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XVI Annual Conference of the Mediterranean Commission  
of the European League for Economic Cooperation -ELEC-

**THE EU GREEN DEAL IN A POST-COVID-19  
MEDITERRANEAN: BOOSTING RECOVERY AND  
GREEN TRANSITION IN THE SOUTHERN  
NEIGHBOURHOOD**

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## **THE EU GREEN DEAL IN A POST-COVID-19 MEDITERRANEAN: BOOSTING RECOVERY AND GREEN TRANSITION IN THE SOUTHERN NEIGHBOURHOOD**

7 October 2020, Online Conference

On 7 October 2020, the European Institute of the Mediterranean (IEMed) and the European League for Economic Cooperation (ELEC), with the support of the Cercle d'Economia, organised the 16th Annual Conference of the Mediterranean Commission of the ELEC, "The EU Green Deal in a Post-COVID-19 Mediterranean: Boosting Recovery and Green Transition in the Southern Neighbourhood", which took place online. The conference aimed to exchange ideas on the ambition of the EU Green Deal in a Euro-Mediterranean context marked by the socioeconomic consequences of the COVID-19 pandemic. This edition gathered high-level policymakers, experts and representatives of the private sector and civil society from the North and the South of the Mediterranean region.

The following report summarises the discussions and outcomes of the conference, which was designed around two main sessions addressing the opportunity to use the COVID-19 crisis to advance towards a greener and more circular economic model in the Mediterranean region. Furthermore, energy was addressed as one of the pillars of this transition where interdependence between both shores of the Mediterranean demands coordination and collaborative solutions.

### **Opening Remarks**

The conference was opened by Senén Florensa, President of the Executive Committee of the European Institute of the Mediterranean and President of the Mediterranean Commission of the ELEC, Francesc Homs, President of the Spanish Committee of the ELEC, Javier Faus, President of the Cercle d'Economia, and Anthony Agotha, Senior Diplomatic Expert at the Cabinet of

the Executive Vice-President for the European Green Deal of the European Commission. Opening remarks stressed that the Mediterranean region finds itself at a crossroads: the recovery post-COVID-19 constitutes a unique opportunity to set the economies of the region on a sustainable path, for a future of prosperity, increased competitiveness, and resilience.

To shift the direction of our economic models, it is more than ever crucial to adopt long-term approaches laying the basis for the productivity and competitiveness of the European economies for the 20-30 years to come. Speakers argued that this approach lies in the roadmap provided by the European Green Deal (EGD) announced in December 2019 by the European Commission. Its ambition is to make the EU the first climate-neutral continent by 2050 through a new and transformative growth strategy.



While recovery plans are mobilising trillions of euros, it appears imperative to avoid directing these resources towards rebuilding the destructive fossil fuel and carbon driven economic model that we have been living on for over a century. Indeed, the opportunity to tie recovery together with a sustainable and green transition is not to be missed. According to the keynote speaker, the costs of non-action and business as usual are tremendously high as the impacts of climate change and environmental degradation on our economies, our human security and well-being are to be growingly felt in the years to come.

This shift towards a more innovative, green, inclusive, and competitive economy set by the European Green Deal will be extremely difficult to achieve, announced a speaker. Some economic sectors will be considerably impacted, making imperative to implement social and economic measures to accompany the “losers” of this transition. As stated by a participant, there will be a fair transition or no transition at all.

What about the Southern and Eastern Mediterranean countries? It seemed clear to all that the ambition to become carbon neutral cannot be achieved by Europe on its own: this transformation will also depend on its partners' efforts, including in its most immediate neighbourhood such as the Mediterranean, a major hotspot of climate change. In this context, the Mediterranean region had plenty of opportunities for cooperation to offer, especially regarding the energy transition. Finance, diplomacy, expertise, skills, technology will have to be mobilised in direction of its Southern Neighbourhood if the EU wants to achieve its climate and growth ambitions without leaving behind its Mediterranean partners. It is in its utmost interest to respond to a common existential threat that knows no borders.

### **The Post COVID-19 Recovery in the Mediterranean: Turning the Economic Crisis into an Opportunity for a Green and Circular Transition**

As stated in the introduction, the COVID-19 crisis offers a unique opportunity to change the course of our economies. The trillions of euros mobilised for the recovery can either be used to continue on the path of an accelerated and dramatic global warming or can be part of a new positive agenda devoted to launching a transformation towards greener, inclusive and sustainable economies which would allow us to achieve the ambitions of the Paris Agreement and the Agenda 2030. In this context, the European Union designed a recovery plan to be in tune with the new growth strategy set out by the European Green Deal. The aim of the € 1.8 trillion NextGenerationEU recovery plan will be to lay out the foundations for a greener, more digital and resilient EU.

For the speakers of this session, the Mediterranean region should obviously be part of this green recovery. For economic, social and geopolitical reasons, the EU cannot afford to ignore its neighbours in this process. As recalled by an expert, in December 2019, EU Delegations in the Mediterranean were clear about including EU's neighbours in its effort towards a green transition. As a result, the Communication on the European Green Deal acknowledges an external dimension which gives emphasis on the EU as the transition companion of its neighbourhood.

Consequently, the session focused on how Southern neighbours will be integrated into the EU green package in the context of the COVID-19 recovery. Although it was stressed that the complete articulation between the external dimension of the EGD and the NextGenerationEU initiative as well as their implementation in the Southern Neighbourhood are still a work in process, some insights were provided by the speakers.



According to a speaker, finance, capacity building, policy dialogue and a multi-stakeholder approach are the main pillars of the EU strategy to foster a green and sustainability transition in its Southern Neighbourhood.

Regarding finance, needs are immense, as recalled by the participants. Innovative financial arrangements and access to finance are crucial for Southern and Eastern Mediterranean countries to achieve their transition, especially at a time when the COVID-19 crisis is creating severe financing gaps. Against this background, the new Neighbourhood, Development and International Cooperation Instrument (NDICI) is expected to devote 30% of its funds to climate and environment action in support of a green recovery. In addition, mobilising the private sector will be key to support green and sustainable investments, create sustainable business opportunities and jobs. Yet, representatives of the private sector regretted that it is not sufficiently integrated in the current legal and strategic frameworks.

Despite the multi-stakeholder approach adopted by the EU to support the green transition in its Southern Neighbourhood, participants claimed that more efforts are required from the Union in order to increase its engagement, not only with the private sector, but also with the civil society in the Mediterranean region. This is especially relevant to foster a societal change in countries of the Southern and Eastern Mediterranean. As highlighted by a participant, key stakeholders and the general public are not yet aware of what a green, circular and sustainable economy is, what it requires and how it will affect their livelihoods. Therefore, fostering awareness and education are fundamental to mobilise a critical mass that can make a smooth transition possible at the societal level. When the governance from state actors proves to be deficient, the civil society has a role to play to fill the void. Increased support from the EU will be critical in this regard.

As pointed out by the speakers, studies show that countries of the South of the Mediterranean are lacking the necessary capacities to implement a successful transition. The EU intends to address this gap by providing technical assistance for national and local administrations (including technology transfer and knowledge sharing) to tackle coherently environment, climate, circular economy, transport, and energy issues. This approach will remain a key pillar of the EU external action towards its Southern Neighbourhood in the years to

come, in addition to strengthening the resilience and adaptation components of capacity building programmes. However, participants considered important that the latter adopt a participatory approach that is effectively based and tailored to the countries' needs to achieve substantial results.

Finally, the EU will continue to use its diplomatic channels to promote a green transition vis-a-vis its closest partners in the Mediterranean. This will include bilateral policy dialogues in addition to multilateral cooperation within the framework of the Union for the Mediterranean whose 2<sup>nd</sup> Ministerial Meeting on Environmental and Climate Action in 2021 is much awaited.

The task is huge and will require persistent, flexible and targeted efforts and policies. Many challenges and obstacles including the lack of good governance and conducive business environments need to be addressed and overcome. More importantly, launching a green recovery, whether in the North or in the South of the Mediterranean, will necessarily negatively impact some sectors with the risk to create more unemployment, especially in countries depending heavily on extractive sectors. To avoid such a scenario, experts stressed that the transition should be “fair” and inclusive, in the sense that it ensures that no one is left behind by implementing the right social absorbers (capacity building programmes, compensation funds). At a time when many businesses' survival is at stakes due to the COVID-19 crisis, participants acknowledged that the role of the states in deploying the right policies to protect vulnerable sectors from the consequences of the pandemic while encouraging them to embark on a green recovery will require a great deal of political savvy. Opportunities to increase productivity and competitiveness through resource efficiency are real and should be highlighted. This is especially true for the energy sector where the Mediterranean is enjoying considerable comparative advantages to produce renewable energy.

### **Moving Towards the Energy Transition Together: Impacts of the EU Green Deal in the Southern and Eastern Mediterranean Energy Landscape**

The consequences of the COVID-19 pandemic have accelerated the energy transition at the global stage. As highlighted by a speaker, the demand in fossil



fuels has been severely hit by the COVID-19 crisis while the demand in renewable energy has increased as never seen before (with a share of 44% in Europe from April to June). Fearing a post-COVID-19 rebound of fossil fuels, participants stressed that the Mediterranean is going through a double transition that needs to be considered by future energy policies.

On one hand, we are witnessing the emergence of the renewable regime: renewable energies are indeed becoming increasingly competitive and are attracting considerable interest from the oil majors. On another hand, the energy landscape is currently undergoing a geopolitical transition with the so-called “Shale Revolution” in the United States, which, according to a panelist, has completely changed the Mediterranean energy market. As a matter of fact, Algeria has seen its role as main supplier of gas to Spain decrease in a significant way to the benefit of outsider exporters like the US or Qatar. This geopolitical transition could have serious political, socioeconomic and security implications for the hydrocarbon-producing countries of the region.



Can this context benefit to the energy transition in the Mediterranean? Experts invited to discuss the issue considered that, without a comprehensive and coherent overhaul of the energy policies in the Mediterranean, expectations in



terms of carbon neutrality will hardly be met. In fact, despite many efforts made on the policy and regulatory levels, the panelists pointed out that the region is far below its huge potential in terms of development of renewables, energy efficiency, and CO2 emissions.

However, participants agreed that the European Green Deal offers encouraging perspectives through an ambitious commitment and resources to be mobilised. Even if larger investments are needed to reach carbon neutrality (€2 trillion by 2030 according to the experts), the EGD constitutes a very positive step that will generate positive externalities in the Mediterranean region while explicitly calling for more cooperation with the countries of the Southern Neighbourhood.

The European Clean Hydrogen Alliance is testament to this will to upgrade the energy relations between the EU and its Southern Neighbourhood in the context of the EGD. A key component of the new industrial strategy for Europe, the Alliance acknowledges that the EU cannot produce alone all the green hydrogen required to reach carbon neutrality and envisions North Africa as a future key player of this market. Bilateral negotiations are ongoing, notably between Germany and Morocco, but the importance of a regional energy dialogue will be key to define a common Mediterranean agenda on this issue. As remarked by a panelist, the hydrogen revolution is currently under way and the Mediterranean will be at the centre stage of it.

Again, the European Green Deal, combined with the NextGenerationEU initiative, can have a transformative effect on the Mediterranean energy landscape, provided that it does not repeat the mistakes of the past. When aligning the Euro-Mediterranean energy landscape with the EGD energy policies, policymakers would be indeed well advised to assess the failures of the past mega-projects, especially the Mediterranean Solar Plan, the DII Desertec Energy, and the energy rings. The focus of a new Euro-Mediterranean energy policy should therefore be put on projects that can first and foremost ensure human and ecological security and sustainability.

It seemed obvious to all that the EU cannot reach carbon neutrality without a massive electrification of its energy system (with an expected share of 65-90% in final energy demand by 2050 against 30% nowadays). In this context, to accommodate a very high level of renewable energy, power systems need increased flexibility to manage its intermittency and storage. One of the key solutions is the creation of an integrated Euro-Mediterranean energy market to increase this flexibility and support a renewable energy scale-up. As highlighted during the discussions, this market integration would require investments in infrastructures (transport and electricity interconnectors), some of which are already in place but underutilised (Medgaz between Algeria and Spain). It would be equally crucial to work on the harmonization and synchronization of the transmission system operators and the market design to facilitate exchanges if such an integrated regional market were to be created.

Cooperation based on interdependencies is therefore compulsory to successfully set a win-win sustainable Mediterranean energy landscape. To this end, it appears more than ever necessary to move away from a securitization of the renewables that would prevent productive cooperation scenarios to emerge. This notably means that the EU should definitely avoid considering Southern and Eastern Mediterranean countries as energy providers but as partners. The latter, in turn, will need to address governance shortfalls in a promising sector of the renewables that is not benefiting their citizens in the first place.

Once again, climate finance should meet the needs of the countries of the region for the deployment of renewables and the integration of the Euro-Mediterranean market. It remains to be seen how this will be done and how will be allocated the share dedicated to the energy transition of the upcoming Neighbourhood Development and International Cooperation Instrument and NextGenerationEU initiative. Equally important will be the much-needed alignment and integration of all frameworks and strategies of the EU package for the green transition into a coherent and consistent energy policy in the Euro-Mediterranean region.



## Conclusions

If the European Green Deal represents a reference model for neighbouring countries in the Mediterranean, it appears that only a Euro-Mediterranean Green Deal can instill the needed step change towards the green transition. Participants of the XVI Annual Conference of the Mediterranean Commission of the ELEC indeed called for a Mediterranean Green Deal which would be a kind of European Green Deal offshoot laying the ground for the alignment of the external dimension of the EU green and sustainable package in the Southern Neighbourhood. The 2nd UfM Ministerial Meeting on Environment and Climate Action, scheduled in 2021, could be an important milestone in terms of political commitment.

The European Green Deal, often compared to a green Marshall Plan, and the prospects for a green recovery backed by considerable financial resources, have created high expectations, not only in the EU but also in its neighbourhood. Yet, its implementation remains an immense challenge and it is to be seen if actions will follow through on commitments to really trigger a fair green transition. It will be indeed extremely complex to balance expectations with real possibilities at a time when the COVID-19 pandemic is inflicting severe damages to the economies of the Euro-Mediterranean region. But not impossible if all stakeholders – policymakers, private sector, financial sector, civil society organisations and citizens – of the Mediterranean region work together and in the same direction.

