

Brussels, 22nd April 2020

To: Commission President Ursula Von der Leyen

CC: Margarete Vestager, Frans Timmermans, Valdis Dombrovskis

RE: Greening state aid as part of the Commission's Green Recovery Strategy

Dear Commission President,

During this time of crisis, which is taking the lives of many and putting people's livelihoods at risk, it is essential that our leaders issue a strong response. We therefore welcome the EU's plans to make substantial funds available to fight the health emergency, tackle unemployment, and support Europe's small businesses, but more will be needed.

Millions of Europeans long for an end to the lockdown, to be reunited with their families and loved ones, and to get back to work. We share that longing and hope. But we do not want a return to business as usual, to an economic model which has exacerbated social inequalities, jeopardised our health, and driven our planet's climate and nature to the brink of collapse. Instead, we believe that now is the time to radically and rapidly make our economies greener, fairer, and more resilient to future shocks.

While the immediate priority is to address the public health emergency, public stimulus packages will have to be developed to relaunch the economy, create millions of jobs and support people - especially the most vulnerable - through this difficult time. How we respond to the crisis will determine whether we succeed or fail in the fight against climate change, the loss of nature, widespread pollution and inequality, and create health benefits for all.

We welcome the positive statements that you and your vice presidents have made to that effect in the last days. However, we are dismayed that the Commission so far appears to be unwilling to fully utilise the single most powerful instrument it has at its disposal to steer the direction of the recovery: its state aid vetting powers.

The vast majority of recovery or stimulus funds will be administered at national level. However, governments seeking to bail out companies or introducing stimulus schemes for certain sectors will need to seek approval from the Commission that the government's plans are in line with the EU's state aid guidelines.

Even though reference is made to "the importance of meeting the green and digital twin transitions in accordance with EU objectives", the temporary state aid framework the Commission adopted on 19 March sets no conditions with regard to the environmental sustainability of such aid packages. Whilst there may have been valid reasons for this choice in the initial phase of the crisis, it is not acceptable for this to continue as our economies gradually reopen. We call on you to update the temporary state aid

framework and include a number of strict sustainability conditions in the new framework so that the planned stimulus measures allow Europe to bounce back from the current situation whilst making a major leap towards a more sustainable economic model.

We are pleased that the Commission already seems to have embraced the idea of conditionality in other areas and that “companies given equity injections by EU member states as a result of the coronavirus will not be allowed to pay out dividends, buy back shares or provide bonuses or similar remuneration”. We urge you to apply this same logic to what is the defining project of your Commission mandate: the European Green Deal.

In particular, state aid plans in high-carbon and other potentially polluting sectors should be conditional upon corporate commitments to increase their sustainability, by e.g. increasing the proportion of their activities or expenditure that is taxonomy-eligible by a given date, setting climate science-based targets, decommissioning obsolete high-carbon assets or any other meaningful commitment.

Furthermore, in accordance with Article 11 of the Treaty, the Commission should use this opportunity to launch a thorough and structural review of its current approach to the relation between state aid and environmental policy and ensure that public intervention is consistent with the achievement of the EU climate and biodiversity protection goals.

How you respond to the current crisis will determine our future. We will closely scrutinise the Commission’s upcoming green recovery strategy and trust that the arguments set out in this letter find your support.

Kind regards,

Ariel Brunner, Senior Head of Policy - BirdLife Europe

Jeremy Wates, Secretary General - European Environmental Bureau (EEB)

Huub Scheele, Interim Executive Director - CEE Bankwatch Network

Wendel Trio, Director - Climate Action Network (CAN) Europe

James Thornton, CEO - ClientEarth

Esther Asin, Director – WWF European Policy Office (WWF EPO)

Jagoda Munic, Executive Director - Friends of the Earth Europe

Jorgo Riss, Director - Greenpeace European Unit

Genon K. Jensen, Executive Director - Health and Environment Alliance (HEAL)

Andrea Lichtenecker, Executive Director - Naturefriends International

William Todts, Executive Director - European Federation for Transport and Environment (T&E)