The European Green Deal

What this means for Southern African citrus suppliers

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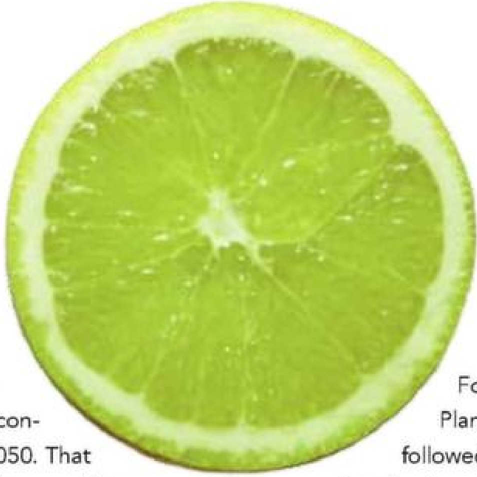
Right now EU regulators are piecing together the Action Plans for the EU Commission's Green Deal policy. The outcome of this process is critically important, because it will directly impact food production across Europe and will certainly disrupt developing countries supplying this key market. The Green Deal is unpacked here, highlighting particular areas that the Southern African citrus industry should be aware of.

The European Council decided to move ahead with the development of the plans in December 2019. This decision was effectively endorsed by the European Parliament in January 2020 when members voted in favour of developing the plans.

Figure 1: The European Green Deal



Elected Commission leaders are seeking to create a European economy that is carbon-neutral by 2050. That is the headline goal. A range of overarching policies are to be introduced and existing regulations reviewed that will compel businesses to operate in a way that is aligned to "sustainability" goals on this journey towards carbon-neutrality. Collectively, these policy interventions are known as the Green Deal.

Besides the vehicle to drive the sustainability agenda, the Green Deal has been communicated as Europe's next growth strategy to reshape and modernise the European economy, making it more competitive. How European member states go about achieving the carbon emission targets is as important as the target itself, and where trading partners are most likely to gain or lose.

A "carrot" and "stick" approach is being adopted. On the one hand, investment funds for environmentally friendly projects are to be made available. For example, between 2021 and 2027 the Just Transitional Mechanism is expected to assist the most affected areas of the EU with investment support of €100 billion (R1,8 Trillion). On the other hand, punitive measures for slow adopters is expected, as political will is turned to legal obligation.
Action Plans are being drafted over the next 24 months that will detail the various areas of policy intervention.

UNPACKING THE GREEN DEAL AND ACTION PLANS

The targeted areas for the Green Deal include

1) clean energy production,

2) sustainable industry (more environmentally friendly production cycles),

3) sustainable transport,

4) farm to fork (reducing the impact of food production on the environment),

5) achieving carbon neutrality,

6) preserving Europe's natural capital,

7) financing the transition and

8) the "Leave no one behind" policy (i.e. build an inclusive economy).

For each of these focus areas the Action Plans will set out specific steps that must be followed by the Commission and Member States, in order to achieve the desired outcomes. To illustrate the point, the deliberations in the formation of the Action Plans include reviewing or introducing regulations aimed at:

• Creating a circular economy (i.e. a circular economy eliminates waste and promotes the continual use of resources – "reduce", "reuse", "recycle", etc.).

• A review of all the relevant climate-related policy instruments, including the Emissions Trading System.

• Adopt a Farm to Fork strategy where better performance is expected in areas such as improved nutrient management, storing carbon in the soil, reducing emissions and review of pesticide uses (see below for more indirect impacts).

• A revision of the energy taxation and investments in non-carbon energy production.

• Developing a sustainable and smart mobility (transport) strategy.

• Engaging in improving environmental standards.

• Protecting Europe's biodiversity.

It is important to note that the Action Plans do not focus on activities within the EU alone, but will explicitly deal with issues for trading partners too. For example, potential carbon tariffs for countries that don't curtail their greenhouse gas pollution at the same rate (see Table 1 overleaf).

TIMELINES FOR THE ACTION PLANS

The Commission has provided an indicative timetable for when the various components to the Action Plan are likely to be finalised. The most relevant for citrus producers under the "Greening of the Common Agricultural Policy" and "Preserving and protecting biodiversity" are:

• Examination of the draft national strategic plans, with reference to the ambitions of the European Green Deal and the Farm to Fork Strategy (2020/2021)

• Farm to Fork strategy measures, including legislative, to significantly reduce the use and risk of chemical pesticides, as well as the use of fertilisers and antibiotics (European spring 2020/2021, i.e. March 2021)

• Measures to address the main drivers of biodiversity loss (from 2021).

CONCERNS ABOUT THE GREEN DEAL

Few would argue against the need for more consolidated and concerted effort to improve environmental sustainability across all aspects of the supply chain, but questions need to be raised around the Green Deal, if the underlying intent is no longer about the natural environment:

1. Is this another form of protectionism? Will the Green Deal force consumers to buy local, ignoring a whole value chain approach?

2. As central government channels investment into Member States to help them "adjust" to the new policies, will this prop up sectors that are already uncompetitive?

3. Is the Green Deal moving the decision-making processes away from the Commission into political hands? For example: despite having gone through the required scientific evaluations, residue tolerances (MRLs) might not be approved on the basis of their popularity rather than technical merits. There is a real concern that plant protection products will be withdrawn creating a longer-term sustainability problem, especially for imported products grown in climates different to that in the EU.

4. Plant Health rules might become unjustifiably stricter under the guise of protection of Europe's natural capital.

5. Shipping rates could increase if vessel speed rates are regulated. Will these rules be applied uniformly?

WAY FORWARD

The goal of converting the EU economy to be carbon-neutral by 2050 is impressive and good, however this needs to happen without unjustified negative consequences for third countries supplying this market. Over the next 24 months a clearer picture will emerge as to how European regulators intend to turn the Green Deal concept into practice. The CGA will be monitoring the development of the Action Plans in each of the various areas where impacts could affect the Southern African citrus industry.

Table 1: Green Deal policy areas and action plans – Adapted from SHAFFE AGM Green Deal presentation (6th February 2020)

GREEN DEAL POLICY AREAS	ACTION PLANS/QUESTIONS
Preserving Europe's natural capital	• Biodiversity Strategy 2030 • How will this impact on market access?
Transition to a circular economy	• A new Circular Economy Action Plan • What will the impact be on packaging?
A zero pollution Europe	• Strategy on sustainable use of chemicals • Clean Air and Water Action Plan
Farm to Fork	• Farm to Fork strategy • Will this mean additional financial support (effectively subsidies) to EU farmers?
The transformation of agriculture and rural areas	• Vision of inclusion of rural areas • Africa Europe Agenda • Will this mean additional financial support (effectively subsidies) to EU farmers?
Towards a modified and simplified Common Agricultural Policy (CAP)	• CAP Reform Proposal • How will this influence plant health, GAP and other practices relevant on-farm?
Sustainable transport	• How will this impact on shipping rates? • Will this change the way product is moved across the EU?
Achieving climate neutrality	• Revising 2030 climate targets • Extending Emissions Trading System • Climate and energy package • Climate Law • Carbon Border Tax • Is SA doing enough on climate change?
Clear, reliable and affordable energy	• Review energy legislation • European framework for gas • Review Energy Taxation Directive
Financing the transition	• European Investment Bank as European Climate Bank • Sustainable Europe Investment Plan • Green Financial Strategy • Mainstreaming Climate Transition and Sustainability in the Multiannual Financial Framework
Leave no one behind	• Just Transition Instrument • Mainstreaming the Just Transition in the Multi-annual Financial Framework

More information can be found here:

Summary of Green Deal: https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en Communication from EU Commission: https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf