



DG ENVIRONMENT

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Environment, Oceans and Fisheries

**Video conference with members of American Chamber of
Commerce in Lithuania
(09/10/2020)**

BRIEFING NOTE

Scene setter / Context:

You will have a video conference with members of American Chamber of Commerce in Lithuania. They have requested you to deliver a speech on this topic: „Challenges and opportunities emerging from EU environmental initiatives”.

Following your speech you will participate in a discussion, the organisers have already sent in some questions.



Key points

- The Coronavirus pandemic shows we need new ways to look after the Earth and each other.
- Implementing the European Green Deal remains as essential as ever.
- This includes raising climate ambition for 2030, achieving climate neutrality by 2050, and enhancing the protection of biodiversity.
- The recovery should promote investments with a double benefit: leading us out of the crisis, and setting us on a long-term path to sustainable development.
- Promote the opportunities brought by the EU's environmental initiatives for businesses in Lithuania.

Speaking points

Good morning everybody, and thank for you this invitation.

I hope all is well back in the country I know best. Not much sunshine in Brussels today, and we are all wearing masks, most of the time. But I want my message to be very clear, so I've taken mine off.

We do need clarity in this difficult situation.

The pandemic has changed many things. Its impact on our health, our society and our economy will be profound. We need to address all of these issues, and some of them are extremely urgent.

But we can't let the urgency obscure the long-term picture.

This crisis is also an opportunity to lay the ground for a new normal. A chance to build back better, creating changes that last. This is the moment to strive for a new approach, built around resilience and sustainability, a chance to repair our economies with the next generation in mind.

Covid has reminded us of the importance of coordination and solidarity, and shown us the value of acting together. Those are the values we need to keep.

(Pause)

As soon as this Commission entered office, it adopted the European Green Deal. In retrospect, that was a huge stroke of luck, because it gave us many of the things we really need today. The Green Deal a ready-made sustainable strategy for growth, and if we implement it in full, it will speed the EU recovery faster than anything else.

It's really built around the idea of green investment.

Green investments create jobs, and they bring returns that are more sustainable in the long term. They don't have negative side effects that weigh down public finances. When you invest in clean energy and clean emissions, the long-term cost of healthcare falls, due to avoided diseases. So it is a win-win. That's the reason for the Green Oath – the idea that investments should do no harm.

It's a promise that that we need to take seriously. Sometimes it really does mean a new approach, putting a stop to subsidies that harm the environment, for instance. And it depends on reliable information. That's why the Commission is working on a classification system for sustainable activities. We call it the sustainable finance taxonomy, and it should help guide investments to ensure they are in line with our long-term ambitions.

There are limits to what policymakers can do, but it's worth bearing in mind that most environment policies are actually very popular. Studies show that most Europeans feel that their government – and the EU – aren't doing enough to protect the environment, so we shouldn't be timid about proposing more. When I see the Commission revising its efforts upwards, and

proposing to cut emissions by 55 percent by 2030, I think it's a very good idea, and a majority of citizens will agree.

It's important to remember that we all share the same environment, and we all depend on it as well. When EU ministers adopt legislation to promote recycling, they aren't just doing it to help waste operators. They benefit, but so does everyone else.

Similarly, when we step up efforts to protect nature, the benefits echo through society. The forest cleans our air, it protects us from flooding, it means jobs and recreation for all, and so on. Environment policies don't target a particular community – they help the community as a whole.

That's the thinking behind the Green Deal. It's not a list of new regulations to make your life more difficult. It's a recognition of the integral connections between protecting the natural resources we depend on, and moving the entire European economy towards a more stable footing.

And, as I said at the start, it's strategy for growth. If we implement it in full, it will speed the EU recovery faster than anything else.

(Pause)

One of the core elements of the European Green Deal is the circular economy. We live in a world of finite resources. Competition for those resources is constantly growing. And for many of them, Europe depends on international partners.

It makes good sense to keep resources in the economy for as long as possible. If we minimize waste, we get multiple wins. We deliver a more healthy environment, we secure business autonomy, and we make society more resilient.

The profits and jobs resulting from modern waste management are not just for waste management companies. They are part of much broader value chain, including, for example, SMEs that develop new products with secondary materials.

A circular economy is all about keeping value in the economy. People often think that it's a policy choice, that national or European policy makers have decided to push things in a different direction. In fact, it's a response to what's happening all around us – the global competition for resources. It's inevitable, and our policy is to try to ensure a smoother process of change. If we encourage the right investments, if we create the right framework conditions, then we help companies avoid the traps and reap the maximum benefits.

That's why, earlier on this year, the Commission proposed a new Circular Economy Action Plan. And also it's why, in the coming months, you can expect new strategies for value chains with a high potential for circularity. This is our new sustainable product policy framework, and it targets seven areas where we think there is most to gain.

Those areas are textiles, buildings, batteries, electronics, food waste, plastics, and packaging.

What we are offering are effective strategies for sustainability – a chance for business to emerge stronger from the crisis, more resilient, and better equipped for future shocks.

(Pause)

We still have a long way to go. Europe's circular economy is in its infancy, with only 12% of secondary materials and resources being brought back into the economy.

Inefficient product design, wasteful use and inadequate waste management mean that Europe is still losing around 600 million tons of waste materials every year.

I am very happy to see that there has been great progress in Lithuania in the past few years. I'm thinking of infrastructure reform and improved waste management practices, and a very successful deposit refund system for beverage packaging that delivered beyond expectations.

But it's time to build on that start. Time to move forward with the circular economy. Time for Lithuania to draft and implement an overarching national strategy on circular economy, for all businesses to reduce resource use and improve waste management in their own operations, and to make full use of the business opportunities linked to the transition to a circular economy.

As we start to recover from the crisis, it's time for businesses in Lithuania and all over Europe to make the most of these opportunities.

And for that, you can count on my support.

Thank you.

Questions from organisers

Q1 - We will ask you to briefly present the main issues in the EU environmental field that will inevitably affect business in Lithuania

- This Commission has already adopted or is preparing, amongst other actions, strategies to address biodiversity loss (the **Biodiversity Strategy**, the **Farm to Fork Strategy**), resources depletion (the **Circular Economy Action Plan**,) or pollution under the Zero Pollution Ambition and its forthcoming **Zero Pollution Action Plan**.
- All this implies a radical and urgent change in our production and consumption patterns and in our economy and our behaviours – and lifestyles.
- At the same time, the Commission is aware that such radical change will bring winners and losers. This is why it has proposed a **Just Transition Fund**, within the **Sustainable Investment Plan/European Green Deal Investment Plan**, to ensure the green transition happens in a socially fair way.
- The **Next Generation EU Fund**, which will power EU's economic recovery after COVID, is based on the European Green Deal priorities.
- And we cannot forget the “traditional” EU Funds, like **Horizon Europe**, which will focus more than ever on sustainability. The Commission has launched a few days ago the **Horizon 2020's Green Deal Call**, which 11 large topics on areas like climate, clean energy, circular economy, biodiversity, mobility, zero pollution or empowering citizens, amongst others.
- The forthcoming **Renovation Wave** will help to make our buildings more energy and materials efficient. The impact assessed plan on the new 2030 climate targets shows that there is a huge potential on renovation and retrofitting of buildings. The EU will provide support to do so.
- Of particular importance is the “**Green oath to do no harm**” established in the European Green Deal, which will guide EU's funds and investments.
- This necessary transition is both a huge challenge and an opportunity. It requires solutions to be developed together so that everyone can do their part, and no one is left behind.

Q2 - We will address the issues of the Disposable Plastic Products Directive. At this stage, this may be more relevant to the implementation of the Directive, but insights at EU level into proportionate ways and means of implementing it would be useful.

- **Emphasise** that the SUP Directive is a key instrument for addressing marine litter in the EU. It aims to tackle the unsustainable use of plastic and its negative impact on the environment and human health.
- **Re-iterate** that the Commission continues to follow an ambitious approach in implementing the SUP Directive, so that it truly delivers on its objective of reducing marine litter from plastic products.
- **Highlight** that the measures that Member States take to transpose and implement the SUP Directive shall comply with Union food law to ensure that food hygiene and food safety are not compromised. However, Member States shall also encourage the use of sustainable alternatives to single-use plastic where possible for materials intended to come into contact with food.
- **Recognise** that there are delays in the adoption of the implementing measures under the SUP Directive. The topics of the implementing measures are very complex and consultations during covid-19 also impact the efficiency of the processes. Extensive consultations of stakeholders started in 2019, including surveys, workshops and webinars. Almost monthly meetings with MS in the waste (SUP) Expert Group and Technical Adaptation Committee have started in February 2020 and are continuing. The last meeting of the waste (SUP) Technical Adaptation Committee has taken place on October 1.
- **Confirm** that the Commission is committed to deliver the implementing acts in the shortest time possible in the coming months following thorough discussions with Member States.

Q3 - We hear industry concerns from other EU members about the implementation of the Waste Framework Directive (WFD). In particular, the European Chemicals Agency (ECHA) needs to set up a database (SCIP) for which manufacturers / suppliers will be required from 2021 onwards. January 5 provide information on articles containing substances of very high concern (SVHC) on the Candidate List (under REACH). In the database, ECHA will provide information on companies that manufacture, import or supply articles containing Candidate List substances. A number of European industry

sectors are particularly concerned about the requirements of the ECHA database (especially the volume of data), the administrative burden of implementation and the expected deadline of 5 January next year. implementation deadline. It would be good to hear the comment at the EU level, as it will also affect LT business

- The revised Waste Framework Directive 2008/98/EC (WFD) provided a role for the European Chemicals Agency (ECHA) to establish and maintain a database with information on substances of very high concern (SVHC) in materials and products, and give access to waste operators, and consumers, upon request. The database will start to be populated with information originating from suppliers of articles as from 5 January 2021.
- To protect citizens and the environment we need to promote the removal of substances of very high concern (SVHC) from recycled material as well as to prevent the generation of waste containing these substances.
- The SCIP database is instrumental as a **first step in implementing traceability requirements** for substances of very high concern in products - it will bridge the current gap in the information flow to support waste operators, allowing improved and safer reuse and recycling, for the benefit of circular economy and to achieve a toxic-free environment.
- It is a **first milestone** in the development of digital product passports and other tracking initiatives that are committed to in the new Circular Economy Action Plan.
- It will also **encourage innovation for the development of safe and sustainable alternatives**, increasing global competitiveness.
- ECHA has been working intensely, in collaboration with the Commission, Member States, and all stakeholders, to fulfil the obligation to develop functional database in compliance with the legal mandate. In an effort to **reduce the burden upon industry**, while ensuring compliance with the legal mandate and ensuring the proper functioning of the database, ECHA has provided various tools and options for simplified reporting for companies to carry out their obligation.
- On 25 September ECHA announced that in late October 2020 the SCIP database will be formally opened up for submitting notifications to comply with the legal obligation, well in advance of the entry into application date of 5 January 2021.
- **The responsibility for fulfilling the obligation of providing information to ECHA lies with the EU suppliers.** Companies outside of the EU are not subject to this obligation.

However importers of articles in the EU, need to turn to their non-EU suppliers of articles and request information that they need to fulfil their regulatory obligations.

- Certain information should already be communicated to EU suppliers for them to fulfil their obligation under Article 33(1) of REACH Regulation. We encourage non-EU supplier of articles, to liaise and support their EU customers by providing them with the information about the presence of SVHC in the material and products being supplied.

Q4 - New EU initiatives also bring new opportunities for business. There are very interesting opportunities for hydrogen as a means for the industry to green its production. It would be interesting to hear about funding and cooperation opportunities for Lithuanian business in EU formats.

- There is a potential of onshore and offshore wind in the Baltic region represents an asset for the production of renewable hydrogen. Hydrogen production can play a role in integrating the various renewable energy sources but it also represents an alternative to decarbonise the gas supply. Besides, using hydrogen as a flexibility means can help to create demand response solutions, develop the energy storage to improve the security of supply, and avoid being dependent on third countries.
- The Commission has adopted a Hydrogen Strategy. Hydrogen offers a solution to decarbonise industrial processes and economic sectors where reducing carbon emissions is both urgent and hard to achieve. It is also a solution for energy storage, especially when there are surpluses of renewable energy.
- However, the development of a hydrogen economy has still constraints, but the rapid cost decline of renewable energy, technological developments and the urgency to drastically reduce greenhouse emissions, are opening up new possibilities. Investments in the sector are growing worldwide
- The Hydrogen Strategy prioritises “green” or “renewable” hydrogen, i.e. based on renewable energy, especially from solar and wind. Today, hydrogen represents a modest fraction of the global and EU energy mix, and is still largely produced from fossil fuels, notably from natural gas or from coal, resulting in the release of 70 to 100 million tonnes CO₂ annually in the EU.
- In the short and medium term, however, other forms of low-carbon hydrogen (fossil-based hydrogen with carbon capture and electricity-based hydrogen, with significantly reduced full life-cycle greenhouse gas emissions compared to existing hydrogen production) are

needed, primarily to rapidly reduce emissions from existing hydrogen production and support the parallel and future uptake of renewable hydrogen.

- The issue to develop renewable hydrogen is technological and economic. Electrolysers are not efficient enough, and therefore we need massive quantities of renewable energy to produce green hydrogen. This makes the cost too high and not competitive with other solutions. In addition, its transport is also problematic and the use of existing gas pipelines hardly possible without retrofitting.
- The Hydrogen Strategy explains that we need massive investment: From now to 2030, investments in electrolysers could range between €24 and €42 billion. In addition, over the same period, €220-340 billion would be required to scale up and directly connect 80-120 GW of solar and wind energy production capacity to the electrolysers to provide the necessary electricity. Investments in retrofitting half of the existing plants with carbon capture and storage are estimated at around €11 billion.
- We expect that the European Clean Hydrogen Alliance, announced in the Commission's New Industrial Strategy, will play a crucial role in facilitating and implementing the actions of this Strategy and supporting investments to scale up production and demand for renewable and low-carbon hydrogen. The Commission will support investments following the recommendations identified in a report by the Strategic Forum for Important Projects of Common European Interest (IPCEI) to promote well-coordinated or joint investments and actions across several Member States aimed at supporting a hydrogen supply chain. Different instruments, such as Next Generation EU, InvestEU, the European Regional Development Fund and the Cohesion Fund, Horizon 2020 or the Innovation Fund, will catalyse such investments.
- The Baltic region has the potential to create a market area for hydrogen while improving the hydrogen value chain and create synergies in various sectors.
- On the industrial side, hydrogen represents an opportunity to decarbonise the chemical industry, especially in Lithuania, where hydrogen is currently used in significant quantity for the production of ammonia.
- Renewable hydrogen is also foreseen to have different end-uses in the transport sector for the Baltic region. It is currently being used as a means to decarbonise heavy road transport and public transport. In that sense, the EU-supported H2Nodes project provided to Riga Satiksme 10 hybrid trolleybuses, which are driven by batteries that are dynamically

recharged by a hydrogen fuel cell range-extender. Hydrogen is also foreseen as a means to reduce emissions in the maritime sector by using it directly as a fuel.

- The Baltic region has been a breeding ground for the development of innovative projects such as the HyTrEc project which settles a unified hydrogen strategy for the North Baltic Region. This project has brought together representatives from industry, academia, government, funding bodies, and SMEs to support the collaborative development of strategic hydrogen initiatives. In this role, it informed and shaped the development of infrastructure, technology, skills, and financial instruments needed to implement hydrogen-based technologies across the North Sea Region. This project will support the EU's efforts to build a more competitive low carbon economy and helps the EU meet its targets for sustainable growth by moving towards 20 % increase in energy efficiency.

Q5 - Would be interested in a brief comment on EC President Ursula von der Leyen's annual report on the situation in the EU and the priorities for action, and the EC's formal presentation of the 2030 Roadmap. To reduce greenhouse gas (CO2) emissions in the EU by at least 55% compared to 1990 levels. level. How are the effects on the competitiveness of industrial enterprises (additional costs for enterprises), technological opportunities, and what new business opportunities are created assessed in the context of this transformation.

- Under the Green Deal, the Commission has already adopted a proposal for a Climate Law to enshrine in legislation that the EU will become **climate neutral by 2050**.
- Recently, we have also presented the announced impact assessed plan to **increase our climate ambitions by 2030 to at least 55% GHG emissions reduction compared with 1990**, instead of 40% now.
- The plan shows that this ambition will bring more benefits than costs, economically, socially and environmentally. The impact assessed plan also shows the technologies and approaches we need.
- To reach carbon neutrality and the 2030 climate targets, all sectors have to decarbonise. We need electrification based on non-combustion renewables, we need more energy and resource efficiency (for example, in our buildings), we need more circular economy, we need to develop a green hydrogen economy, we need to better integrate our energy systems, we need more research and innovation on clean technologies, we need to make our lifestyles more sustainable... Even so, there are sectors that are “hard to abate”, either

for technological reasons (aviation, marine) or because the own processes emit GHG (cement, steel, agriculture).

- To reach climate neutrality, we therefore need to capture carbon, either through technologies (carbon capture, storage and use technologies) or through ecosystems (natural carbon sinks)
- Nowadays, carbon capture technologies are not ready to be deployed at large scale, and photosynthesis remains our best ally. For this, we need to protect and restore our ecosystems, including through reforestation and afforestation that respects ecological principles: climate and biodiversity action must go hand in hand. Scaling up and stepping up the implementation of **nature-based solutions** delivering multiple benefits is key in addition to technological and societal solutions.
- But our ecosystems are also under threat, with increasing degradation. The 2030 climate target plan shows that, indeed, carbon sinks under the Land Use, Land Use Change and Forestry Regulation are decreasing these last years.
- The new 2030 climate targets imply that relevant legislation, such as the European Emission Trading System (ETS), the Effort Sharing Regulation (ESR), the Land Use, Land Use Change and Forestry Regulation (LULUCF), the Energy Efficiency Directive or the Renewable Energy Directive will be revised. To reach its objectives, the EU needs a policy framework adapted to its ambition.
- However, the European Green Deal is not only about climate change. It aims at tackling in a consistent and systemic manner the different environmental crisis. This is the Commission has already adopted or is preparing, amongst other actions, strategies to address biodiversity loss (the **Biodiversity Strategy**, the **Farm to Fork Strategy**), resources depletion (the **Circular Economy Action Plan**,) or pollution under the Zero Pollution Ambition and its forthcoming **Zero Pollution Action Plan**.
- All this implies a radical and urgent change in our production and consumption patterns and in our economy and our behaviours – and lifestyles.
- At the same time, the Commission is aware that such radical change will bring winners and losers. This is why it has proposed a **Just Transition Fund**, within the **Sustainable Investment Plan/European Green Deal Investment Plan**, to ensure the green transition happens in a socially fair way.
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- And we cannot forget the “traditional” EU Funds, like **Horizon Europe**, which will focus more than ever on sustainability. The Commission has launched a few days ago the **Horizon 2020’s Green Deal Call**, which 11 large topics on areas like climate, clean energy, circular economy, biodiversity, mobility, zero pollution or empowering citizens, amongst others.
- The forthcoming **Renovation Wave** will help to make our buildings more energy and materials efficient. The impact assessed plan on the new 2030 climate targets shows that there is a huge potential on renovation and retrofitting of buildings. The EU will provide support to do so.
- Of particular importance is the “**Green oath to do no harm**” established in the European Green Deal, which will guide EU’s funds and investments.
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Defensives

SUP Directive Implementation:

If approached regarding the **delays in the adoption of COM Guidelines and Implementing Acts** foreseen in the SUP Directive by July 2020, **emphasize** that the **timing was very challenging** from the start, that the **COM made a related declaration** at the adoption of the SUP Directive and that the consultation process with stakeholders and Member States was **less efficient and effective due to covid-19**.

Question: Would the Commission consider delaying implementation of the SUP Directive in view of the current health and economic crisis due to Covid-19? Delays are possible due to the fact that there will be a delay in adopting the necessary implementing measures.

Answer: MS have until 3 July 2021 to transpose and implement the measures. The bans, which apply to certain SUP items, are to be applied from July 2021. This should still give enough time to MS to ensure sustainable alternatives to the banned SUP products are available. COM cannot delay the transposition/implementation deadlines, which are adopted by co-legislators. COM will do its utmost to prepare the Implementing Acts and Guidelines as soon as possible. However, the timelines given in the SUP Directive were very challenging from the start (the COM issues a related Declaration at the adoption of the SUPD) and some delays occurred during consultation processes.

Question: When implementing the SUP Directive, will the Commission observe aspects of proportionality to not overburden industry in these times, which are already economically difficult due to the covid-19 crisis?

Answer: The Commission continues to follow an ambitious approach in implementing the SUP Directive, however, proportionality will have to be observed by both the Commission and the Member States when implementing the SUP Directive. It has to be noted that the objective of the SUP Directive is also to promote the transition to a circular economy with innovative and sustainable business models, products and materials. Not only products made entirely from plastics are covered, but in its Article 3(2) the SUP Directive explicitly also covers single-use plastic products made partly from plastic.

On SCIP Database:

Question: Will the Commission postpone the obligations regarding the SCIP database as required under Article 9 of the revised WFD, considering the many calls from industry?

Answer: We recognise the concerns expressed by numerous industry associations regarding the SCIP database. However the date and provisions on the SCIP database have been set by the co-legislators in Directive (EU) 2018/851, amending the WFD, and the Commission has to respect and act according to this decision.

Question: Will the Commission request ECHA to make changes in the database in view of the concerns of the European Industries?

Answer: The European Chemicals Agency (ECHA) has been working intensely, in close consultation with the Commission, Member States and Stakeholders, to ensure the database and the tools for reporting this information will be ready in time for the reporting deadline of 5 January 2021.

Additionally, ECHA has made every effort to reduce the burden upon industry by providing tools and considering options to simplify the reporting obligation of companies, while at the same time ensuring that these solutions respect the rules outlined in Directive (EU) 2018/851 and the REACH Regulation.

It is ECHA's responsibility to determine the specific modalities to ensure the proper functioning of the database, in accordance with the WFD and the REACH Regulation, and to ensure that this database is ready in time to allow suppliers to fulfil their obligation in accordance with Article 9(1)(i) as from 5 January 2021.