

The EU Green Deal in turbulent times: insights from the EU Green Policy Tracker from Sweden and Estonia

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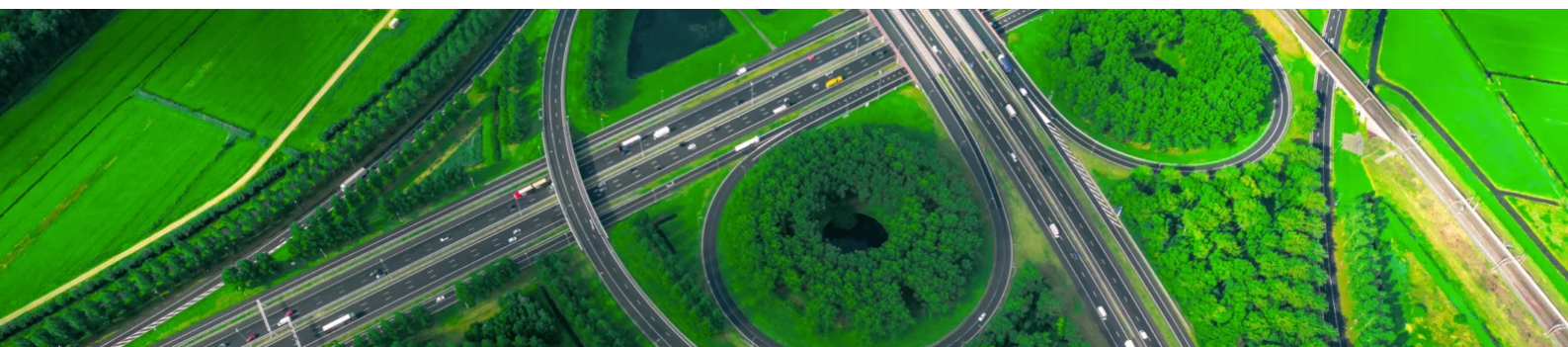
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Overview

- This brief presents initial findings from SEI's EU Green Policy Tracker. By tracking the roll out of European Green Deal (EGD) policies, the tool aims to support the EGD by generating actionable insights for EU institutions, member states, businesses and civil society.
- The prototype of the tool, launched in spring of 2025, tracks the rollout in Sweden and Estonia of four EGD policies: the Carbon Border Adjustment Mechanism Regulation (CBAM), the Revised Energy Efficiency Directive (EED), the Revised Land Use, Land Use Change and Forestry Regulation (LULUCF), and the Just Transition Fund Regulation (JTF).
- At a time when green ambition is ebbing within the European community, initial findings from the tracker show how challenges to implementing the EGD policy at member state level are further compromising its objectives.
- The findings point to two key challenges: capacity constraints, because of high policy load and rapid policy change; and lack of policy coherence, revealed by conflicting policy demands emerging during implementation.
- These challenges raise questions about whether the EU's current sectoral approach to EGD implementation can successfully deliver on its aims.

1. Introduction

The European Green Deal (EGD), adopted by the European Commission in December 2019, marked a comprehensive, long-term shift in European policy priorities (European Commission, 2019). While the EU has historically been a leader in environmental protection, the EGD was a significant departure from the past because it set out to handle climate and environmental crises from a “whole economy” perspective.



To date, the EGD has introduced over 150 policies, aimed at ambitious transformations in key economic sectors – such as energy, industry, buildings, transport, and food – to tackle global environmental challenges like climate change, biodiversity loss, and pollution (Hereu-Morales, Segarra, & Valderrama, 2024). Specifically, the cross-cutting strategy aimed to a) transform the EU into a climate-neutral economy by 2050, in line with the EU's commitments under the Paris Agreement, and b) implement the Sustainable Development Goals (SDGs) outlined in the United Nations' 2030 Agenda (European Commission, 2019).

Embedded at the core of the EGD's mission to achieve net-zero emissions is the commitment to a just transition – one that leaves no person or region behind while moving toward a modern, resource-efficient, and competitive economy. This focus on inclusivity seeks to balance the economic and social impacts of the green transition, ensuring that it benefits all EU citizens.

It is a complex task to achieve all the objectives of the EGD – one that requires structural changes across multiple sectors, some of which are disruptive and transformative, as well as a careful balance between competing policy demands. A large volume of legislation has been adopted by the EU's lawmakers, the European Parliament and Council, and it is now up to member states to align their national policy frameworks and governance structures with the updated European objectives.

As of January 2025, 168 initiatives have been proposed by the Commission under the EGD, of which 98 have already been adopted by the Parliament and Council and 37 are currently under negotiation, with a further 28 announced. Only five initiatives have thus far been withdrawn, which include: policy proposals relating to sustainable use of plant protection products, combined transport of goods, small pelagic fisheries in the Adriatic Sea, animal cloning, and regulatory amendments to support structural reforms in member states (European Parliament, n.d.).

The EEA's 2023 progress report on the 8th Environmental Action Programme acknowledges this increase in volume as well as the environmental ambition of EU policies (European Environment Agency, 2023). At the same time, the report uses key indicators to assess whether each of the sectors and action plans included in the EGD will meet their 2030 targets and finds that 20 out of 28 indicators are unlikely or very unlikely to be achieved. To reverse this trend, the report points to an urgent need to strengthen existing legislation, introduce additional policies (e.g. on consumption, circularity and carbon sinks) and create more coherence between environmental policies and other policy areas. To determine whether the EGD will ultimately succeed or fail, it is necessary to examine how member states are implementing EGD policies, the challenges they face, and how implementation can be accelerated.

1.1 Aim and outlook of this brief

The EU Green Policy Tracker was launched in early 2025 by the Stockholm Environment Institute (SEI) to provide insight into how member states are implementing EGD policies (see Box 1). This brief synthesizes and summarizes the main findings of the EU Green Policy Tracker prototype on policy implementation. Policy implementation refers to the process of aligning EGD policies with national legislative frameworks, assigning

roles and responsibilities to relevant authorities, building administrative capacity and securing resources.

We start by taking stock of some of the recent political turbulence that has rocked the EGD's ambitions and progress. We then synthesize insights generated through the EU Green Policy Tracker on the current policy implementation of the four EGD policies in Estonia and Sweden, highlighting the main challenges and obstacles to implementation. We then explore the interplay between the on-going political dynamics at EU level and implementation challenges at member state level and conclude by considering the future development of the EGD.

EU GREEN POLICY TRACKER EXPLAINED

The concept of the EU Green Policy Tracker was coined by the Think Sustainable Europe network to support implementation by generating actionable insights for EU institutions, member states, businesses and civil society. The prototype of the tracker was launched by SEI in spring of 2025 and tracks the rollout of four selected EGD policies in Sweden and Estonia. Sweden and Estonia were selected because of SEI's institutional presence and proximity to their national authorities, and their longstanding leadership in sustainability policy within the EU. Four policies were selected for the prototype based on their type (i.e. only regulations and directives), legislative strengths (i.e. binding targets for all member states), member state context (i.e. country relevance), and timeframe (i.e. already in force with ongoing implementation). These four policies are: the Carbon Border Adjustment Mechanism Regulation (CBAM), the Revised Energy Efficiency Directive (EED), the Revised Land Use, Land Use Change and Forestry Regulation (LULUCF), and the Just Transition Fund Regulation (JTF).

The data in the EU Green Policy Tracker was gathered through desk research on a combination of EU legal legislative documents, scientific articles, policy literature, and stakeholder consultations. The consultations entailed interviews with 12 public officials from relevant government departments and national authorities, responsible for coordinating the implementation of the selected policies. The officials were interviewed about the status of policy implementation (e.g. major milestones achieved and remaining), the outlook for achieving full implementation before EU Commission deadlines, and major challenges and enablers in policy implementation. Visit the tracker here: eu-green-tracker.sei.org.

2. Environmental policies in turbulent times

In the past, the EU's climate and environmental policies mainly focused on energy and carbon-intensive industries. Now, the EGD has expanded environmental regulations to cover sectors that were at one time mainly regulated at member state level. These include forestry, which was impacted through changes to legislation linked to LULUCF and biodiversity, and emissions from buildings and road transport, which were both

added to the scope of the EU's new emissions trading system ETS2 (European Parliament and the Council of the European Union, 2023).

Since its adoption, the EGD has faced many external and internal challenges, which have sometimes exacerbated each other. Even though the ambition of the EGD was sustained during the Covid-19 pandemic, it has recently declined in EU policymaking. Competing social and economic demands are one reason why. Some stakeholders perceive EGD policies as damaging to their interests and have become increasingly critical of the EGD and the European Commission. A notable example of this backlash is the farmers' protests, which made headlines in the summer of 2023. These protests were driven by farmers' resentment at stricter environmental regulations, perceived pressure on agricultural incomes, and increased trade competition (Finger, et al., 2024), especially from grain from Ukraine flooding EU markets after the EU waived all tariffs as an act of solidarity in response to Russia's war on Ukraine (Dodd & Welsh, 2024).

This public resentment had a significant impact on the EGD, especially on its ambitions in the biodiversity and agriculture sectors. For instance, the proposed "Regulation on the sustainable use of plant protection products" was one of five initiatives that were completely withdrawn (European Parliament, n.d.). Additionally, the Nature Restoration Law, which sets binding targets for restoring degraded ecosystems, was substantially watered down. Various flexibilities and derogations were introduced, including exemptions for renewable energy projects and national defence. A so-called emergency brake was also added, allowing the restoration targets to be delayed in cases of exceptional socioeconomic conditions (European Parliament and the Council of the European Union, 2024).

Weakening of environmental protection standards has not been unique to the biodiversity sector. Similar compromises have often occurred when environmental regulations come into direct conflict with industrial or economic policy objectives (Haupt & Hellweg, 2019; Hereu-Morales, Segarra, & Valderrama, 2024).

In the context of a newly elected European Parliament and a new European Commission mandate, the priorities of the EGD might shift even further, with a strong focus on the EU's competitiveness and clean industry that is currently taking precedence over environmental objectives. This is evidenced by the fact that the EGD is barely mentioned in Ursula von der Leyen's vision for the next European Commission, and has been "rebranded" as the new Clean Industrial Deal for competitive industries and quality jobs, which is a strong theme in the Commission's new five-year mandate (Von der Leyen, 2024). As a result, there is concern that many of the initially planned green ambitions could be scaled back or excluded from future policy developments.

The backsliding on green ambition stands in stark contrast to what is needed to tackle interrelated environmental crises. In the 2024 European Climate Risk Assessment (EUCRA), which identified 36 climate risks with potentially catastrophic consequences for Europe, authors called for more decisive action from EU policymakers in the agriculture, health, ecosystems, infrastructure and finance sectors, where the majority of risks were found to outpace the required policy response (European Environment Agency, 2024). Furthermore, the EUCRA report concluded that effective policies and action plans at both European and member state levels could significantly reduce these risks, thus underlining the importance of the integrated approach adopted by the EGD.

Therefore, a shift in focus away from environmental protection measures towards short term-economic interests and securitization not only undermines the linked objectives of the EGD, but also heightens the risks identified in the EUCRA report, threatening a wide range of damaging societal and economic impacts. Against this backdrop, there should be greater support for member states to tackle the challenges of implementing the EGD policies that have already been adopted.

3. Insights into implementation of EGD policies in Estonia and Sweden

The EU Green Policy Tracker revealed a range of difficulties faced by member states when transposing EGD policies in national legal systems and implementing them. This section summarizes pivotal challenges that Sweden and Estonia have faced in implementing the CBAM regulation, the revised EED, the revised LULUCF and the JTF regulation. The policy insights presented below were gathered through stakeholder consultation for the EU Green Policy Tracker prototype, but more details can be found on the website of the EU Green Policy Tracker [insert URL for the tracker].

3.1 Carbon Border Adjustment Mechanism

Sweden and Estonia have faced difficulties in implementing the CBAM because of its wide-ranging effects, which span both domestic and international industries and affect importers of different types and sizes. The EU adopted CBAM to support its efforts to reduce emissions under the Emissions Trading Scheme (ETS) by preventing so-called carbon leakage – that is, when carbon-intensive industries relocate outside the EU to circumvent paying for their emissions. The CBAM also addresses concerns that more expensive production in carbon-intensive industries within the EU could undermine the competitiveness of these industries because of cheaper production in third countries. The CBAM sets out a level playing field by requiring importers to buy carbon certificates that equal the carbon prices paid for production within the EU under the ETS. Full operationalization of the CBAM is set to start in 2026, allowing time for both importers and responsible national authorities to process the certificates. Until then, importers must only report embedded emissions without purchasing the required certificates.

However, there is a fundamental disagreement between member states and the Commission, which was already clear at the outset of the implementation, about where responsibility should lie for managing the CBAM data repository and issuance of certificates. Member states called for the Commission to take on this responsibility, arguing that if they were to do so instead, it would impose significant administrative and financial burdens on them and potentially undermine the effectiveness of the mechanism. While the Commission ultimately agreed to take on these responsibilities and set up an EU-wide IT system to support member states in implementing the CBAM, some countries, such as Sweden, indicated that because of the length of the negotiations the CBAM's timeline may not allow enough time for all member states to meet its deadlines.

Another problem in implementing CBAM is that the methodological frameworks and processes to measure emissions embedded at the production level are not always available in countries exporting to the EU (Ambec, 2022). Policymakers and businesses have therefore raised concerns about the availability, accessibility and accuracy of emissions data from exporting countries that do not have the same legal reporting requirements for embedded emissions as EU member states.

As a result, Swedish and Estonian policymakers anticipate heavy administrative burdens once the certification processes commence in 2026. In addition, Sweden initially underestimated the number of businesses that would be affected by the CBAM, and was compelled to run a campaign to inform them of their new duties and responsibilities. Another expected challenge to CBAM enforcement stems from its low exemption threshold, which is set at EUR 150. Any imports of greater value than this will be subject to the mechanism, which risks serious consequences for smaller importers and private citizens, and significant administrative and financial burdens for both consumers and authorities.

3.2 Revised Energy Efficiency Directive

Administrative demands are also an issue for the revised EED: Swedish and Estonian policymakers both highlighted that the volume of reporting requirements has caused problems in implementation.

To help meet the emissions targets of the European Green Deal, the EED sets out a range of measures aimed at reducing energy consumption to complement supply-side measures, such as investment in renewable energy.

Alongside other relevant measures, the EED codifies the Energy Efficiency First principle that seeks to lower energy production to the required levels by lowering overall energy consumption in a cost-efficient way (European Commission – Directorate-General for Energy, n.d.). The revised EED expands on the EU's energy efficiency framework (consisting of Directives 2012/27/EU and 2018/2002/EU) that limits the total energy consumption within the EU, with the latest revision of the framework stipulating a lower cap, which requires more energy saving measures to be implemented.

Member states are responsible for meeting this goal cumulatively by setting indicative national contributions and are required to clearly explain to the Commission how, and based on what data, they have been calculated (The European Parliament and the Council of the European Union, 2023). Hence, the EED depends on member states accurately monitoring and reporting emissions.

Another challenge is the burden of implementing the EED in the context of rapid and increasing change in EU policymaking. Even though in some countries, such as Sweden, a well-established energy framework made the transposition process easier, in others, including Estonia, the simultaneous adoption of many EGD initiatives has made compliance complicated and placed strain on administrative capacity.

Our stakeholder consultation showed a consensus among policymakers in Sweden and Estonia that the current policy load, including the other policies covered in this brief, has overwhelmed national authorities and led to a shortage of both administrative and financial resources. This shortage could have been a smaller problem if the Commission was able to offer support, but it has itself often been overwhelmed and so support has been lacking. As a result, most member states are unable to meet the Directive's implementation timeline.

3.3 Revised Land-Use, Land-Use Change and Forestry regulation

Policymakers in Sweden and Estonia also pointed to reporting requirements as a significant problem in operationalizing the revised LULUCF regulation. The regulation was adopted because the EU realized that its ambitious 2050 net-zero emissions target cannot be met without the contribution of the sector's capacity to sequester carbon from the atmosphere, creating negative emissions. The LULUCF regulation was therefore launched in 2018 with the goal of keeping the sector as a net sink for carbon in the EU through a no-debit rule, under which accounted carbon emissions cannot exceed accounted carbon removals within the sector.

As part of the EGD, the regulation was revised five years later with the creation of an EU-wide carbon removal target. The EU-wide target is translated into national targets that member states must deliver on (The European Parliament and the Council of the European Union, 2023). While the revision retained the structure of the original regulation, the amendments focused on increasing the level of ambition to align the LULUCF's carbon removal target with the EU's overall 2030 climate goal. It also updated the impact assessment to probe the growing risk and impact of natural disturbances (e.g. wildfires) and how they affect the ability of member states to deliver on their targets.

Swedish policymakers reported that another major obstacle to implementing the LULUCF regulation was a lack of clear guidance on reporting procedures, which added to Sweden's existing challenges in submitting sample plot data for living biomass, which is currently delayed by approximately five years. This shift to the new reporting methodology required by the LULUCF regulation has not only been time-consuming but also demanded additional skilled personnel and financial resources for relevant national authorities.

Existing data on carbon removal from existing greenhouse gas inventories used for annual EU submissions to UNFCCC have also had to be harmonised with this reporting methodology to avoid methodological inconsistencies, thereby further increasing the complexity and administrative burdens of implementing the LULUCF regulation for all EU member states.

Another persistent challenge that Sweden and other EU countries face is balancing competing interests in the LULUCF sector. In particular, tensions between various demands for wood as a resource and the need to preserve forest for carbon sequestration and other ecosystem services have created problems for implementation (Vizzarri, et al., 2021).

There have also been concerns about the short timeframe of the regulation, which requires more ambitious targets to be met by 2030. This creates problems for forest management because trees take decades to grow and provide important ecosystem services and functions. In fact, there have been active debates in Estonia for almost a decade on what is a balanced felling rate, but the revision of the LULUCF regulation has only further polarized discussion. Some in Estonia call for a reduction of the felling rate to promote forest ecosystem services and the sustainability of older forests, while others argue that a higher felling rate is needed to maximize both carbon sequestration and the economic output of the forests. According to some Estonian policymakers, a longer planning period could help strike a balance between tree harvesting and carbon sequestration and potentially offer a more sustainable solution, although several environmental organizations have argued that the timeline is not a real problem and that a reduced felling rate is the only way forward.

3.4 Just Transition Fund

Even though it has been relatively easy to implement the JTF compared with other EGD policies, it has not been without challenges. The purpose of the JTF regulation is to support people, economies and the environment in regions that face negative socioeconomic impacts in the transition to a climate-neutral and sustainable economy (e.g. regions with large fossil-fuel industries), to ensure that it happens in a fair and inclusive way. A just transition entails not only decent alternative employment, but also that companies address issues such as human and labour rights and embed dialogue with workers and affected communities into their strategies for managing climate risk (Mikaelsson, Dzebo, & Klein, 2023).

The JTF has a budget of EUR 17.5 billion to be divided among member states to invest in diverse economic activities in regions most affected by the phase out of fossil fuels. The funds should be used to create new jobs and reskill workers while also investing in research and development, clean energy technologies, digitalization, and many other activities linked to decarbonizing EU energy production. Member states are primarily responsible for establishing national frameworks that issue funding calls and distribute funds to businesses and regions as needed. The JTF requires regional involvement in distributing funds, and even recommends that it is administered at a regional level.

Policy incoherence at EU level was an initial challenge for member states in implementing the JTF. In Sweden and Estonia, operationalization was significantly delayed by conflicts between planned funding decisions and the EU's state aid rules. While the JTF allows for funding to target specific CO₂-emitting industries transitioning away from fossil fuels (e.g. steel and cement in Sweden, and oil-shale in Estonia), state aid rules require government funds to be subject to competitive tender, which did not align with the JTF framework. Swedish and Estonian policymakers, alongside those from other member states, had to negotiate at length with the Commission to secure exceptions to these rules. Although agreements were eventually reached, the negotiations caused significant delays in project timelines. The delays put further pressure on the JTF's ambitious spending timeline, which mandates that 75% of the funding must be allocated and distributed by the end of 2026. As a result, industries face a tight deadline for their projects, on top of other challenges such as making

investment decisions, securing environmental permits, sourcing green electricity, and addressing Indigenous rights.

Additionally, the highly targeted nature of the JTF further complicated implementation because it requires advanced institutional capacity and understanding of the green transition in member state governance, most importantly at regional and local levels (Volintiru & Nicola, 2024). Even though national authorities benefited from their experience with the European Regional Development Fund (which is similarly regionally managed, thus easing the implementation burden somewhat), newer EU countries struggled. Swedish policymakers noted that many other member states faced difficulties implementing the JTF not only because regional administrative planning capacity had to be built from scratch, but also because funding is conditional on having active plans to phase out fossil fuels, which complicates access for countries without (regional) industry decarbonization plans in place.

4. Key challenges to implementing the European Green Deal

The challenge of tackling climate and ecological crises means that it is imperative that the EU's climate and environmental policies should be ambitious and expand the scope of climate and environmental policy. However, it is worth noting some broad features of existing governance structures that have hindered implementation.

Whereas previous climate goals were attainable with actions in one or two key sectors, such as energy or transport, the scope of the EGD affects multiple sectors simultaneously. Because of this, the development and implementation of key aspects of the EGD requires cross-sectoral collaboration among policymakers, for many of whom the EGD approach was novel and has demanded new perspectives and ways of working.

In addition, ministries dealing with climate and environmental policy in most EU countries are not the strongest in government, which can put environmental policy in the back seat. And in government departments and public authorities that have different remits there is often a lack of in-house competence and expertise on climate and the environment. This is true not only for national authorities but also among Directorate Generals within the European Commission.

Two major issues were evident in consultations with policymakers on developing the EU Green Policy Tracker. A lack of policy coherence and institutional capacity (see below) in some member states have been key challenges in coping with the expanded scope of climate and environmental policy in the EGD.

4.1 The lack of policy coherence

Policy incoherence has manifested at both EU level (see section 3.4 on the JTF) and member state level (see section 3.3 on LULUCF). The multi-sectoral approach of the EGD has entailed a systematic integration (mainstreaming) of climate and environment objectives and targets in different sectors. However, the conflicting policy demands that have emerged cast doubt on whether the sectoral siloed approach can succeed in

harmonizing different policy objectives and bring about the system-level change that is needed. These sectoral approaches are based on linear logic and fail to address interlinkages between different EGD policies.

The policy incoherence at the centre of the competing demands for ecosystem services in the context of land-use and land-use change reflects a broader problem imposed upon policymakers. Issues are bound to arise when policymakers are faced with trying to strike a balance between the growing expectation that the agriculture and forestry sectors should help to increase carbon sinks and restore biodiversity, as stipulated in the revised LULUCF, while meeting other objectives on food security and biomass use for renewable energy and the bioeconomy. The recent protests by farmers, sparked by the EGD approach, illustrate this dilemma, as does the Commission's decision to withdraw key agricultural initiatives (e.g. the Regulation on the Sustainable Use of Plant Protection Products) or significantly water them down (e.g. the EU Nature Restoration Law).

As the focus of climate policy expands beyond climate mitigation towards adaptation, policy incoherence is likely to increase unless there is a more integrated systems-level approach to the design of climate and environmental policy. In fact, the European Climate Risk Assessment and other recent policy analyses argue that the current mainstreaming approach fails to transcend sectoral policy silos and does not account for the interplay between different policies (European Environment Agency, 2024; Mikaelsson, et al., 2025). It may be the case that the same applies more broadly to climate policy, with respect to climate mitigation, biodiversity and other environmental issues.

4.2 Capacity and resource constraints

Capacity constraints and administrative burdens are also hindering member states in their efforts to transpose and implement the EGD in a timely and effective way. This challenge was particularly evident in the Green Policy Tracker's review of the implementation of CBAM and the revised EED, but it also applies to the wider EGD portfolio.

The high policy load that needed to be developed and implemented by national governments and other public authorities across the multiple EGD portfolios – often in parallel and within relatively short timelines – has begun to exhaust institutional capacity and resources in member states. The policymakers we consulted raised concerns about the lack of resources to manage the implementation of the various initiatives within tight timelines. While larger member states such as Germany may have several public officials working on a key regulation, smaller countries like Estonia often have a single individual working on several pieces of legislation at the same time.

There is also further strain on national governments and public authorities because much work was already in progress on legislation passed in previous years, such as the climate legislative framework in 2017 and the ambitious Single Use Plastic Directive finalized in 2019.

The ambitious goals of the EGD mean there is a need to elevate the ambition in the whole climate legislation portfolio, as well as in other relevant legislative documents such as the Industrial and Livestock Rearing Emission Directive and the Packaging and Packaging Waste Directive. Meanwhile, the sustainable finance package, especially the Taxonomy Regulation and the Corporate Sustainability Due Diligence Directive, created additional administrative burdens for national authorities, and communication in all these areas has been insufficient.

This difficult situation has been made worse by poor instructions and misalignment between different initiatives of the EGD, which may indicate similar institutional constraints at the EU level as in member state. These and other factors have created enormous pressure on both the Commission and member states, as well as private sector stakeholders, and ultimately played a role in eroding some of the political capital that had previously been amassed and which had underpinned the launch of the EGD.

5. Discussion

Despite successes in mobilizing, scaling up and deploying renewable energy and low-carbon technology in Europe and beyond, global greenhouse gas emissions have continued to climb year-on-year over the past few decades (except for a drop during the Covid-19 pandemic). This failure to reduce, or even curb, emissions, has pushed humanity further into the risk zone of future climate extremes and ever closer towards irreversible tipping points.

In light of these developments, there have been growing calls from the scientific community and civil society for a disruptive and transformative systems-change to our economies that can reverse the current course and stave-off the most catastrophic consequences of climate change. Indeed, the EGD was a commendable policy vision and had the ambition to deliver such a system change, but the implementation of EGD policies has faced many challenges and come at a significant cost.

That said, it is clear from our consultation with policymakers that many of the changes to sectoral policies under the EGD, especially energy and climate, are of such scale that it would be difficult to envision a reversal back to a pre-EGD approach.

Nevertheless, the future of European leadership on climate change is uncertain. The political capital for high-ambition climate and environmental policies has eroded dramatically and this trend has continued into Ursula von der Leyen's second term. This trend could lead to reduced ambition in future climate and environment policies, and could also lead to back-scaling, delays and reversal of some existing EGD policies at a time when the European Climate Risk Assessment has called for sustained, even increased, government action.

A policy retreat on climate could be especially damaging for the less-developed EGD goals from the 2019–24 period, especially in the industry and agriculture sectors. The EU's climate and environmental policies are already being reframed and reconfigured to address perceived conflicts between the EU's climate ambitions and its economic competitiveness through the Commission's new Clean Industrial Deal and the omnibus

package, which seek to streamline regulatory requirements for businesses and incentivize them to cut carbon emissions, using carrots rather than sticks.

Yet, as the US withdraws from the Paris Agreement, EU political leadership on climate change is more important now than ever because it is the only remaining strong regulator of climate and other environmental impacts. In this context, the EU Green Policy Tracker can create valuable transparency around the implementation of climate and environmental policies at member state level, which could help policymakers in different countries identify shared challenges, and support feedback from policy implementation at national level to strategic planning at EU level. This is particularly important now, because climate and environment policies must be carefully and effectively designed and implemented to ensure they can explicitly leverage potential co-benefits for other policy objectives while minimizing policy trade-offs and economic spillover effects.

It should be recalled that short-term economic costs of climate and environmental policy will ultimately be vastly outweighed by the costs of inaction. The severity of the climate crisis demands bold and transformative policy action at both EU and member state level, and this means that some compromises on short-term economic impacts policy objectives cannot be avoided.

The findings of the EU Green Policy Tracker prototype indicate that such transformative policies might require changes to governance structures and greater mobilization of resources. The policy incoherence we observed at both EU and member state level, which is hindering the implementation of the revised LULUCF regulation and Just Transition Fund in Sweden and Estonia, suggests that interplay between different policies is not being sufficiently considered by European policymakers. This could be because policies have been developed in sectoral siloes, preventing a systemic policy approach, as described in the European Climate Risk Assessment. An expansion of the EU Green Policy Tracker's coverage of policies and member states could provide further insights into whether the cases of policy incoherence discussed above are really a systemic problem in European policymaking, or instead incidental cases of poor policy-coordination.

The EU Green Policy Tracker also highlighted that capacity constraints in national authorities in Sweden and Estonia are delaying implementation and causing problems for policy roll out. The EU's climate and environmental policies have aimed to lessen the legislative and economic burden on smaller and medium-sized enterprises through a two-tier approach. But there has not been similar consideration of the administrative burden on smaller member states in implementing the EGD, in terms of institutional support and resources from the Commission. At the same time, the results of our consultation with member state policymakers suggest that the Commission itself might be dealing with capacity and resource constraints, as spending linked to Covid-19 and Russia's war in Ukraine has resulted in budgetary pressures.

Perhaps a broader question to consider is whether these challenges to implementing the EU Green Deal simply suggest that the effort to implement transformative and disruptive policies with business-as-usual governance structures, institutional and financial resources is perhaps bound to fail.

This brief has focused on just a few of the many questions that a fully developed EU Green Policy Tracker could shed light on. But it is crucial to address these questions to ensure that institutional capacity in member states is fit for purpose to implement policies for the transformational change in Europe's economies and societies that the climate and environment challenge demands.

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