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Bernd LANGE
Chair
Conference of Committee Chairs

Subject: Evaluation of Mr Wopke Hoekstra, Commissioner-designate for Climate Action

Dear Mr Lange,

The Committee on the Environment, Public Health and Food Safety, and the Committee on Foreign Affairs, the Committee on Development and the Committee on Industry, Research and Energy, as associated Committees, in accordance with Rule 125 of the Rules of Procedure of the European Parliament, held a public hearing on Monday, 2 October 2023, with Mr Wopke Hoekstra, Commissioner-designate, who, subject to the positive outcome of the nomination procedure, will be responsible for climate action.

On 19 September 2023, the ENVI Committee, pursuant to Rule 125 of the Rules of Procedure and Article 2 of Annex VII thereto, received the Committee on Legal Affairs' letter on its scrutiny of Mr Hoekstra's the declaration of financial interests.

The course of the hearing

Mr Hoekstra opened the hearing by stressing that he would ensure continuity while taking every opportunity to increase ambition and reach out.

The Commissioner-designate pledged to bring all pending negotiations to a swift conclusion and pointed out that, through the climate portfolio, he intends to contribute to a Green Deal on climate, biodiversity, circularity and pollution, and to help raise ambition across the board.

Mr Hoekstra also mentioned the 2040 target, noting that he would present a Communication on this in the first quarter of 2024. In this context, he referred to the compelling evidence published by the Scientific Advisory Board and stressed that the Commission would carry out its own impact assessment, analysing different scenarios, reduction pathways, costs and benefits. The Commissioner-designate committed to act fully in line with the advice of the Board and to use all available instruments to address the challenges identified and enable the EU to achieve the recommended minimum target of 90% net reductions.

Mr Hoekstra mentioned the need to make progress on adaptation and finance, including loss and damage. In particular, he stressed that COP28 should operationalise the Loss and Damage Fund and the financing regime, especially for the most vulnerable. In the event of an agreement on

governance and operating rules, he committed to prepare the ground accordingly, including for initial pledges. In this context, Mr Hoekstra also indicated that he would talk to all partners to build a global coalition on loss and damage, and underlined his willingness to explore an international kerosene tax, a maritime levy, a fossil fuel tax, enhanced carbon pricing and even a share of ETS revenues.

The Commissioner-designate highlighted the urgent need for action in aviation and ending fossil fuel subsidies. He emphasised the lack of taxation on aviation fuel, advocating for a global aviation tax and ending subsidies for fossil fuels. Moreover, the Commissioner-designate pointed out that he would work closely with Commissioner Gentiloni to advance the Energy Taxation Directive in the Council.

Finally, Mr Hoekstra stressed the need to complete the Green Deal, emphasising the importance of a healthy natural environment in mitigating climate change. He pledged to work closely with farmers and foresters and stressed the need to offer sustainable business models, seeking dialogue with the food industry and banks.

The introductory statement of Mr Hoekstra was followed by a first round of 7 questions from representatives of each political group and a second round of 18 questions by Members, including also a representative from the non-attached Members.

During the course of the hearing, Mr Hoekstra made specific commitments regarding his future action which included the following:

- *On COP28 and international climate diplomacy:*

He committed to strengthen the EU's engagement and to work broadly, including with the Global South and major global emitters, focusing on gaining their trust and providing the necessary support, both financial and technological. He also stated that he would talk to all partners to build a global coalition on loss and damage. In this context, he mentioned that COP28 should be about operationalising the Loss and Damage Fund and financing arrangements, especially for the most vulnerable.

- *On the 2040 climate target:*

He committed to defend an emission reduction target of at least 90% by 2040 and a linear reduction after that, after a thorough impact assessment analysing different scenarios, reduction pathways, costs and benefits. A Communication on the 2040 target would be presented in the first quarter of 2024. He also acknowledged the need for a target for 2035, and highlighted that this target should be prepared as the subsequent step after the global stocktaking.

- *On energy, including fossil fuels:*

He pledged to ensure that subsidies for fossil fuels would be phased out and no longer included in the MFF. He committed to work to a fossil fuels subsidies phase-out to the extent he legally can in the context of the national energy and climate plans. He voiced positivity regarding technological advancements and emphasised the cost-effectiveness of renewables, while making it clear that Member States have the final say on the use of nuclear energy.

- *On just transition and competitiveness:*

On just transition, he stressed that there is a distribution key in many EU regulations, such as the MFF and the Social Climate Fund, and it is important that the interests of the people who need it

most are taken into account. He expressed that we need these instruments and potentially more now. He recognised the importance of SMEs and establishing a dialogue with them, and also pointed to the need to create a Net Zero Desk in the Commission to help businesses cope with the changes. Mr Hoekstra stressed the importance of innovation, proposed an innovation task force to speed up the allocation of the Innovation Fund and underlined the need to simplify procedures for SMEs and remove red tape.

- *On financing of the green transition:*

He underlined the importance of creating own resources as the fastest way to increase funding, without excluding other sources of funding such as the private sector and loans. He pointed out that part of the ETS revenues should be used to support the European and international climate agenda, as well as, to a lesser extent, CBAM revenues. Mr Hoekstra also underlined the importance of allocating funds, in particular for climate adaptation, and expressed his willingness to discuss with the EIB the possibility of more tailor-made loans for climate adaptation.

- *On biodiversity and nature restoration:*

Noting that climate, health and biodiversity form a triangle, he said he would support the swift conclusion of the various files on the table. With regard to agriculture in particular, he stressed the need for clarity and certainty. In the context of the negotiations on the Nature Restoration Law, Mr Hoekstra said he would support Commissioner Sinkevičius.

- *On transparency*

Regarding his previous professional experience in McKinsey, he pointed out that he has never worked for Shell or any other oil company while at McKinsey and that he is ready to look into this.

- *On the Emission Trading Scheme (ETS)*

He mentioned many times the importance of the ETS as a tool to reduce carbon emissions in a cost-efficient manner.

After the hearing, ENVI Coordinators met under my chairmanship to evaluate the Commissioner-designate. They did not reach a majority representing two-thirds of the committee membership to agree that Commissioner-designate is qualified both to be a member of the College of Commissioners and to carry out the specific tasks assigned to him. Consequently, they requested additional information through further written questions, to which Mr Hoekstra replied on 4 October. The replies of the Commissioner-designate are in Annex I.

The ENVI Coordinators, meeting in camera under my chairmanship, evaluated the replies and considered that the Commissioner-designate had appropriately answered the questions in writing.

On the basis of the responses from the Members present at the hearing, as well as the comments made by my committee's coordinators, who met in camera after the hearing that I chaired, I hereby give the following assessment:

Overall, Commissioner-designate Hoekstra made a positive general impression.

The opinions of the committees associated with the hearing are in Annex II.

The general outcome of this hearing is that the Commissioner-designate gave a convincing demonstration of his ability to be a member of the College of Commissioners and to carry out the specific tasks assigned to him.

The ENVI coordinators representing a majority of two-thirds of the committee membership have agreed that Commissioner-designate Hoekstra, is qualified both to be a member of the College of Commissioners and to carry out the specific tasks assigned to him.

During the evaluation meeting, the ID coordinator requested to include the following aspects, which constitute a minority view:

“ID Group cannot give a positive evaluation, since it could not appreciate any discontinuity with the political line of the predecessor, Mr. Timmermans.”

During the evaluation meeting, the Left coordinator requested to include the following aspects, which constitute a minority view:

“The Left group does not consider the candidate to be up to the required standards of transparency and independence, nor has he displayed a credible commitment to climate action.”

Yours sincerely,



Pascal Canfin

Copy:

- David MCALLISTER, Chair of the Committee on Foreign Affairs
- Tomas TOBÉ, Chair of the Committee on Development
- Cristian-Silviu BUȘOI, Chair of the Committee on Industry, Research and Energy

Annex I

Written replies by Commissioner-designate Hoekstra to the additional written questions

Annex II

Opinions of the associated committees

Annex I – Written replies by Commissioner-designate Hoekstra to the additional written questions

Final additional questions to Commissioner-Designate Hoekstra

1. In your hearing, you committed to act according to the Advisory Board's advice, and defend a target of at least -90% net GHG emissions reduction by 2040. But you did not reply to the question whether scenarios that do not uphold the recommendation of the Board will also be included in the assessment. Could you precise exactly which scenarios will be included in the analysis in accordance with Article 4(5) of the Climate Law, and how will you take into account sufficiency and lifestyle changes? It is also clear from the Advisory Board's advice that early action is necessary to improve the fairness of the Union's contribution to the global effort to staying below 1,5°C. How do you intend to take this into account, in particular with regards to the 2035 target?

Response:

The EU has and must continue to lead by example, setting ambitious targets in line with the goals set out in the Paris Agreement and in line with best available science.

As mentioned, the work on the Impact Assessment for a 2040 Climate target is already well underway. We will work with Commission services to ensure that the Impact Assessment looks at the projected impacts of scenarios covering a full range of pathways from 2030 to 2050 and 2040 targets, including those in the recommendations of the European Scientific Advisory Board on Climate Change on the 2040 pathways and carbon budget. On this basis, we will defend a minimum target of at least 90% net reduction by 2040. The assessment will also look at a variant ('LIFE' case), exploring how lifestyle changes including dietary changes, changes in mobility and increased resource efficiency can support ambition. We will also look into relevant scenarios that were not identified as feasible by the Scientific Advisory Board.

Taking the 2030 target of at least -55% as the point of departure, the 2040 target and corresponding carbon budget will set a clear trajectory for the decade between 2030 and 2040, thereby providing clarity and predictability to economic actors as well as citizens. Such a trajectory will also show where the EU should be by 2035. This should also apply to our Nationally Determined Contributions (NDC) for 2035.

Once we have set our 2040 target, the NDC update for 2035 will be a milestone on the path between 2030 and 2040. Of course, the more we manage to reduce our emissions by 2030 the better our starting point for the next decade and the lower the overall emissions into the atmosphere. The Fit for 55 package is already expected to bring us to -57% by 2030 and we commit to seek every opportunity to work with Member States and stakeholders alike to overachieve the EU's NDC in 2035, in addition to overachieving the 55% NDC in 2030.

2. Can you commit to provide the list of clients and projects you were involved in or oversaw during your time at McKinsey in a timely manner?

Response:

Yes. I will liaise with McKinsey if and in what way the list of clients and projects I was involved in or oversaw during my time at McKinsey, can be disclosed in a timely matter. As I have stated yesterday, I have not worked for Shell or another oil company while at McKinsey.

Also, I have always been very clear to Business about my expectations while being a Minister, and will continue to apply the highest standards of transparency.

3. What is your vision of the best way to achieve technological neutrality and the need to foster a level playing field in the energy sector with regard to the need to preserve and improve the environment?**Response:**

Technological neutrality has always been a core principle of the European Commission and has contributed to the success of our European policies.

Equally, Member States have the freedom to choose between different energy sources and the sovereign right to determine the general structure of their energy supply. This is a fundamental principle enshrined in Article 194, paragraph 2 of the Treaty on the Functioning of the European Union.

When choosing their national energy mix, Member States are bound by the climate goals we have all agreed upon, as well as by the environmental legislation we have adopted together. We have a range of regulations and agreements that set goals in terms of greenhouse gas emission reduction and environmental protection.

The current legal framework foresees targets for the share of renewables in the energy mix. The more renewables in our energy mix, the better we are protected against the high prices of imported fossil fuels because renewables are much cheaper and less volatile than fossil fuels. Therefore, we must stay the course, to make green and renewable energy available for Europe. That is what we intend to do, including by helping bringing forward the revision of the Electricity Market Design as well as the Hydrogen and Gas Decarbonisation Package in the coming months.

At the same time, to fulfil the climate neutrality ambition and to reduce emissions by at least 55% by 2030, all energy sources that reduce emissions substantially can be useful including nuclear and bioenergy depending on the situation in each Member State.

At the European level, we have strived for decades to create the most comprehensive conditions for nuclear safety in the framework of Euratom. Moreover, the Commission supports research and innovation to further improve nuclear technologies for example to address the challenge of nuclear waste.

4. The Commission has already been tasked in 2021 through Article 10 of the Climate Law to engage with sectors of the economy to prepare roadmaps towards climate neutrality. What concrete steps do you intend to make to finally implement this?

Response:

Article 10 of the European Climate Law asks the Commission to “engage with sectors of the economy within the Union that choose to prepare indicative voluntary roadmaps towards achieving the climate-neutrality objective”. The Commission’s role is to facilitate dialogue at Union level, and the sharing of best practices among relevant stakeholders. The President underlined the importance of the dialogue with the different sectors in her State of the Union speech and it will be a crucial task for the whole Green Deal team in the Commission for the upcoming months.

But we are not starting from zero: Starting from the Updated EU Industrial Strategy in 2021, the Commission has engaged with several European industrial ecosystem to prepare sectorial “transition pathways” ([EU Transition Pathways \(europa.eu\)](#)). To this effect, the Commission and the EU’s [Industrial Forum](#) have developed a [blueprint](#) for the transition pathways of industrial ecosystems, which includes also an addendum to address the need for an accelerated green transition to ensure energy efficiency and autonomy as well as more control over strategic value chains, following the Russian invasion of Ukraine.

Currently, the transition pathways have been prepared for the following ecosystems: tourism, chemicals, construction, proximity and social economy and textiles. Such pathways, covered under other industrial strategies exist also for energy intensive industries, renewables, health, creative and cultural industries, digital and electronics. As you can see, some sectors that are key for the transition like construction or chemicals are already covered and the work will be intensified in the upcoming months.

One example of a well-developed and tuned towards green transition pathway is the Transition Pathway for the Chemical Industry, the implementation of which started in spring 2023. Already at its early stage of implementation the Pathway is supporting the industry transition towards climate neutrality by:

- Providing regular updates on the regulatory and research initiatives at the EU level that directly impact the chemical industry;
- Providing an overview of EU funding programmes relevant to the chemical industry for the implementation of the Transition Pathway’s actions;

- Creating dedicated Task Forces involving the Commission and stakeholders to investigate in detail e.g. initiatives to implement different types of circular feedstocks, and future needs for energy and alternative feedstock for chemical industry.

At the moment, transition pathways on mobility, agri-food and retail ecosystems are under preparation.

As announced by the President in the State of the Union 2023, we are now engaging in Clean Transition Dialogues with a number of sectors, covering their entire supply chains. The rules and legislation for 2030 have been agreed, as well as our common goal for Europe to be climate neutral in 2050, but in addition to discussing with them the challenges and opportunities of the transition and see how Europe can step up its pace, we want to discuss any issues arising during this implementation phase to see how best to address them. We will also pay particular attention to SMEs in the transition.

We will work for these dialogues to be regular and to lead over time to sectoral roadmaps or transition pathways in line with Article 10 of the European Climate Law.

5. During the hearing, you mentioned the need to mobilise more resources for international climate finance, in particular for Loss & Damage. Could you elaborate how your proposal for additional own resources could be realised in the short term, and how such resources could contribute to solving some of the controversial issues of the international climate finance agenda, such as the Loss and Damage Fund and the demands of the Bridgetown Initiative?

Response:

Based on the latest science and economics from the IPCC, the International Energy Agency and other expert sources, the Foreign Affairs Council agreed that the EU will systematically promote and call for a global move towards energy systems free of unabated fossil fuels well ahead of 2050. This call was reinforced by Commission President Ursula von der Leyen at the Climate Summit in New York last month.

For such phase out to happen fast, it is essential to put a price on carbon emissions through carbon pricing mechanisms, the revenues of which could be used for climate finance, including for Loss and Damage. Taxes as foreseen under the Energy Taxation directive may also contribute to raising revenue. During my time as finance minister, the Netherlands was pushing for a European aviation tax. Today I want to do everything I can to rally support in Europe – and around the world – for a global aviation tax.

Concerning dedicating a share of MS ETS revenues to international climate finance, we can build on the revised ETS directive which already calls on Member States to *“take into account the need to continue scaling-up international climate finance in vulnerable third countries when determining the use of revenues generated from the auctioning of the allowances”*.

I will engage with Member States to agree a progressive scaling up of such revenues to support most vulnerable countries to fight climate change, including the incurred loss and damages. However I don't think the EU should be the only one to further enhance its contribution, especially considering we are already a large contributor. We should call on all other large emitters that have the capacity to do so [from US, to the UAE, to China] to contribute more of a fair share of climate finance, including by putting a price on carbon and sharing a part of these revenues. For this reasons I very much value the Call to Action for Paris Aligned Carbon Markets promoted by the EU since the Paris Summit in June, that calls on all big emitters to accelerate the development of effective carbon market instruments with the aim to cover at least 60% of global emissions (in line with the Global Carbon Pricing Challenge initiated by Canada) and to consider allocating a proportion of the revenues generated through their carbon markets to international climate finance. The Bridgetown initiative also calls for other sources of funding such as a levy on fossil fuel production applying globally to contribute to cover the cost of loss and damage, especially for the most vulnerable countries. While I am aware that reaching an international agreement on new taxes or levies may take time I believe the time is ripe now to continue and advance the discussions at the global level, building on the Summit on a Global Finance Pact – but also on the Africa Climate Summit. In doing so we should better connect new sources of funding with the origins of GHG emissions globally [polluters pay principle].

The discussions that took place at the recent meeting of the IMO on including a levy on emission from shipping in the basket of measures to be implemented to decarbonise the shipping sector are encouraging. I am glad the EU strongly supported this initiative and I believe we should take it as an example and replicate the same reasoning in more sectors. I am also happy to envisage other sources of funding, connected or not with GHG emissions, provided these new levies or contributions would apply globally.

6. When will you set a deadline for the phasing out of fossil fuel subsidies consistent with the ambition of limiting global warming to 1.5 °C, in line with Article 3 of the 8th Environmental Action Programme? Can you commit to use all means at your disposal to ensure that Member States include clear science-based targets for the phase-out of fossil fuels subsidies, in their national energy and climate plans, as well as concrete measures to meet those targets, including if necessary taking additional EU action? Can you commit to push for an ambitious Union's position for COP28 to phase out all fossil fuels?

Response:

We will push for action to accelerate the phase out fossil fuel subsidies. Taking into account the “do no significant harm” principle, we will ask the Commission services to analyse the amount of subsidies allocated through the EU budget and we will strongly recommend and encourage Member States to also apply this principle and work towards a “green budgeting” approach.

This year, for the first time Member States reported on the phasing out of energy subsidies under the Governance Regulation on the basis of a common methodology. The Commission is compiling this information in a dedicated report on Energy Subsidies scheduled for adoption end of October together with the State of the Energy Union Report which will show the scope of the challenge. We commit to pay particular attention to this aspect and the policies and measures proposed to phase out fossil fuel subsidies in Member States' draft updated National Energy and Climate Plans (NECPs) and to make recommendations as part of the Commission's assessment by the end of the year.

The Commission has also started an evaluation of the Governance Regulation itself and will report on that evaluation by second quarter of 2024. We will prepare for the inclusion of specific provisions and a date for the phase out of fossil fuel subsidies as foreseen in the 8th Environmental Action Programme.

As I said during the hearing, I look forward to working with Commissioner Gentiloni to try to speed up the discussions on the Energy Taxation Directive, which is a very important building block of the Fit for 55 package. In parallel, together with Executive Vice-President Šefčovič and Dombrovskis as well as Commissioners Gentiloni, we will propose a discussion on the phase out of fossil fuel subsidies at a forthcoming ECOFIN Council.

As President Ursula von der Leyen said at the New York UN climate summit, the EU will phase out unabated fossil fuels well ahead of 2050. At the Environment Council on 16 October which will adopt conclusions on the EU's position for COP28, the Commission will argue for dropping or limiting the reference to unabated fossil fuels. In any case, we strongly believe that carbon capture and storage should be prioritised for hard to abate sectors in Europe that really need it as part of their decarbonisation pathway.

Annex II – Opinions of the associated committees

Opinion of the Committee on Foreign Affairs

The Committee on Foreign Affairs (AFET) welcomes the fact that Commissioner-designate Hoekstra is a strong supporter of an international cooperation and that he committed to stepping up the EU's climate diplomacy, both in multilateral and bilateral settings, and to factor in climate diplomacy into the EU foreign policy. The AFET Committee appreciates that the Commissioner-designate shares Parliament's position regarding the need to build strategic partnerships and to strengthen international bilateral interaction with major emitters.

The Committee also shares Mr Hoekstra's views as regards the necessity to cooperate with countries of the Global South on climate action, in particular to continue building trust and significantly stepping up the financial support to mitigate the consequences of climate change, and to support their green and digital transitions. As regards EU candidate countries, the Committee notes the Commissioner-designate's intention expressed in his written answers to encourage these countries to embrace the European Green Deal.

Overall, the AFET Committee makes a positive assessment of Mr Hoekstra's general competence and considers that he is qualified to carry out the specific tasks assigned to him as regards the international dimension of his portfolio, notably on climate diplomacy.

Opinion of the Committee on Development

The Coordinators of the Committee on Development assessed the overall competence of the Commissioner-designate to carry out the specific tasks assigned to him, within the DEVE remit.

The EPP view is that he provided convincing answers to the DEVE related questions, especially the ones on climate financing and specific support to be provided to developing countries, for example through technology transfers and initiatives such as the Global Gateway. They welcomed his strong commitment to step-up efforts with developing countries and to support the operationalisation of the Loss and Damage Finance Facility, that is of paramount importance for developing countries. This gives a very promising perspective for the upcoming COP28.

The S&D on the other hand felt that there were a number of open questions and that the answers provided were not specific enough and insufficient, especially on how to use our European instruments such as the Global Gateway to contribute to fighting the global crisis.

Opinion of the Committee on Industry, Research and Energy

Following the hearing of Mr Hoekstra and the additional information he has provided in response to Parliament's further written questions, the ITRE Coordinators agreed by majority that the Commissioner-designate is qualified both to be a member of the College of Commissioners and to carry out the specific tasks assigned to him.