

**Meeting of Kristian Hedberg, Deputy Head of Cabinet with Neste****23.09.2019****Upcoming Commission Work Programme and Sustainable finance****MINI BRIEFING NOTE** (*Commission Internal*)**Scene setter/Context of the meeting/ Objective of the meeting:****Participants:**

Neste Senior Vice President Sustainability, Public Affairs,  
Communications and Brand Marketing, [REDACTED]  
Neste Head of EU Affairs, [REDACTED]  
[REDACTED], Aula Europe

Topics to be discussed: upcoming Commission Work Programme and Sustainable finance.

The President-elect has presented her six headline priorities to the European Parliament. These will form the background for the Commission Work Programme 2020. Work on this Programme will start in November and will closely involve the European Parliament and the Council. Adoption may be expected by end December at the earliest.

**Objective of the meeting:**

- Remind your interlocutor that the new Commission will prepare its first Commission Work Programme translating the six priorities of the President-elect into concrete actions for 2020.
- Underline that DG GROW will contribute to sustainable finance under the next MFF, including under the SME window of InvestEU.

## KEY messages

### Commission Work Programme

- The incoming Commission is free to set the dates, the format and the contents of the next Commission Work Programme to be discussed with the legislator.
- The six headline priorities of the President-elect will be the blueprint on which concrete actions for next year will be formulated.
- The President-elect of the European Commission, Ursula von der Leyen, is committed to deliver on six headline ambitions.
- First, **a European Green Deal**, where the Commission is working on a new industrial strategy, a new circular economy, and a Sustainable Europe Investment Plan;
- Second, **an economy that works for people**, which includes a dedicated SME strategy, the single market and a refocused European Semester;
- Third, **a Europe fit for the digital age**, where we will prepare legislation for a coordinated approach to Artificial Intelligence taking into account its human and ethical implications, to the platform economy, and to cyber-security;
- Fourth, **protecting our European way of life**, where the space programme will provide world-class technology to make the lives of Europeans more secure;
- Fifth, **a stronger Europe in the world**, where we will work on fair trade and economic diplomacy and we will take steps towards a European Defence Union;
- And sixth, **a new push for European democracy**, where the Commission will play its role as a partner of the European Parliament and the Council, civil society and other stakeholders.

## Sustainable Finance

- The Commission is conscious that the EU citizens are concerned about the future of our Planet. We are aware of the urgency of climate change and the need for transitioning to more sustainable use of resources.
- This will require a deep transformation of industrial value chains between now and 2050.
- Compared to large companies, SMEs – the backbone of the EU economy - will experience more difficulties in adopting sustainable strategies and practices, due to their more limited organisational, technological and financial capacity, and the more limited access to finance.
- We are currently considering how to address that by using, inter alia, the InvestEU Fund - possibly by providing more favourable support conditions to sustainable and climate-oriented finance under the SME window debt and equity products.

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BASIS request ID: 1849

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### Background information

#### Sustainable finance

EU citizens are asking for more concrete actions to reduce climate change, air, water and soil pollution, waste and loss of biodiversity. They are considering how to reduce their environmental footprint. They are changing their behaviours when investing and consuming. They want better food, housing and mobility. This will affect all the value chains – globally and locally. The markets of EU industry will change. EU business - large and small - will have to adapt their business models in terms of products and services. Their manufacturing and logistics processes will have to be improved. This will require a deep transformation of all industrial value chains between now, 2030 and 2050. This modernisation will bring both opportunities and challenges for European companies domestically and globally.

For the world, an annual global investment of more than \$ 3 trillion in low-carbon technologies is projected to be needed only for meeting the goals of the Paris

Agreement<sup>1</sup>. For the EU, annual total investment will amount to more than € 1 trillion for all sectors<sup>2</sup>. For energy related investments alone, this represents an additional investment estimated between € 175-290 billion annually in comparison with the baseline scenario and based on currently adopted targets. If managed properly, the EU would benefit the most from the global energy transition, with a positive impact between 1.2% – 2.6% on GDP by 2050<sup>3</sup>.

In order to implement the EU commitment to the Paris agreement and to achieve the 2030 climate and energy objectives, the EU will therefore need considerable investments for supporting the development and deployment of technologies promoting climate neutrality. In the context of limited availability of public resources, the engagement of the private sector and the efficient solutions for financing sustainable growth is indispensable.

The Commission's two regulatory proposals represent important steps towards more competitive, climate neutral EU economy. First, actions under the EU Action Plan on Financing Sustainable Growth enable concrete progress in harnessing financial markets to support the objectives of EU sustainable growth agenda and to contribute to the Agenda 2030 for sustainable development and its sustainable development goals (SDGs). Second, sustainable growth will be supported through the **InvestEU Fund**, which will not only include a large earmarked allocation for sustainable infrastructure investments, but also sustainability impacts will have to be taken into consideration in other investment areas as well, including support to SMEs.

The InvestEU SME window will have one broad debt and one broad equity product targeted at SMEs and small mid-caps<sup>4</sup>. Under both products we are considering granting more favourable conditions for support (either via a higher guarantee rate for the debt product, or through a higher participation in the equity funds) for sustainable and climate-oriented investments, to cater for the fact that compared to large enterprises start-ups, micro-enterprises and SMEs in general experience more difficulties in adopting sustainable strategies and practices, due to their more limited organisational, technological and financial capacity, and the more difficult access to finance.

### *InvestEU*

The InvestEU Programme builds on the successful model of the Investment Plan for Europe, the Juncker Plan. It will bring together, under one roof, the European Fund for Strategic Investments and 13 EU financial instruments currently available. Triggering at least €650 billion in additional investment, the Programme aims to give an additional boost to investment, innovation and job creation in Europe.

It will have 4 distinct policy windows, one of which dedicated to SMEs. InvestEU Fund will be implemented in the form of a budgetary guarantee with capacity of 38 MEUR (subject to MFF discussions). The indicative allocation to the SME window is 11.25 MEUR.

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<sup>1</sup> Source: IEA's Sustainable Development Scenario in WEO 2019, to be published; data refer to investments in clean energy supply, infrastructure and low carbon end-use technologies in various sectors.

<sup>2</sup> Source: Impact assessment of the Communication "A Clean Planet for all". (NB: The EU figures cannot be compared one-to-one with IEA data for methodological reasons).

<sup>3</sup> Source: Impact assessment of the Communication "A Clean Planet for all".

<sup>4</sup> The 2 products are currently being prepared, and will be soon discussed in details with the EIB Group and the other potential InvestEU implementing partners.