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Croatian-Polish cooperation for implementing the European Green Deal

The European Green Deal implementation requires significant investment and a profound economic and social transformation. Poland, Czech Republic, and Hungary consider that the pandemic and its aftermath do not allow time for green ideas and that the economies should recover first. On the other hand, integrating the economic stimulus packages in the European Green Deal could support economic activity, prepare for the recovery, and lead the clean industrial revolution. It is advisable that cooperation between most affected regions, including some Croatian and Polish regions, could facilitate green growth and deep structural change. The Covid-19 pandemic has demonstrated that rapid and radical changes are possible.

The European Green Deal has been designed as the EU's new growth strategy. Its aim is to cut greenhouse gas emissions by at least 50% by 2030 and achieve climate neutrality by 2050. The European Green Deal should enable inclusive transformation and requires at least €1 trillion investment until 2030.

Based on the proposed 2021-2027 multi-annual EU budget and extrapolated by 2030, the EU budget could provide around €503 billion for the European Green Deal. This should trigger national co-financing of approximately €114 billion. To achieve this, additional financing from the member states and private actors is needed.

The range and the scale of necessary funding vary among the regions. A profound economic and social transformation is imperative in regions where jobs depend on fossil fuels (including coal, lignite, peat, and oil shale) or carbon-intensive industrial processes emitting greenhouse-gases. The European Commission preliminary identified such regions in every member state, including two in Croatia (Sisak-Moslavina and Istria county) and six in Poland (Silesia, Wielkopolska, Lower Silesia, Łódzkie, Lubelskie, and Malopolska). A Just Transition Mechanism should provide tailored financial and practical support in transforming the regions with the most significant challenges regarding the transition to a low carbon economy. The Just Transition Mechanism will be available to all member states, focusing on the most affected regions. It will mobilise around €143 billion by 2030 (at least €100 billion of investments throughout 2021-2027) from three sources:

(i) the Just Transition Fund, which will be equipped with fresh funds of €7.5 billion from the EU budget and will come on top of the Commission's 2018 proposal for the long-term budget. The €7.5 billion should be complemented with resources from the cohesion policy funds and from national co-financing (up to a total of €30-50 billion).

(ii) a dedicated just transition scheme provided by the EU budget through the new InvestEU Programme, the European Investment Bank (EIB), and others. InvestEU will dedicate at least 30% of mobilised investments to climate and environment-related projects (about €45 billion of sustainable investments in the regions most affected by the transition challenges).

(iii) Public sector loans (provided by the EIB).

The Just Transition Mechanism will finance projects ranging from the creation of new workplaces, through support to companies, job search and re-skilling assistance for job-seekers who have lost their employment due to the transition, as well as the renovation of buildings and investments in renewable energy, district heating networks, and sustainable transport.

The Green Deal has been set as a priority of the 2021-2027 EU multiannual financial framework. While the negotiations on the long-term EU budget have been quite advanced, the coming German Presidency to the

Council of the EU will be a coronavirus presidency. The Commission plans to adopt a multiannual financial framework proposal to accommodate new measures that reflect the current situation and outlook. While the EU budget will have to reflect on the impact of this crisis and the scale of the challenges lying ahead, the economic recovery (and thus the EU's growth strategy which is the Green New Deal) will play a central role in the new multiannual financial framework.

Prioritising and sequencing measures is challenging. On the one hand, there is the position that it is not the time for green ideas and that the economies and societies should recover first. On the other hand, the current challenges can be regarded as the perfect time to start implementing a third - "clean" - industrial revolution. Full integration of the Covid-19 recovery stimulus packages and the Green New Deal can accelerate the transition and facilitate job creation.

The aggregate amount of member states' discretionary fiscal measures amounted to 3% of the EU's GDP by 10th April. Liquidity support for sectors facing disruptions and companies facing liquidity shortages, consisting of public guarantee schemes and deferred tax payments, exceed 16% of the EU's GDP. The green component of the coronavirus economic stimulus packages should be significantly increased by channelling funds into the shovel-ready Green Deal measures. Investments in energy efficiency and renewable energy are labour-rich and, therefore, they could trigger immediate economic response to the pandemic, focusing the prevention of job losses. Such measures provide opportunities to boost innovation and industrial transition and they could restart Europe by fostering resilience. In the regions where jobs depend on fossil fuels or carbon-intensive industries, a new industrial strategy together with the Just Transition Mechanism, can provide opportunities for economic recovery, green and digital transformation, and increased competitiveness. This requires:

- productive investments in SMEs, including start-ups, leading to economic diversification and reconversion, investments in research and innovation activities, and fostering the transfer of advanced technologies;
- investments in the deployment of technology and infrastructures for affordable clean energy and in greenhouse gas emission reduction;
- investments in enhancing the circular economy;
- upskilling and reskilling of workers.

This is ambitious. Implementation requires cooperation, transfer of knowledge, and solidarity. There is a challenge that regions will compete for EU funds rather than co-operate, which is an understandable reaction. Nonetheless, the Covid-19 pandemic has demonstrated that rapid and radical changes are possible. Thus, the inclusive transformation towards a resource-efficient and competitive economy with zero net emissions of greenhouse gases by 2050 and the decoupling of economic growth from resource use is possible. Interlacing the coronavirus crisis mitigation measures with the European Green Deal could enhance the impact of both.

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