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European Union Committee

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23 September 2020

Lord Callanan
Minister for Climate Change and Corporate Responsibility
Department for Business, Energy & Industrial Strategy
1 Victoria Street
London, SW1H 0ET

Dear Martin,

EM I5051/19: Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: The European Green Deal

Thank you for your letter dated 6 July 2020 on the European Green Deal Communication, which was considered by our Environment Sub-Committee on 16 September 2020.

As with our original letter, we recognise that some of these issues are within Defra's remit and would be grateful if your department could coordinate a joint response.

We welcome that the Government will, in the lead-up to COP26, be "coordinating engagement through our respective diplomatic networks, including the EU's Green Diplomacy network, to maximise the impact of our outreach". Coordination with the EU will be important to ensure the success of COP26.

In your letter you said that you do not think that the Green Deal has implications for the UK-EU level playing field. In our view the EU is likely to place much greater importance than before on level playing field provisions in the UK-EU agreement due to the sheer scope of the Green Deal. We are also of the view that "level playing field provisions could be beneficial for the UK, especially on climate change policy", in part because the UK's commitments to combat climate change are strong compared to some EU Member States, as we said in the summative letter for our 'Environment and the Level Playing Field' inquiry.¹ We hope you will consider these points.

We are glad you have said you will continue to work closely with the devolved administrations on EU business including the Green Deal. We would be grateful to hear in more detail about the nature of this engagement for the Green Deal policies that most affect the UK. We are keen to understand how this engagement is informing Government policy in specific cases.

¹ Pages 5 and 11: <https://committees.parliament.uk/publications/2158/documents/20047/default/>

Close engagement with the devolved administrations is of key importance. This is especially true for Northern Ireland since some EU legislation referred to in the Ireland / Northern Ireland Protocol may be revised as part of the Green Deal.

We asked you about the EU's proposed carbon border adjustment mechanism and mitigating carbon leakage. You responded that the Government's different carbon pricing options "have been designed to maintain the current support provided to energy-intensive industries through free allocation of emissions allowances". However, our witnesses had said "the old standby of free allocation... is not going to work any more".² We recommend that you consider alternative policies to address carbon leakage, including a link to the EU's proposed carbon border adjustment mechanism.

Also on the carbon border adjustment mechanism, you said that the Government "will assess potential measures, including through engagement with industry and specialists, as they become clearer". The mechanism was referred to in the European Council's conclusions after the long-term budget negotiations.³ This suggests it is being given serious consideration. Will the Government assess the EU's proposal with some urgency given its possible implications for the UK-EU negotiations on carbon pricing?

Your letter described the Government's approach to Ecodesign requirements but did not directly answer our question. Will the Government's commitment to match or exceed the ambition of the EU's Ecodesign standards apply to the EU's standards as they evolve in future? Maintaining consistency is important to manufacturers.

We note that the Government is pursuing policies that should "contribute to increasing the economic viability of reprocessing" of packaging, but the Government's target for packaging to be recyclable, reusable or compostable does not factor in economic viability. We believe that economic viability is an important consideration. What is the Government's rationale for not including it in the relevant target?

In the context of promoting markets for secondary materials, your letter noted that the National Materials Datahub project would create visibility of these materials, subject to funding. What actions are BEIS and Defra taking to ensure that the Datahub project can go ahead given its importance to your policy portfolios? We recognise that the project is led by the Office for National Statistics.

Defra and the devolved administrations published a policy statement on 30 July 2020 about transposing the earlier EU Circular Economy package.⁴ The transposition table suggests that the Government is transposing a final municipal waste recycling target and disregarding the interim targets in the Waste Framework Directive. Why are you taking this approach? Interim targets can play an important role in driving progress.

We note that the National Action Plan for the Sustainable use of Pesticides will be published for consultation later this year and will include plans to promote Integrated Pest Management

² [Q11](#)

³ Paragraph A29, page 8, available at: <https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf>

⁴ <https://www.gov.uk/government/publications/circular-economy-package-policy-statement>

(IPM). We hope that the action plan is published for consultation soon given the pressing need to address threats to biodiversity.

The Government recently announced that it will consult on the regulation of new genomic techniques. Will the consultation explore whether a new policy approach will constrain UK farmers' ability to export to the EU and, if so, how to minimise that impact?

The Committee continues to take an active interest in this matter and we would therefore welcome being kept updated on developments. We look forward to a response within ten working days.

I am copying this letter to Sir William Cash, the Chair of the Commons European Scrutiny Committee; Jessica Mulley, Clerk to the Commons Committee; Les Saunders, Cabinet Office; and John Leach, Departmental Scrutiny Coordinator.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L Kinnoull', with a horizontal line underneath.

Lord Kinnoull
Chair of the European Union Committee