

Green Deal: EU must stump up new money and mobilise local actors to deliver climate neutrality



European Committee of the Regions welcomes European Commission funding proposal under cohesion policy and backs demand for additional resources and revised state-aid rules

The Just Transition Fund and Mechanism proposed by the European Commission today have taken on board the EU's regions' and cities' demands for place-based tools to address the transition towards climate neutrality. But Europe's local and regional leaders warn against diverting funds from EU regional funds – cohesion policy – and centralising the new fund's governance.

The launch of the [European Green Deal Investment Plan](#) is expected to trigger €1 trillion by 2030, and the creation of a new fund to support the transition towards climate neutrality in territories reliant on carbon intensive industries, responds to demands made by the EU's regions and cities. The European Committee of the Regions (CoR) – the EU's assembly of local and regional leaders – has called over the past two years for a dedicated EU funding tool to support the decarbonisation of Europe's economies and minimise the risk of job layoffs, profit losses and undermining economic and social cohesion.

*" Making Europe climate-neutral by 2050 is no longer a question, but a necessity. To achieve this, we need fundamental structural reform across every region and city. It now needs member states to show solidarity, putting their hands in their pockets, and offer additional funding managed in partnership between all levels of government " said CoR President **Karl-Heinz Lambertz**, stressing that: " This why it is of utmost importance that the European Commission opted to established the fund under the EU's cohesion policy, integrating existing EU structural funds. But the fund's governance must be consistent and avoid any centralisation towards Brussels or EU capital cities if it is to succeed ".*

With regards to budgetary implications, **Vojko Obersnel** (PES/HR), Mayor of Rijeka and CoR rapporteur on the Just Transition Mechanism, said: " We welcome that all affected regions will benefit from the Just Transition Fund and there will be additional money. However, € 7.5 billion do not make up for the severe cuts to the overall cohesion policy budget discussed by the Council. All additional financial promises by the Commission are high hopes for the moment – but will they be able to deliver in the regions?". Looking at ongoing negotiations on the EU budget 2021/27, he added that: "We risk that the further cuts to cohesion proposed by the Finnish Presidency end up to become the solution to accommodate the financial needs of the new

initiative. We'll fight together with the European Parliament and all cohesion stakeholder to avoid this outcome ".

The references to a revision of current state aid rules, included in the proposal for a European Green Deal Investment Plan and the Just Transition Fund, are in line with a position previously adopted by the CoR. They might also represent a first important response to a long-time demand by the CoR of applying to cohesion policy the same exemption applied to funds directly managed by the Commission (e.g. Horizon).

*" We appreciate that the European Commission is proposing more flexibility on state aid rules for the regions affected by phasing-out of coal " said **Mark Speich** (EPP/DE), State Secretary of North Rhine-Westphalia and CoR rapporteur on [Socio-economic structural change of coal regions in Europe](#) , adding that: " The Commission is thus responding to the recommendations of the CoR . It now has to be seen how this flexibility can best be implemented. The future state aid rules should also allow the possibility to promote investments by companies in order to mitigate the threat of job losses. This right has to be granted to all regions affected by the exit from coal. "*

The European Committee of the Regions is expected to adopt its opinion on the Just Transition Mechanism in March.

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