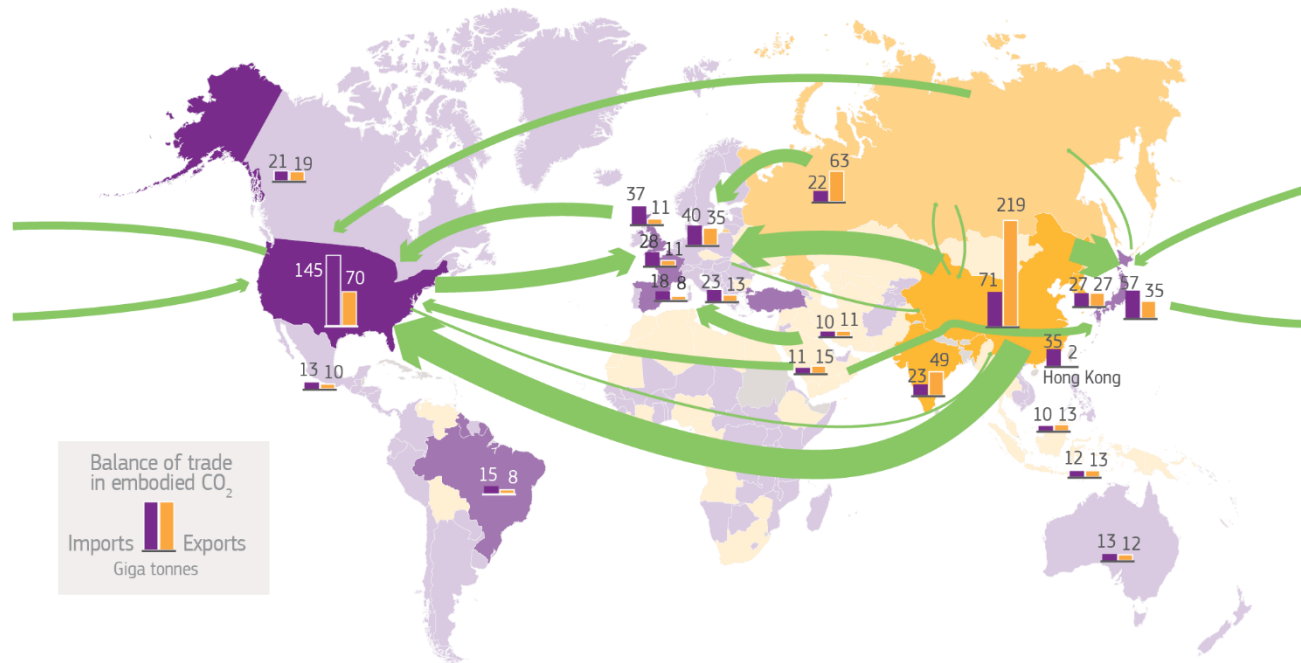
The share of national income paid to workers has been declining in many countries



Source: IMF, 2017

# What about the outsourcing of unsustainable practices?

China and India produce carbon-intensive products for consumption by Americans and Europeans

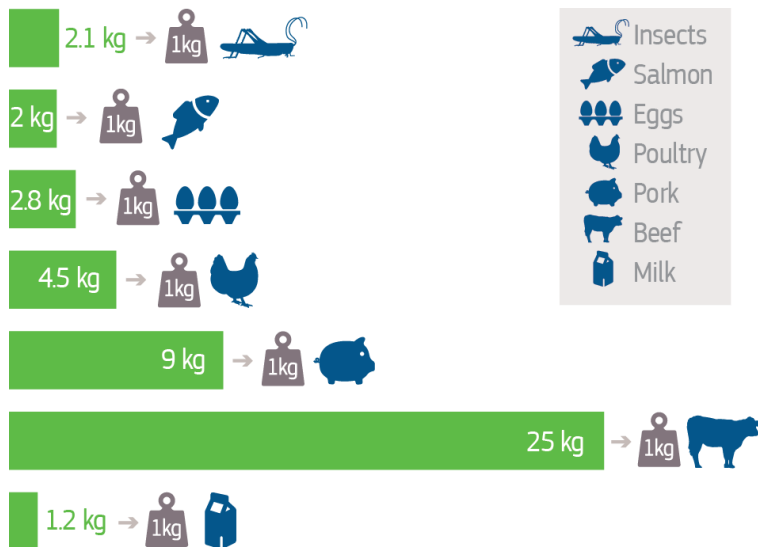


Source: KGM & Associates; Global Efficiency Intelligence, 2018 'The Carbon Loophole in Climate Policy: Quantifying the embodied carbon in trade products'

# 'Others should...': Individual consumption is the elephant in the room

Meat is the most resource-inefficient form of food

Land area needed to produce one unit of protein by food type (in m<sup>2</sup>)



Where one lives also matters

Average carbon emissions per household by selected neighbourhood types (tonnes)

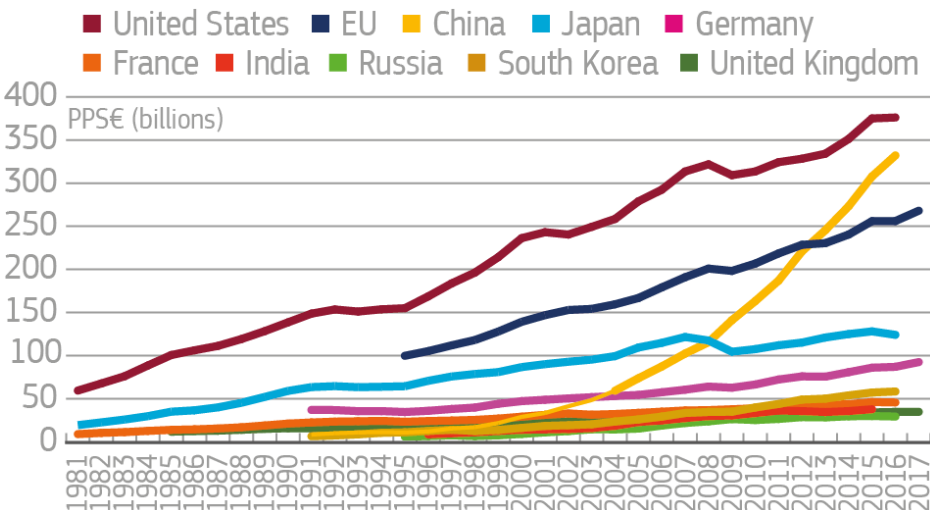


Source: Our World in Data, Clark & Tilman, 2017

Source: Country of Cities

# Innovation may not always lead to sustainable outcomes

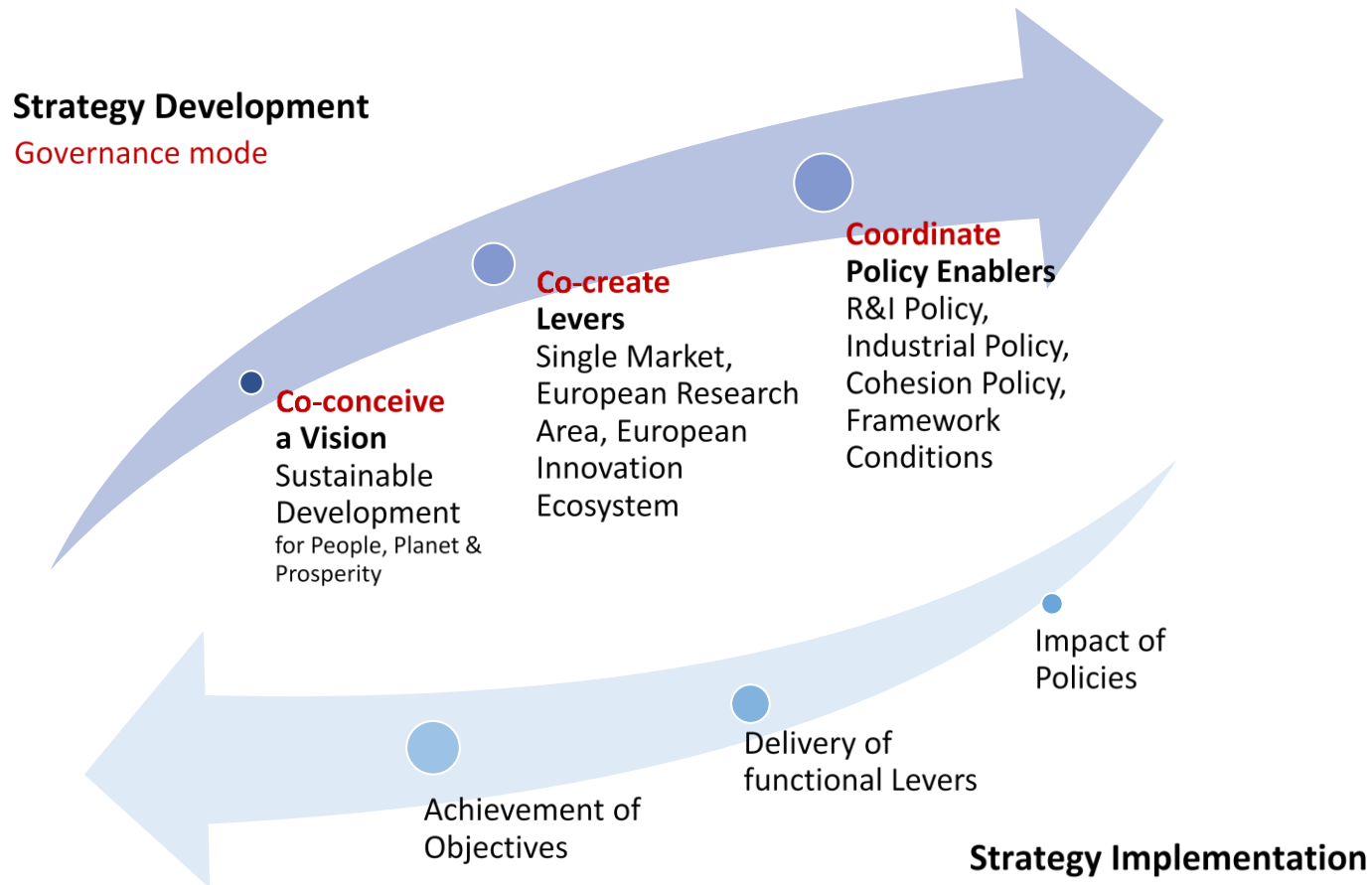
Total R&D expenditure in billions of current purchasing power standards, 1981-2017



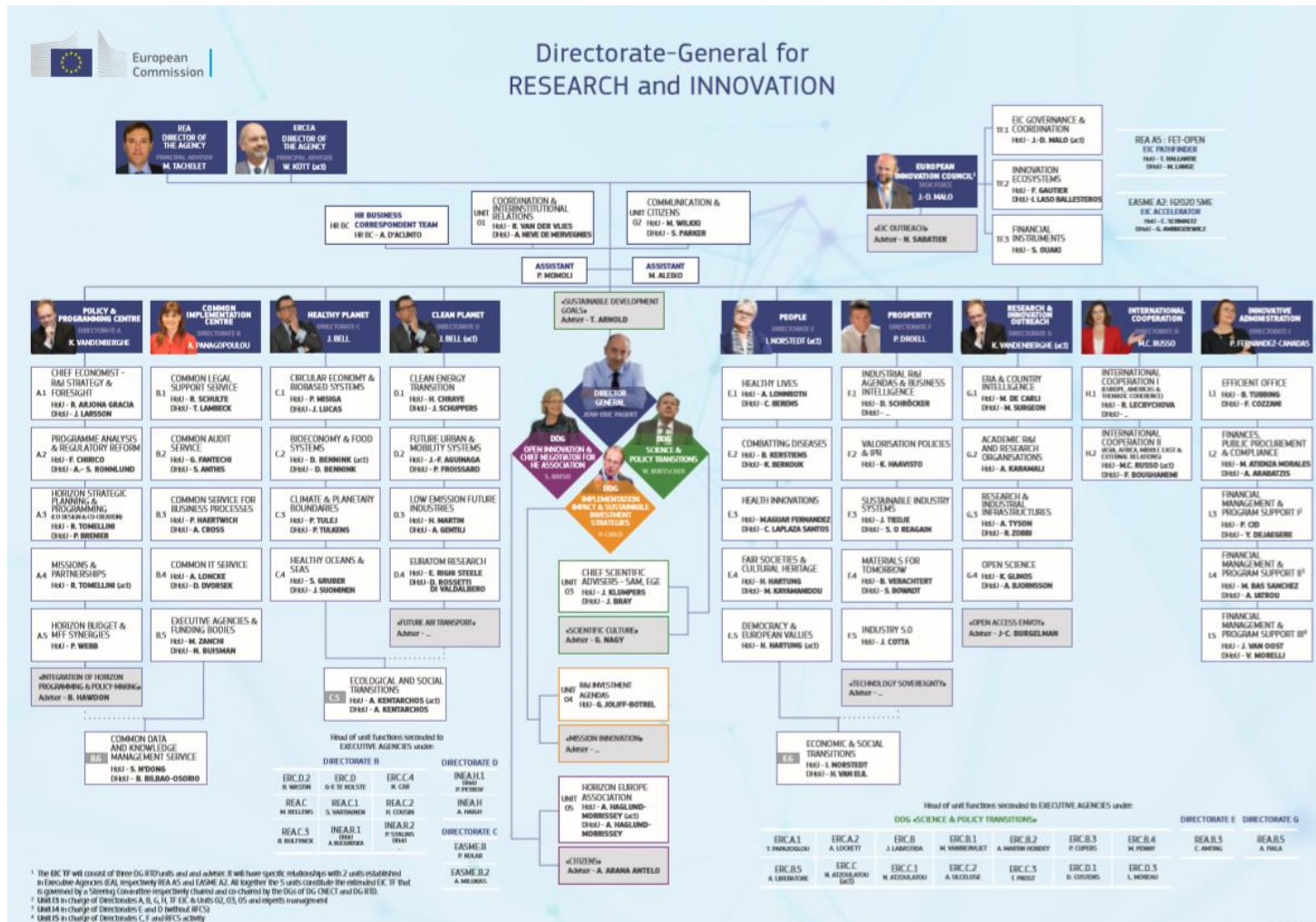
Source: Values extracted by DG Research and Innovation, European Commission, based on data from Eurostat, OECD, UNESCO



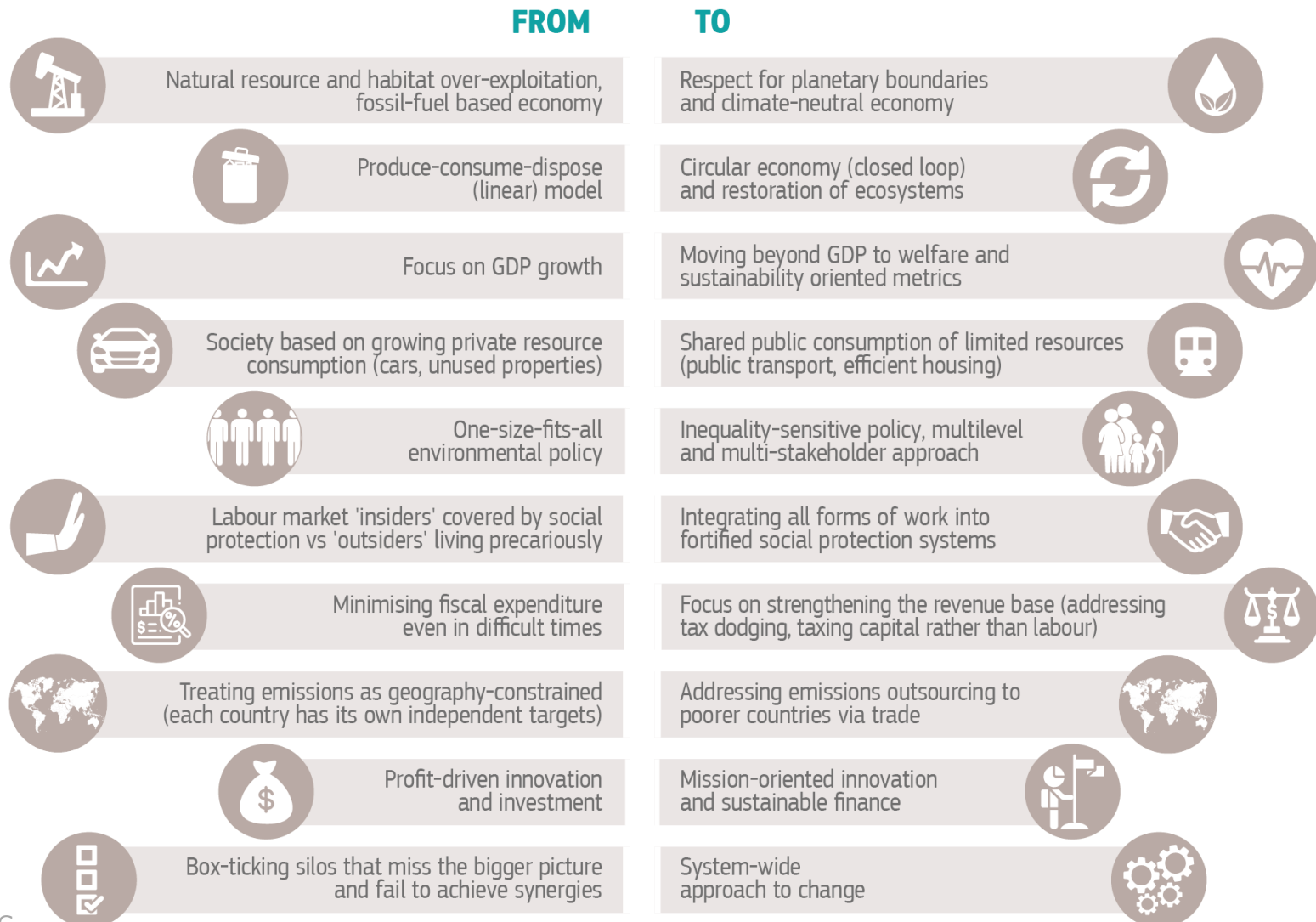
# Overarching strategy: development & implementation



# DG RTD: A structure reflecting all dimensions of sustainable development



# Time for systemic change



**Thank you for  
your attention**

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