



**Restoration of the Transatlantic Dialogue:  
The Global Fight against Climate Change**

**Testimony before the House Foreign Affairs Subcommittee  
for Europe, Energy, the Environment and Cyber**

**by**

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Chairman Keating, ranking member Fitzpatrick, distinguished members of the Subcommittee,

It is a great honour and a pleasure to offer you a written testimony as a Dutchman and European who believes in the enduring strength of the Transatlantic Partnership. As a late Dutch Prime Minister once said when commemorating the Marshall Plan: “Americans are our relatives by history, and our friends by choice.”

I was born in Heerlen, a coal mining city in the Netherlands in 1961. I am about to turn sixty, and more importantly, I just became a grandfather of a lovely little boy named Kees. Unfortunately, due to covid19, I cannot visit him, but the daily pictures my son sends me, is an inspiration to never give up.

The Second World War still resonates strongly in collective memory of my hometown and region. You may be aware of the Netherlands American Cemetery and Memorial in Margraten. All American graves have been adopted, and a number of years ago I had the honour to adopt a grave of a young American who came across the Atlantic to fight for the freedom of my people. His name is Leo Lichten.

Let me take this opportunity to reconfirm my undying gratitude for the sacrifice of all those, like Leo Lichten, who have made it possible for Europe to be free, democratic, prosperous and yes, united. As the generations that have fought and seen the face of fascism and Nazism are leaving us, living memory is turning into written history. It compels to continue to honour them, and there is no better way to do so then to ensure we live out their lessons in our lives, and bequeath them to the younger generations. Lessons that words matter, that facts matter, that my freedom ends where yours begins and vice versa, and that we have a responsibility towards each other and the societies we live in. I can think of no better time than to call this into recollection, as we are faced with what are truly existential crises that affect us all. The way we answer these challenges together will determine our fate.

As someone whose both grandparents were coalminers, I am very familiar with their stories and their plights. I know from them first-hand how the closing of mines hurt one of the most prosperous community of Heerlen in the Netherlands in the 1960s, and also how both told my grandfathers insisted that it was for the best. They didn't get any compensation for their health problems due to working in the dark and the dust, neither did anyone help them to make the inevitable transition towards a new job. This experience, the harsh consequences for the families in terms of emotional and economic distress, continues to guide me. This time, as it is imperative to embark on a green transition to change the fundamental ways of our production and consumption, we will have to leave no one behind; it has to be a just transition or there just won't be a transition.

My father worked for the Dutch Foreign Ministry, and so I grew up seeing many European countries. I even briefly went to an American school in Rome where I was initiated into the great game of baseball and learned how to wield a bat. It also made me a lifelong fan of the Boston Red Sox, which will ingratiate me with Chairman Keating, but, I'm sure, irk some of your other members.

After my military service where I learned Russian, I became a diplomat in 1985, and was posted to the Dutch Embassy in Moscow during the great political convolutions of the early 1990s. I personally saw Mayor Boris Yeltsin on that tank, and have watched with concern and sadness the path of Russia since then. I became a Dutch parliamentarian, the Dutch Europe Minister, and subsequently the Dutch Foreign Minister when again I had many dealings with Russia after the passenger plane of Malaysia Airlines (MH17) was shot down over Ukraine, killing all of its 298 passengers and crew. To this day, this is one of the most traumatising events in my professional life.

After a first mandate in the European Commission where as First Vice President I was – amongst other things – responsible for better regulation and the rule of law in Europe, I ran in the European Parliament elections, and won a landslide of votes in my own country. The European Council appointed me Executive Vice-President in the Von der Leyen Commission where I am responsible for the European Green Deal overseeing the work of four Commissioners and their Directorates-General and driving forward our global climate diplomacy.

To be sure, we are at a pivotal moment in the fight against the climate and biodiversity crisis, as UN Secretary-General Guterres so aptly put it ‘the defining issue of our time’. Climate change is not a distant threat. It is an urgent reality now: freak storms, wildfires, floods, droughts, crop failure are becoming commonplace. We are cutting down our forest in an astonishing rate, reducing carbon sinks, but also destroying people’s livelihoods. In the coming years 1 million species are on the verge of extinction. Such a climate and nature breakdown adversely affects nature loss, and vice versa.

In some countries climate change has led to famines, mass dislocation and migration. Soon we might see conflict over water, arable lands or natural resources. Unless we act now, and turn the corner within less than a decade, we will reach dangerous tipping points of runaway climate change with even more dire consequences.

Our current predicament is a worldwide battle against covid19 that most likely emanated from the ever-closer proximity of humankind and wildlife, leading to increased viral diseases making the leap from animal to humans, threatening our health, our economy, and our lives.

It is difficult to fathom, but the failure of imagination could be our undoing. These then are the costs of non-action, and they are inhibitive.

Postponing difficult and inconvenient decisions will only drive up the price of redressing the twin scourge of climate change and biodiversity loss. It will leave us with obsolete business models and stranded assets, and a broken economy.

Let me mention that during this pandemic there has been a tremendous amount of solidarity shown by the young generations. They have mostly had home-schooling, wore masks, and endured the lockdown, not because they are the most susceptible to covid19 – relatively speaking they are not – but especially to protect older generations. It would be good to keep this in mind and listen to their concerns and questions when we think about what future we

build for them as we recover from this pandemic. Ultimately it is a question in what world do we want our children and grandchildren to grow up in.

Admittedly a green transition requires large investments, but these in turn can create millions of new jobs, revitalise our economy, create new business models and innovations, and spur growth in all parts of the society.

It is therefore essential to work together in a global context and in a comprehensive way to keep the temperature increase below 1.5°C. We are convinced that with concerted and determined efforts it can be done. The technology is available, the skills, the people, and even the money are. What is needed is political courage to follow in the direction that cities, citizens, and an increasing number of businesses are already heading to.

Following the European parliamentary elections in 2019 and encouraged by growing calls in Europe to step up ambition and lead by example, the European Union and its member states have made a fundamental decision to move forward decisively.

This resulted in the European Green Deal, presented at the beginning of the Von der Leyen Commission in December 2019, which is our modern growth strategy. It outlines out a comprehensive roadmap to put all sectors of our economy in terms of mobility, energy, the built environment, agriculture, and taxonomy on a new, sustainable footing.

It incorporates initiatives in a broad set of other key areas ranging from circular economy to sustainable food (Farm to fork), sustainable products, chemical sustainability, biodiversity and the blue economy. Funding research and innovation is of course crucial and we have established industrial alliances as an important tool to identify technology needs, investment opportunities and regulatory barriers and enablers at all stages of the value chain (batteries, raw materials, hydrogen, circular economy).

In addition, the EU's leaders, determined to forge an economic recovery once we come to grips with covid19, have committed the Union to a recovery that will be resilient, green and digital. In other words, we have embedded the green transition in the DNA of our recovery.

While the immediate reasons to move in this direction are the clear conclusions of the scientific community, the proposition of the European Green Deal is an inherently positive proposition. The pandemic has redefined wealth as health. For a continent where annually 400.000 people die prematurely due to air pollution according to the OECD, the positive externalities of such a shift are improved quality of air due to less emissions, but also cleaner water, crops grown with less pesticides, lower energy bills for households, and energy sources that are clean and in principle endless.

Protecting and restoring our natural environment, including the wildlife that is part of these ecological systems are not only essential to avoid more zoonotic diseases, but also to the benefit of people looking for outdoor leisure, best exemplified by President Theodore Roosevelt's bold decisions more than a century ago.

In the EU, energy production and consumption together are responsible for 75% of greenhouse gas emissions. More than 90% of Europe's biodiversity loss comes from resource extraction and processing. The European Green Deal helps decouple growth from emissions and contain resource use within sustainable limits.

In the near-term, the EUR 672.5 billion (USD 805 billion) Recovery and Resilience Facility (RRF) is Europe's medium-term answer to the COVID-19 crisis and the centrepiece of the "Next Generation EU", the EU's recovery fund; 30% of the EUR 1.8 trillion (USD 2.16 trillion) of the EU budget for the next 7 years are to be earmarked for climate action.

As part of the short-term measures due to the COVID induced crisis, Member States can access the Recovery and Resilience Facility by submitting National Recovery and Resilience Plans (RRP). These outline the intended national reforms and investments for the next three years. Each plan has to comply with a binding climate mainstreaming target of 37% and respect the "do no significant harm" principle for all reforms and expenditures.

Green priorities include investments in sustainable transport, energy efficient building, climate risk prevention, infrastructure for the environment, support for companies wanting to increase sustainability of their production processes and supply chains, investments in circular economy. This should be accompanied by enabling reforms, such as inter alia green taxation, effective regulatory frameworks for renewables, reskilling and upskilling.

The premise of the European Green Deal is Europe's pledge to become climate neutral by 2050. To that end the EU has recently upgraded its Nationally Determined Contribution and adopted a new 2030 target of at least -55% greenhouse gases (from -40%) compared to 1990. This commitment will be set down in a binding Climate law.

In order to achieve these ambitious goals, the European Commission will present to the European Parliament and the EU member states a legislative package containing a number of proposals in June and throughout the remainder of 2021. This 'fit for 55' package will arguably be the most comprehensive legislative framework in the world addressing climate and implementing EU's 2030 ambition in a comprehensive manner.

The package will reflect the need to:

- reinforce and expand the role of carbon pricing mechanisms;
- increase energy efficiency;
- increase the production of renewable energy sources;
- promote the increase in carbon sinks from the land use sector; and
- support sustainable mobility and transport.

At the same time, it will tackle the risk of 'carbon leakage'.

The vast majority of proposals will be based on existing EU policies and regulations, underscoring EU's track-record of delivering viable climate legislation that is widely

supported by EU businesses and citizens. Following the EU's increased climate ambitions there is a necessity to increase sectorial targets, broaden the scope, and shift incentives to more sustainable behaviour patterns.

The EU's cap and trade system or Emission Trading System (EU ETS) – the corner stone of our climate policy – is the world's first and the largest carbon market that delivered a 9.1% drop in emissions in 2019 year on year. EU ETS allowances currently trade at a price of around € 40 / tCO<sub>2</sub> thereby stimulating investments in cleaner production technologies. In fact, our cap and trade system is a market-based measure inspired by the US Clean Air Act which dates back to the previous century.

It is a market-based approach that sets enforceable targets to around 11,000 installations in the power sector and energy intensive industry and airlines operating in and between European countries, covering around 40% of the EU's greenhouse gas emissions, reducing them cost-effectively and creating revenues for innovation and just transition. This cap and trade system generates revenues that can be re-invested in new technologies, further decarbonisation of the economy, and/or to soften the negative social consequences of those most affected by the transition. This year we will strengthen the EU emissions trading system and consider possibilities to extend it to buildings and transport.

At the same time, a carbon price on its own would not deliver the required transformation in the sectors concerned. There is a clear need for complementary and targeted policies to address market failures and split incentives, accelerate technological change and develop the required infrastructure in a coordinated way (e.g. for electrification and hydrogen).

In addition to the EU ETS we have national targets for those sectors not covered in this system in the so-called Effort Sharing Regulation (EU ESR). The ESR therefore combines national accountability for achieving the common climate objectives (environmental integrity) with flexibility for Member States to implement the appropriate measures taking into account national circumstances. We will therefore revise the ESR, setting more ambitious national targets for emissions reduction and facilitating cost-efficient combination of EU and national measures in sectors like transport, buildings and agriculture.

As part of our efforts to have appropriate carbon sequestering capacity, it is imperative that we counter deforestation and restore our European forests. Therefore, we will overhaul our legislation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF).

We will furthermore propose increased renewable energy and energy efficiency targets, new CO<sub>2</sub> standards for cars, the further deployment of alternative fuels infrastructure, and a substantial update of the legislation on Energy Taxation with the aim of ensuring coherent and effective taxation, allocating the costs of energy transition according to the polluter-pays principle.

As part of the review of the Renewable Energy Directive, we will propose a fully-fledged scheme for hydrogen certification, including renewable and low-carbon hydrogen, but also other low-carbon and renewable fuels such as biogas and synthetic fuels.

Robust, clear and reliable certification is an important first step to allow for renewable and low-carbon gases to be traded across Europe. But we also need new market rules. This will be the main focus of the review of the fossil gas legislation, which we will adopt by the end of this year to prepare our market for decarbonised gases, including the uptake of hydrogen.

There is a huge potential of the net-zero transition in general and the renewable energy sector in particular when it comes to creating the value and jobs of tomorrow's economy. The economic output and jobs created through renewable energy and energy efficiency outweigh by far traditional energy sector jobs. We will work to deploy the necessary policy measures for distributing them fairly throughout our societies, ensuring a just and inclusive transition.

As the EU transitions away from fossil fuels, it is essential to ensure that fossil gas does not hamper our climate objectives. That is why we will put in place new rules to reduce methane emissions in the oil, gas and coal sectors.

The momentum is growing. More and more countries have joined the EU and committed to transition to net zero emissions economy latest by 2050, including major emitters such as the United States, Japan, South Korea or South Africa. China pledged to become carbon-neutral by 2060.

In the EU more and more early coal retirements are announced as the outlook for emission intensive technologies worsens in Europe. Hungary brought forward its coal exit date by five years to 2025 and Greece aims to put all existing lignite capacities out of operation by 2023. Furthermore, the share of electricity generated from renewables in the EU electricity mix (39%) exceeded the share of fossil fuels (36%) in 2020 for the first time. Coal and lignite generation fell by 22% year-on-year (-87 TWh). Rising renewable generation was greatly assisted by 29 GW of solar and wind capacity additions in 2020, comparable to 2019 levels. Based on preliminary estimates, the carbon footprint of the power sector in the EU dropped by 14% in 2020 (a similar development took place already in 2019).

While the global direction of travel is clear, the pace and schemes still vary widely among countries. Ahead of the COP26 all eyes will be on whether countries' medium term action and ambition by 2030 in fact is aligned with the long-term ambition of climate neutrality. The next decade will be decisive.

While Europe decarbonises, carbon leakage, however, may occur if, for reasons of costs, businesses transfer production from the EU to other countries or when EU products are replaced by more carbon-intensive imports. If this risk would materialise, global emissions would not decrease and efforts under the Paris Agreement would be undermined. The risk of carbon leakage may be higher in certain energy-intensive industries and it increases as the EU raises its climate ambition above that of its trading partners.

The new carbon border adjustment mechanism, which will become operational in January 2023 at the earliest, will be technically viable, non-discriminatory, and will comply with the rules of the World Trade Organisation. The EU is ready to engage with partners, including with the US, and ensure proper consultation.

Looking beyond our borders, the European Green Deal also stipulates that ‘respect for the Paris Agreement’ will become an essential element in our trade agreements, and in June this year we will put forward a proposal to curtail the import of those products into the EU that drive deforestation or forest degradation around the world.

Later this year, we will put forward a revision of the Energy Performance of Buildings Directive. Reducing emissions from buildings is a crucial challenge – one made difficult by the fact that in Europe most existing buildings will still be standing in 2050. We will consider how best to introduce minimum energy performance requirements for existing buildings with the aim of doubling the current renovation rate of buildings.

The trillions of euro’s that will be unlocked can only be spent once. It is therefore important that we get it right from the start, and ensure that our investments stimulate green growth and bolster our economies so they are fit and resilient for the future.

There is an important geopolitical angle to the green transition. As said climate change and biodiversity loss can lead to migration and conflicts. The policies to address these crises, however, can also have geopolitical effects as they upend traditional economic and political relationships. Decarbonisation can affect those states that are disproportionately reliant on fossil fuel exports. Paraphrasing the late Samuel Huntington: modern societies are stable, modernising societies can be unstable. We will consider such issues as we continue to marshal partners in our neighbourhood and in the developing world to change ways of production and consumption, to the benefit of all.

To harness new green technologies critical raw materials will be key. Yet, these are currently concentrated in a handful of countries, some of which have shown willing to apply them as a tool in their foreign policy arsenal. In the EU, we have thus put in place an Action Plan to help us develop resilient value chains for our industrial ecosystems, build alliances with exporting countries (supporting reliable supply of these raw materials), and stimulate a circular economy (making sure our demand is manageable).

Addressing the social impacts of the climate transition is central to our policies, because this transition hinges on public support. Therefore, it must be a ‘just transition’. The benefits must be felt by all, while those who are affected most – such as those working in the most carbon intensive industries or vulnerable households facing the short term costs of energy efficiency investments – should be supported.

The EU has created a dedicated Just Transition Mechanism, which serves as a support mechanism for coal and carbon intense regions in the EU, addressing differences in capacity to invest in green transition (technical and financial). It will help mobilise tens of billions of euro’s over the period 2021-2027 in the most affected regions.



For all these proposals full stakeholder consultations are essential and will, as standard practice in the EU, feed into the preparation of the ‘fit for 55’ package, just as thorough Impact Assessments guide our policy debates.

From 2021 to 2030 the EU as a whole will need to be spending EUR 350 billion (USD 418 billion) more per year compared to the previous decade in investments to achieve the 55% target and modernise our energy system.

Promoting integrated markets for sustainable finance is key to mobilise rapidly international investors on both sides of the Atlantic. We have joined forces with other jurisdictions under the International Platform on Sustainable Finance to strengthen global coordination on sustainable finance. The US could naturally benefit from and substantially contribute to the work of the platform.

Allow me to close by restating how important it is for us to act now, and for us to join forces and reinforce each other’s work. To use the words of President Biden, we are glad that “America is back”. On 2 December, we put forward a vision for a new EU-US agenda for global change. This entails EU’s willingness to coordinate our efforts and positions for ambitious global agreements, a new transatlantic green trade agenda, forming an EU-US Green Technology Alliance, jointly designing a global regulatory framework for sustainable finance, fighting deforestation and stepping up ocean protection.

We are looking forward to working together with the Biden administration as well as with you, distinguished Representatives, with US Senators, Governors, Mayors, as well as with the private sector, academia, and civil society.

Both the 15th meeting of the Conference of the Parties on Biodiversity in October, and the 26th Climate Change Conference of the Parties in November, will be consequential meetings in an auspicious year for our environmental and climate engagement. We will need to use all venues – such as the G7, the G20, the UNGA – in the run up to these Conferences to marshal a critical mass.

President Biden’s Earth Day Summit on Climate in two days is an important milestone on our way to Glasgow (COP26), and we warmly welcome the energy and passion that has gone into its preparations. While American leadership – though undeniably consequential – is not sufficient, it is indispensable. While the EU will work with many partners wherever it can, we are very much looking forward to work together with the US, to set high standards, to grow our respective economies, to ensure that others can be brought along, while leaving little room for anyone to frustrate this quest. I believe that the appointment by President Biden of Secretary Kerry as his Special Presidential Envoy for Climate is arguably the best signal that the US means business.

We need to gather all possible forces in the fight against climate change, abroad and at home. We need to mobilise, encourage, and support countries, regions, communities, and every individual. In Europe over 90% of the citizens see climate change as a major issue and support strong action to tackle it. Around the world cities are already taking strong action to

adapt. Businesses are increasingly deciding to make a shift, and the speed of new sustainable innovations is breath-taking.

It's time to use this momentum, and for us as politicians in a position of responsibility to bring this further. Your role, representing the American people, will be invaluable in the coming years, regarding domestic and foreign policy. We will need the markets to provide the creative energy to push the transition forward. Our job is to create regulatory certainty so that businesses and investors know what the policy direction is, and thus have confidence where to invest their money in. We already see the effects on investment decisions, and more will follow.

I would like to end on the note that it will not be easy, it will not be flawless, and we will make mistakes. But it can be done and it must be done, for the health and well-being of all our citizens, and all of those who come after us. As the bible teaches us: we are but stewards of God's creation.

The time has come to live up to this great responsibility and seize the opportunities that are presented to us. I count on American leadership, ingenuity, and its insuppressible energy to work with Europe.

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