



Brussels, 11th December 2019

Dear President von der Leyen,

We commend your considerable foresight in proposing a European Green Deal (EGD), anchored in the EU's climate neutrality goals and social aims. An ambitious New Deal for Europeans is the opportunity of a lifetime to demonstrate that an economy driven by the sustainable use of natural resources and human innovation, can lead to greater wellbeing and prosperity for all its citizens, while effectively addressing the serious threats to vital ecosystems and a stable climate, which we are facing. It could represent a turning point, an unprecedented chance to make this coming decade one of genuine transformation, enabling us to meet the goals of the Paris agreement and the 1.5C target. It will also allow us to achieve full SDG implementation, which macroeconomic policy coordination through the European Semester will greatly facilitate.

It has been almost fifty years since the seminal report to The Club of Rome, *The Limits to Growth*, was published. Its core message was that a combination of resource depletion and pollution, if left unchecked, would ultimately lead to systemic collapse. The report tracked industrialization, population, food, resource use and pollution and developed a number of scenarios, all dependent on various degrees of human action on environmental and resource issues. The model predicted that 'overshoot and collapse' was inevitable before 2070 in a 'business as usual' scenario, that is, without significant changes to economic activity. Regretfully, that prediction is now becoming a reality.

Mrs. President, you have shown the political will to start addressing the social and environmental challenges facing Europe. We firmly believe that the European Green Deal could be a game-changer for Europe and European citizens if executed with the right time and scale. The enabling legislation and market frameworks are now urgently required to set in motion the necessary transformations over the next two decades. This will entail taking risks and moving away from incremental or partial transitions still dependent on fossil energy or focusing on end-of-pipe solutions. It will also require swift action in the short term focusing in the first instance on a robust Climate Law, starting with your proposal of at least 55% of GHG reductions by 2030, while undertaking major transformations over the long term to effectively address the convergence of tipping points of growing social malaise and inequality, climate change and massive biodiversity loss. This is the only way that Europe and the world will **emerge from emergency**.

The Club of Rome has pioneered and promoted holistic systems thinking and systems dynamics analysis, through numerous [publications](#) since *The Limits to Growth* report. As scientists, business leaders, economists, investors and former policy-makers, we would like to offer the results of decades of thinking and innovative analysis, condensed into **three essential principles** for success (see Annex attached).

We hope that you will agree that these principles could constitute the winning formula to ensure the Deal reflects the depth of change necessary across the economic, political, social and finance systems, while gaining the support of European citizens and serving as a model for the rest of the world.

**The first** guiding principle for our insight is that the transformative pathways for people-planet-prosperity go beyond a ‘Green Deal’ mantra and represent, in our view, the greatest opportunity for Europe’s economic and social well-being, climate and ecosystem resilience, as well as Europe’s political stability. We are therefore concerned that the importance of the European Green Deal to our economic, financial and social systems may be misunderstood by many European citizens, potentially politicised as a ‘Green Party’ initiative and exploited by climate change sceptics and those actively advocating against climate action, if only labelled as a ‘Green Deal’.

Based on our experience of years of struggling to find the right narrative and engage politicians, business leaders and citizens across the globe, we hope that you might consider that the proposed ‘European Green Deal’ become simply a **‘New Deal for Europeans’**.

**The second** key guiding principle is a focus on innovative and proven solutions over the next ten years to ensure a rapid reduction of GHG emissions, biodiversity loss and social wellbeing. You will see from the attached annex, that we have included an overview of possible solutions that are more systemic in approach, focusing on upstream as well as end-of-pipe opportunities. We look forward to going into further detail when you and your team discuss implementation.

**The third and final essential** guiding principle is the human dimension. The European Green Deal must underpin a robust ‘Just Transition’ framework that enables Member States and industries to shift out of high carbon and non-regenerative economic activities across industrial, city and rural zones. This will create a more cohesive socio-economic fabric that embraces people-planet-prosperity and brings more citizens on the journey, as well as an insurance policy for a successful Climate Pact.

We therefore welcome the roadmap for an ambitious European Green Deal and working with you, Vice President Timmermans and the college of commissioners on subsequent policy proposals that properly reflect the depth of our [planetary emergency](#) and available scientific evidence. The guiding principles and insight below are founded on years of thought leadership across our esteemed membership. Please let us know if we can be of any help in your further deliberations and as you move into the implementation of this pioneering new deal for Europe.

We once again commend your leadership at a time when so many leaders have not understood the existential crisis facing us today.

With deep respect and sincere regards,



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Co-President

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## *Annex – Club of Rome Policy Input*

### I. Creating a Narrative that Unites Europe: A ‘New’ European Deal for People-Planet-Prosperty

*History shows that the construction of a new story or narrative is the critical first step to achieving system change. If we know where we want to get to, then we can make it happen<sup>2</sup>*

The optimization of transformation pathways to work for people-planet-prosperty is greater than just a ‘Green Deal’. In our view, it is the greatest opportunity for Europe’s economic wellbeing, resilience and political stability, and a signal to the world that we are faced with an existential crisis that demands bold systemic action. This was the clear message in your inspirational *Agenda for Europe*.

Merely referring to a ‘Green Deal’ may be misunderstood by many European citizens and, even worse, politicised and abused by climate sceptics and those actively working against climate action. Based on years of experience of struggling with the right narrative to engage politicians, business leaders and citizens across the globe, we would like to suggest that the proposed ‘European Green Deal’ shift its focus and potentially title, to a ‘New Deal for Europeans’, with a subscript that it is clearly a ‘European Deal for People-Planet-Prosperty’.

In our view, it is essential to seize this unique opportunity for Europe and ensure that the overarching philosophy for a New Deal:

- **Values what truly matters in society** and enables Europe to adopt a bundling of new wellbeing indicators, rather than being fully dependent on GDP.
- **Marries social security with ecosystems restoration** to foster a holistic approach that addresses the convergence of climate change, biodiversity loss, and socio-economic tipping points, and enables a ‘just transition’ with equity, wellbeing and social cohesion at its core.
- **Catalyses a decade of action** but explicitly lays the foundation for deep long-term economic, political and financial systems change away from short-term decision-making and profit-taking.
- **Prioritises ‘frugality’ and ‘sharing’**, over the principle of ‘efficiency’ in both production and consumption, and promotes ‘cooperation’ over ‘competition’ as a primary driver of evolution.
- **Establishes performance measures and accounting systems** that measure wellbeing rather than production growth. Moreover, the concepts of ‘work’ and ‘jobs’ need to be fundamentally rethought in face of an AI and robotics explosion.
- **Prioritises a research and innovation agenda** that underpins a technological and governance revolution in service of people-planet-prosperty.
- **Ensures that the European Climate Pact becomes a Pact for Europeans** – bringing all European citizens on the journey and building on the Fridays4Future movement. This could include creating intergenerational public assemblies and business, political, socio-economic exchanges demonstrating what the future could look like, such as the Fridays *of* the Future initiative proposed by EIT Climate-KIC.

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<sup>2</sup> Report to The Club of Rome: A Finer Future, p.48

## II. Addressing the Emergency: short-term action and long-term systems change

*‘The major problems of the world are the result of the difference between how Nature works and how people think’<sup>3</sup>*

The EGD must jointly ensure the short-term emergency interventions (decade of action) and the long-term underpinning systems changes needed to truly make Europe resilient to climate change, biodiversity loss, social unrest, and financial risk. It must enable the EU to both meet its 2050 climate neutrality goal and the needs of people and planet. We must not forget that nature is our ‘proven technology’ and our best (although neglected) friend in addressing GHG emissions. Reversing tipping points within our natural boundaries is the greatest challenge currently facing humankind.

To achieve the scale of change needed to address the Planetary Emergency, we need **transformation rather than incrementalism**. Transformation will only occur when policy-makers and business leaders **first** adopt the timeline and **key actions called for in the [Planetary Emergency Plan](#)** by 2030, and **second**, when sustainable business and industrial development models are more profitable than non-sustainable models. This would create a market for sustainable energy, products and services. To ensure success, the following actions should be considered:

### Global ‘Green’ and ‘Social’ Signals for Change:

- **Address the ‘Global Commons’ challenge** through commitments to stop the destruction of critical ecosystems, including forests, oceans (the arctic) and cryosphere.
- **In working with global partners, ensure funding mechanisms are established** which mirror the value of these ‘global commons’ and properly compensate current owners.
- **Pursue clear multilateral and bilateral trade agreements** that dissuade products and materials with a high percentage of embedded carbon or pollutants, and which are perceived as destructive to ecosystems and biodiversity in Europe and beyond.
- **Enhance technology, governance and knowledge exchange agreements with all economies**, in particular emerging economies, to foster a shift towards a more equitable and green economic model, as proposed in the ‘Green New Deal’.

### The Energy & Mobility Transition

- Phased **pull-out of fossil energy** starting with NO new public investments by end 2020 (per the EIB’s recent pledge for 2021) and an elimination of fossil energy subsidies by 2021.
- At least a **tripling of investments in renewable energy annually** including the fostering of such investments in emerging as well as low-income economies by working on new green bond structures, translating the taxonomy into a rating tool and broadening disclosure rules.
- **Prioritise a tripling of investments in renewable energy in EU development cooperation policy** to help reduce the risks of private sector investments in renewable energy in low-income countries, preferably by the issuance of public sector investment guarantees.
- **Impose an internationally-harmonized, but nationally-retained, carbon tax**. A carbon tax is much more effective and easier to handle than emission permits and less prone to manipulation.

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<sup>3</sup> Gregory Bateson

- **While the ETS is still in existence**, introduce credits from certified additional sequestration, as historic emissions credits are run down, and provide a framework to enable trade in certified sequestration credits (esp. Mercosur and Africa).
- Translate into reality the EU's pledge for **energy efficiency 'first'** over the current energy *supply* focus. Introduce a governance of steering responsibility to reach ambitious energy saving goals and to close the implementation gaps between targets and reality.
- **Promote 'decoupling'** by letting energy prices (i.e. taxes) rise gradually in parallel with energy productivity and efficiency. This would create the right incentives, as investing in energy efficiency would become increasingly profitable.
- **Enable smart multi-modal mobility corridors connecting Member States**, with a dramatic shift towards high-speed rail, public transport and proper planning whilst developing electrification infrastructure.
- Invest in resilient **clean transport infrastructure** (vital not only for economic development, but for promoting inclusive good governance by linking poor rural and urban communities to the mainstream.<sup>4</sup>) and ensure that adaptive infrastructure is the first point of investment.
- Change the concept of **urban planning from 'car-friendly' to 'citizen-friendly' cities**, which supports environmentally benign services (e.g. for pedestrians, cyclists and public transportation)
- Address the potential in **the hard-to-abate transport sectors** (predominantly aviation, shipping and heavy-duty vehicles) to shift to electrification, sustainable biofuels, green hydrogen, as per proposals from the [Energy Transitions Commission](#)

### Reducing Consumption & Fostering 'Green Demand'

- **Shift taxes from labour to resource use**, in particular on high-carbon, non-green products. A tax corridor could ensure market prices don't fluctuate and keep them stable (while the EU lacks a competence on taxation, an agreement with Member States should aim to move taxation in this direction).
- **Encourage the increase of resource efficiency but avoid unintended rebound - lifestyle - and growth effects which can eat up the gains.** There is a need to shift to an economy that meets the needs of all within the means of the planet.<sup>5</sup>
- **Market prices have to reflect the true costs of production and products must be designed for longevity** as well as for reuse and recycling.
- **Establish a framework of responsible products.** Products are designed and sold with limited regard for their environmental and social impacts. This has resulted in a proliferation of harmful and unhealthy products. The eco-design directive is a tool whose use should be radically expanded.
- **Prioritise a circular production model** based on upstream considerations – i.e. cost structures and design issues vs. action so far mostly giving priority to downstream issues, notably waste management.
- **Agree to multi-lateral/bilateral trade accords** that reflect new EU market sustainability principles that foster sustainable and low-carbon products and materials (including materials and rare earths) produced and consumed across and outside the EU.
- **Adjust border taxes** to support green products and materials flowing across EU borders and to third countries.

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<sup>4</sup> The Narrow Corridor, Daron Acemoglu and James A. Robinson

<https://www.penguinrandomhouse.com/books/555400/the-narrow-corridor-by-daron-acemoglu-and-james-a-robinson/>

<sup>5</sup> Doughnut Economics, Kate Raworth

<https://www.kateraworth.com/doughnut/>

- **Introduce mandatory public sector ‘green’ and ‘social’ procurement schemes.**
- Shift to a selling of *services* rather than products for durable consumer goods, and encourage a ‘sharing economy’, as long as more sustainable use patterns are fostered.

### Regenerative Rural Communities & Land use

- **Give priority to natural sinks.** The 2050 net-zero emission goal will require the immediate preservation and fostering of more natural sinks, enhancing natural bio-sequestration through fundamental changes to land-use. Policy and market tools must strengthen incentives for re-forestation, protection of wetlands, restoration of soils.
- **The reformed CAP must offer farmers incentives to sequester carbon in their soils, pay landowners and farmers to sequester carbon against a baseline inventory.** There is a 1 trillion-ton opportunity to draw down carbon in our soils, and another 1 trillion-ton opportunity through reforestation.
- **CAP reform must build on the French 0,4 % Initiative from COP 21** to include incentives for farmers to shift to sustainable agriculture and, specifically, for carbon sequestration.
- **The business case for opting for regenerative, sustainable, local, small-holder agriculture as opposed to commodity/industrial agriculture is clear and should be promoted.** Sustainable farming is not only good for natural ecosystems but it has huge potential for creating jobs and local resilience.
- **Create rural and urban communities that are fundamentally linked via local Green mobility and ‘food to fork’ corridors,** serving as carbon sinks. These will rejuvenate rural areas and enhance health and wellbeing.
- **Invest in tree-planting and mangrove protection;** use partnerships with African Development Bank and the Latin American Development Bank (Ethiopia, Rwanda, Mozambique, and Island states need emergency help in this regard). Blue carbon (mangroves, seagrasses, marshes) is 3-5 times more effective in absorbing CO<sub>2</sub> from the atmosphere and water than tropical rainforests.

### Finance Change & Change Finance

- **Shift the flow of capital to zero-carbon pathways, pro-biodiversity, socially inclusive & quality of life-enhancing investments** over the next decade through **net-zero carbon and biodiversity impact balance sheets** by all financial players at the public and private level.
- **Transform infrastructure capital allocation to low-carbon, green and social infrastructure** through EFSI, MFF, Sustainable Investment Fund and a **Sustainable Europe Investment Plan**.
- **Economic & Financial sector disclosure** (tilting regulatory burden towards those causing negative impacts, rather than those proving positive impacts)
- **Introduce mechanisms to bridge the ‘mismatches’ between sustainable investment opportunities and available capital** and overhaul options for individuals to participate in primary investment.
- **Introduce a TCFD for nature & biodiversity, resource efficiency/circularity** via the next phase of the Sustainable Finance process.
- **Create a new finance framework to support positive social impact** (beyond aspects that directly lead to reduction in financial risks).
- **Continue to strengthen a new language and/or framework for sustainable finance and green project investment through Taxonomy, benchmarking, Green Bonds directives** which foster major capital flows to Green and low-carbon economic activities.
- **Further enhance sustainable finance solutions** with the rest of the world (NGFS, International Sustainable Finance Platform etc.).

- **Rethink the valuation of capital.** Financial capital is overvalued and social and natural capital is undervalued. Unless this is changed, a circular economy won't materialize.

### III. Emerging from Emergency: A New Transformative Pathway

- **Bundling economic indicators to move beyond GDP:**
  - Use wellbeing indicators, happiness index and proper natural capital accounting standards to support an SDG implementation strategy. Numerous alternative indicators of progress in response to the shortcomings of GDP have been developed and include factors such as life expectancy, education, inequality, in order to better reflect (individual) wellbeing<sup>6</sup>.
  - **Adapt the Stability and Growth Pact** to mirror the qualitative refinements of the European New Deal qualities.
- **A 'just transition':**
  - **Build on the European Coal Transition Network** to develop a clear vision and support structure for local and regional transition initiatives beyond the coal sector – agriculture, industry, regions etc. that will have to transform their identity and progress model (e.g. a T40 network in analogy to the C40 cities).
  - **Bundle all transformation research and successful participation process insights<sup>7</sup>** into strategic consultancy, and provide a pool of trainers and facilitators to work with policy-makers and the transition hubs in the respective regions.
  - Adopt a Just Transition Fund and ensure funding is included in all European financing frameworks from MFF, EFSI, Structural and Cohesion funds.
- **Digitalisation and Exponential Technology**
  - **Ensure that exponential technologies, AI and digitalisation are optimized** for people-planet-prosperity through the delivery of a low-carbon, sustainable, socially-just, wellbeing circular society.
  - **Promote Exponential technologies policy, driven by a people-centric approach**, that averts both the risks to employment, overarching security issues as well as ensures high levels of data sovereignty.
  - **Promote the uptake of smart technologies and smart solutions** that enhance rural and urban centres across Europe, creating jobs and more connected communities.
  - **Put in place the necessary policy tools to underpin new 'Future of Work' thinking** so that digitalisation, home-working, and AI are part of an equitable and sustainable Europe.
- **Innovation and Education**
  - **Invest unprecedented funding in cutting-edge research and innovation**, using the full flexibility of the next EU budget to focus on the technology areas with the greatest potential to ensure both the shift from demonstration to industrial-scale and full-market penetration.
  - **Ensure innovation is focused on people – planet – prosperity** through the new Horizon Europe Programme and core Missions.

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<sup>6</sup> [Corlet Walker, Jackson 2019](#)

<sup>7</sup> [WBGU, Just & In-Time Climate Policy](#)

- **Work with Member States to enhance the ‘education for all’** principles that embody Europe’s future development, gender parity goals and equitable development objectives.
- **Integrate sustainability and the SDGs in the primary educational curriculum** across Europe, as is now the case in Italy.