

Going climate neutral

What does it mean for the EU?

Climate change is a priority discussion for the European Council this year. The starting point is the Commission communication 'A clean planet for all', which proposes a climate neutral Europe by 2050. This comes in response to the Intergovernmental Panel on Climate Change's special report on 1.5°C, which forecasts a major escalation in economic, environmental and human losses between 1.5°C and 2°C of global warming. As a result, the EU's ten year old climate target – to reduce emissions by 80% by 2050 – is now insufficient.

Decarbonising our economies will require major changes and will profoundly influence the way we and our children live our lives. But not acting at the scale and speed necessary to avoid the worst effects of climate change will be incomparably more destabilising. New analysis by the Commission's Joint Research Centre warns that by the end of the century Europe could face losses from flooding alone of €1 trillion every single year.¹

Meanwhile, many of the actions needed to deliver a climate neutral Europe are already in motion. The share of renewable energies is increasing. More and more is being done to cut down plastic use and encourage the growth of the circular economy. Starting next year, all new buildings must be 'nearly zero energy' – and EU legislation is already in place for all buildings to be renovated to the same high standard by 2050.²

These and other measures will translate into big improvements in air quality, living standards and – crucially – public understanding and support. The climate transition will only succeed if it is a just transition, with no people nor regions left behind.



Clean air³

Health cost savings of up to **€459 billion** per year



Economic growth⁵

Up to **2%** increase in GDP with climate neutral EU



Energy security⁴

Up to **€3 trillion** savings in the fossil fuel import bill between now and 2050



Boosting private investment⁷

Investors worth **€22 trillion** are committed to mobilising capital to deliver a climate neutral Europe



Ending energy poverty⁶

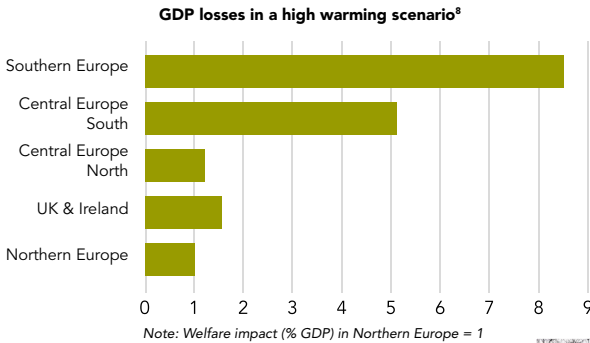
Energy-efficient homes will become the norm in a climate neutral EU, improving the lives of **tens of millions** of Europeans



References:

- ¹ European Commission: 2050 Long Term Strategy. See table p280 of the Staff Working Document.
- ² The revised Energy Performance of Buildings Directive (2018) requires each Member State to 'establish long term renovation strategies [to transform] existing buildings into nearly zero-energy buildings'.
- ³ See table 21 p275 of the Staff Working Document accompanying the Long Term Strategy.
- ⁴ Same source. See p215.
- ⁵ Also from the Commission's Long Term Strategy. See p21 of the 'Clean Planet for All' communication.
- ⁶ 'Energy-efficient homes will become the norm in a climate neutral EU' is from a tweet by Commissioner Arias Cañete on 27/11/18: https://twitter.com/mac_europa/status/1067306911060713472?s=21. About 50 million Europeans currently cannot afford to adequately heat or cool their homes. But as noted above, Member States must develop strategies to renovate all existing buildings to nearly zero-energy standard. Over the next decades this will cut energy costs and dramatically improve living standards.
- ⁷ See statement on 28/11/18 by the Institutional Investors Group on Climate Change, representing over 160 investors and €22 trillion of assets: <https://twitter.com/iigccnews/status/1067754216645632002?s=21>
- ⁸ 'Climate impacts in Europe'. Final report of the JRC PESETA III project, 2018.
- ⁹ 'Large potential reduction in economic damages under UN mitigation targets', Nature journal, 2018.

The impacts of >3°C warming



Going climate neutral – points to note:

- The IPCC special report on 1.5°C makes clear that the 'damage jump' between 1.5°C and 2°C is much bigger than previously thought.
- Keeping global warming to a 1.5°C rather than a 2°C rise will save an estimated €17 trillion in world GDP, according to research by Stanford University.⁹
- Change will happen fast because the adoption of a climate neutral strategy will immediately impact business investment and technology choices.
- Europe will import less and less energy. This will protect consumers and businesses from volatile fuel prices and re-calibrate relations with countries such as Russia and Saudi Arabia.
- A climate-neutral approach implies deeper practical co-operation with neighbours in Africa and the Near East to mitigate climate change and improve living conditions.

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