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Press information

Dirigisme by the EU endangers Climate Goals A “green EU” has to be economical and social

Enough with the Dirigisme by the EU!

“The climate is changing, there is no doubt about that. We must act and act fast in order to maintain our planet for us and future generations. But at the same time a sustainable green EU policy also has to be social. It is more than questionable if this applies to the current proposal by the EU commission,” says Rolf von Hohenhau, president of the Taxpayers Association of Europe (TAE).

Centralistic and ideologically tainted provisions by Brussels like the most recent climate package “Fit for 55”, presented by the Commission President, von der Leyen, are not conducive, because they are disregarding sound judgement, proportionality, a perspective on social balance, as well as the social market economy,” states the Taxpayers’ president. “We demand an end to the dirigisme by the EU! When it comes to climate protection, too, the measures have to be efficient and in accordance with the principle of subsidiarity. Of course, in Europe we have to come to an agreement on common goals and set targets which all EU member states have to adhere to. But the implementation on site always has to consider the local characteristics and requirements in order for the measure to make sense and be accepted, and not lead to social chaos and societal and economic upheavals!”

1. Climate neutral construction and renovation – unaffordable for most!

The plan by the EU would mostly affect financially weak and average households, owners as well as renters. Renters would have to expect the allocation of the renovation costs and therefore rising rental fees. In expensive urban areas the rental fees often constitute half of the available household income already. And those who believe we are only talking about some facade renovations are mistaken. Windows, roofs, entire heating systems would have to be exchanged in order to achieve the strict EU targets. But almost none can afford to tear down their house and rebuild it as a zero-emission-house, or renovate the old one energetically. In order to renovate an old house to be climate neutral owners have to invest a lot of money. In the year 2010 the home owners’ association, “Haus und Grund”, estimated the cost for an energetic restoration at € 1.000 per square meter. More optimistic estimates were suggesting € 60.000 for the energetic restoration of an average size house. Today, this most certainly cannot be done anymore for that price!

2. Restauration and heating has to remain affordable

The proposal by the Commission carries the threat of high “penalty costs” for heating with oil or gas. Even in the outskirts of Munich, one of the most highly developed and wealthiest European regions, there is no comprehensive development with district heat. The only method of heating remains gas, oil, wood (for example pellets) or electricity. Heat pumps cannot be installed everywhere and are difficult to retrofit, and thus disqualify as general heating option. The same applies to solar systems. Even where there is already geothermal heat the grid is not fully developed because it was so far not profitable for the supplier, according to the European Association.

“Again, the EU is “cosmetically calculating” a plan. But what about the less developed, less wealthy rural regions? What about countries like Greece and Southern Italy, where buildings are often not even insulated and where there are no funds for an energetic restoration? Does the EU really plan to balance the differences via EU transfers? Will the taxpayers in the wealthy countries like, for example, Germany not only pay the subsidies in their own country with their taxes, but also in their poorer partner countries? The impending irritations with that are foreseeable!”

3. The end of the combustion engine in 2035 – and then?

Another goal of the EU’s set of measures “Fit for 55” is the de facto elimination of the combustion engine by 2035, because new cars are not allowed to emit CO₂ from that point on. This is a clear and one-sided favouring of e-mobility and hydrogen powered vehicles, and prevents innovations. Completely disregarded by the EU Commission in this context is the question of the energy expenditure for the production of batteries and e-vehicle components, as well as their disposal. And what about the use of synthetic fuels in combustion engines, in the production of which just as much CO₂ is bound as is later emitted while burning the fuel? Strictly speaking, they are CO₂ neutral as well. And what about possible future alternative power units/motors that are also CO₂ neutral, but are not yet included in the proposal by the EU Commission?

In our opinion, the primary focus on singular drive technologies, like electric mobility, leads to a dangerous list. “We demand from the EU Commission a technology neutral and innovation friendly policy that is flexible and offers affordable and stable energy supply for all Europeans- Technological and entrepreneurial competition is a basic requirement for this,” says to Rolf von Hohenhau.

4. Securing the coverage of rising energy demands

How are countries without their own stable energy supply or energy planning supposed to cover the increased demands for energy resulting from “Fit for 55”? Even Germany could be amongst them in the future, because it plans to close down all its nuclear power plants by 2023 and all its fossil power plants (oil and gas) by 2038, and where the resulting supply gap is still open. How does the EU actually want to guarantee the comprehensive supply of energy then? This challenge can only be efficiently mastered by the economy, not be the state. EU provisions to build electric and hydrogen station will not suffice for this.

5. Threat of multiple taxation

Without adjustments, “Fit for 55” and further EU legislative initiatives aiming at the minimisation and pricing of CO₂ in traffic will lead to multiple taxation at the expense of all people.

6. End of the social market economy looming

If what the EU Commission is now proposing is actually implemented, we are moving towards the end of market economy and its principle “prosperity for all”. The planned measures and legislative initiatives lead to shortages and restrictions for people combined with a clear shift of competences towards the EU. There is a threat of kicking of a spiral of price increases and economic breakdowns, and in the end the population will foot the bill twice, once as taxpayers and then as consumers. Social upheavals are pre-programmed and will not be solved via aid programmes, according to the TAE.

Demands by the Taxpayers Association of Europe (TAE)

We of the Taxpayers Association of Europe demand the following from the EU Commission:

- The EU and Europe as forerunners in climate policy. In the long-run global solutions have to be pursued.
- A clear commitment to the social market economy.
- Adherence to the principle of subsidiarity – even in financing.
- A clear commitment to innovation neutrality. Ideology must not push out science-based climate protection.
- Creation of investment incentives instead of prohibitions in order to reach climate goals.
- Striving for marketable solutions and not governmental mobility dirigisme.
- Using existing infrastructure (gas station network, etc.) sustainably.
- Not excluding solutions that are already environmentally friendly (like bio gas and synthetic fuels).
- Recognising the right to individual mobility.
- Guaranteeing affordable and safe energy supply in the EU.
- No multiple CO2 taxation.
- A comprehensive and transparent regulatory impact analysis. Only if such analysis is at hand may further steps be taken.

“Even from the EU Commission’s own ranks there is criticism towards the Fit-for-55 plans. Lofty and ideological battering ram actions past people, science and the economy serve none, least of all the climate. Therefore, the Taxpayers Association of Europe demands a comprehensive overhaul of the EU Commission’s proposal”, states Rolf von Hohenhau.

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Rudolf G. Maier, Press Officer

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