

Informative note

Green Deal: opportunities in the green economy

February 2, 2021

QUESTIONS:

Thank you so much for your positive energy and clear transfer of information. I would like to ask you to share with us a bit more information about future development of Hydrogen use in Europe. Do you believe it can become the most important source of energy in EU?

We think there is a great potential in hydrogen and we are very excited about the possibility that the hydrogen can contribute to the green agenda because we believe that hydrogen can support the decarbonisation of many sectors. When you think about industry, transports, power generation, buildings it is a source with a lot of opportunities. It can also play a very important in sectors which are not suitable for electrification and at the same time it can provide storage for renewable energy flows.

There is a lot of work that is has to be done in research and innovation but I am very happy to show you this hydrogen strategy including the launch of the European clean hydrogen alliance to bring industries, innovation and researching is to stablish gradually targets for capacity. We need in Europe in the next four years to install at least six gigabytes of renewable hydrogen electrolysers in the EU. We have set us a target, is it possible to produce one million tons of renewable hydrogen, this is a challenge. And then, in the next ten years we should go from one million to ten million tons of renewable hydrogen. And the if you look at 2050, the goal of carbon neutrality then we need to have large scale projects once the technologies have reach maturity across all the sectors which are hard to decarbonized. All this is in our EU hydrogen strategy, the objectives are very ambitious but we believe that in many cases if you put the goal, you put the resources and you put the investment together with research, the applications we are seeing are very promising. And that's why we have also the Alliance because it can, supported by the research program, deliver benefits. But it's a challenge I think we'll see in the coming years.

In which of the different areas or fields covered by the European Green Deal do you think the most business opportunities will be generated?

In all the areas of the strategy there are business opportunities because it covers all the areas of the economy and all the sectors. When you are talking about transport, agriculture, building sector, tourism, to whatever sector, today you don't have any business model that is competitive and is not sustainable. Sustainability and competitiveness are the two sides of the same coin. To whatever sector you have in mind the element of stainability is there. The circular economy is one of the best news for

start-ups, how do we make business models by making it efficient. For the industries that are energy intensive, circularity is a must because the more you can reduce your cost in energy, the more circular you can become, the more competitive you can be. So I think all the sectors can benefit and what we are trying to do is establish now specific strategies for the areas of the Green Deal so we can target the needs of the sectors and develop policies which are more adapted.

Since one of the points of the GREEN DEAL is to be the leader of this innovative process, how does the EU intend to approach this discourse with the US, which is notoriously very late? Don't you think it is a mission impossible?

No, I would say the opposite. I think we have a great opportunity with the new administration. We know that over the past four years, even though the United States signed the Paris Agreement then the Trump Administration withdrew. But one of the first measures of President Biden is to go back to the climate agreement, and the appointment of John Kerry as the responsible of this area is a very clear signal to Europe. On the European side we have issued a communication where we are telling the US we have a great opportunity for the next four years to work. So I think there is a great opportunity. I have to say that even though Trump administration was not cooperating in this area, I have contacts in my previous job with the Environment Protection Agency and for example in the area of circular economy they were very interested and, what is more important, the American companies are very important. Because this agenda is of innovation, growth and of business opportunities, so I think we have an opportunity to develop closer cooperation and if we join sources we can achieve a lot in the world.

Do you think that the regulations should have gone further, or do you think they are at the right path?

It is a very global question; it depends on what we are talking about. Initially we were criticized for being too ambitious and for moving very fast. I think that after the Paris agreement we had a global agreement, and first we have to be careful when we develop regulation. Behind every regulation in the EU we have economic analysis, impact assessments, public consultation and we try to have good assessment of what is going to be before creating new rules.

But let me tell you something, beside all this regulation can be an advantage for European companies because we are stimulating innovation towards more efficiency, second of all because it shows, I don't know if you have read this book, The Brussels effect, I have it here in my library, it says that the biggest power of the European Union is set standards and our standards become global standards and they help our companies to go outside and compete. What I am aiming to say is whether you are talking about environment, energy, consuming, our products have the fame of being the most sustainable, the safest and we are taking this very seriously. Our companies are first movers in standards, that's why President Von der Leyen says that Green Deal is also Europe's growth strategy.

How do you think the farm to fork strategy should be implemented in each member state? What do you think it will be the appropriate legal mechanisms to achieve the objectives



pursued by this policy to design a fair, healthy and environmentally friendly EU food system?

Well, I think that the Farm to Fork It is one of the most ambitious elements. One of the main policies, when the EU started, we started with the agriculture policy, so the common Agriculture Policy was devised to feed a continent devastated by the war and it was so successful and, in the end, we are producing so much food that we are exporting all over the world. So the challenge right now is to produce in a more sustainable way, because this is also having an impact on our environment. So we need to maintain the revenue of the farmers, we need to ensure competitiveness of the agriculture system but we need to look at the full system in a comprehensive way, this is why it is called from the farm to the fork. From the farm, when we are producing the products, to the fork when it arrives to the consumer. In the Farm to Fork communication we are dealing with many issues, for example, dealing with common agricultural policy. It has been reformed and it will have to be more and more integrated in the Green Agenda. There are proposals on reducing the use of pesticides, limiting the impact on deforestation, we are talking about water and about nutrients. So there will be an agenda with the regulatory changes in these areas. All these proposals will follow the legal instruments on question. We already have a rules on pesticides, so we will modify this, always following the procedure but trying to reach the objectives of the Green Deal.

Do you really think that the Farm to Fork strategy can be an opportunity for the agricultural sector considering that it promotes less profitable production systems and does not increase the safety of food?

I think that the agricultural sector has made a huge change and there is the support of the Agricultural Policy and it is also a sector that can benefit from innovation because you see digitalization and precision agriculture, innovation can play an important role. But we are seeing more and more interest from the farming sector regarding all these areas and of course we will have to put in place all the necessary instruments to facilitate this transition, so this will not happen in a radical way. But I think it is possible to support the farmers and also promote more innovative techniques which are good for the environment and for the farmer community and which are good for the society as a whole.

Is the EU Green Deal possibly a new way of Europeanising the world? Do you think that the Green Deal can be used by the European Union as a soft power in the diplomatic relations with the other countries, if it is successful?

We have put forward this Agenda and it was very well received in the EU but I have to say that across the world there is a lot of interest in the Green Agenda. We are talking now about a green diplomacy and it is bringing all these elements together innovation, sustainability, green finance and I think there is a whole guiding frame lead to sustainability, simple developing our society in a less polluting, more sustainable, in a better way. European Union has some tools because it has 27 countries, we have a single market and the way we have fought to address this single market is the way is through mutual recognition and to have European standards. This is a regional integration model that is attractive to



other regions in the world, of course you see a lot of interest in third countries and that's why we have to develop the global diplomacy where there is more and more interest because every country has the same challenge. Climate change, environmental degradation, Desertification, floods, droughts, the pandemic. The origin of the pandemic is the pressure of natural resources, the viruses which were limited to the animal world are now increasingly coming to the human world we are losing biodiversity.

How do you think is possible to change all the vehicles to electric ones and have the power to be able to charge all of them?

One of the key words is transition. We are talking about a transition. Is it possible today to electrify all the vehicles? No. But It is possible to develop new solutions, to work in other areas to reduce emission of the transport sector. We are talking about promoting public transport, we are talking about a transformation of our industry to reduce the impact on the environment. This transformation won't happen on one go, that's why it is so important predictability. Transformation requires innovation, requires risking workers. This transformation needs a change on the industrial production.

The companies are already making this transformation; you see the car manufactures are fully engaged when you look at the increasing possibility of hybrid vehicles. This is an area now of competition which is good but it will have to take place in the course of the period and at this period we will have to requalify and adapt and also find innovative solutions which don't exist today.

When we started with the renewables were not competitive but today is cheaper than some forms of traditional energy. Why are countries giving up gas and oil? Because it is more expensive than renewable energy and, on top of that, it has better environmental effects. So I think the element of transition has to be there and Europe is trying to put sufficiently long dates to facilitate this, but the essential direction and the goal is there. This goal is increasingly shared globally and we have not found a better way forward, if someone has a better idea. This is what Europe proposes for economic development and reduce the environmental impact, we may be wrong but for now we have been very encouraged.

