

The European Green Deal: fundamental changes to combat climate change



Q&A with Miroslav Toman, Czech agronomist, businessman, and diplomat

Miroslav Toman, the Minister of Agriculture of the Czech Republic from 2018 to 2021, is a Czech agronomist, businessman, and diplomat. He has played an instrumental role in the negotiations around the European Green Deal, the plan to make the EU carbon neutral by 2050.

On July 14, 2021, the European Commission adopted a set of proposals regarding EU climate, energy, transport and taxation policies aimed at reducing greenhouse gas emissions by at least 55% by 2030 compared to 1990. What impact will this have on the agricultural and food processing sector in Europe?

The impacts of the “Fit for 55” legislative package on the agriculture and food sectors as well as on other sectors such as forestry will mainly be indirect. The changes and extensions of the greenhouse gas emissions trading system proposed by the European Commission are likely to lead to higher prices of fossil fuels such as coal, natural gas, and diesel fuel. The cost of these fuels makes up a significant part of farmers’ and food producers’ variable

costs. It will thus be necessary to anticipate either an increase in variable costs or significant investment into new technologies and vehicles. In both cases, the increased cost of food production will be reflected in food prices, or it will have to be covered by EU and national support.

Neither the new package nor the issued strategies were accompanied by the impact analyses that many countries, including the Czech Republic, asked for. The estimates that are available show that, in addition to rising food prices, there is also the risk of a decline in agricultural production.

Who will be the biggest driver of Green Deal enforcement, or who will be the most biased against

it—the European Commission, national governments, local or international companies, banks, or citizens?

The biggest drivers of the Green Deal are undoubtedly the governments of several ambitious EU member states, the European Parliament, the European Commission, a few corporations, several groups of citizens and also some non-governmental organizations. On the other hand, there are a number of EU member states and companies, citizens and NGOs that have criticized the Green Deal, especially in terms of the implementation of new European strategies, the possible negative impact on some sectors, and also the social impact.

Are there ideological conflicts among EU states in the design and adoption of the measures?

Of course. There are different starting conditions in each EU member state that must be reflected. The goals in the Green Deal are very ambitious. The Czech Republic is trying to find a common solution with the European institutions, which is often very difficult. It is obvious that not everyone can be completely satisfied. The main thing for the Czech Republic is the effort to maintain the competitiveness of the European agricultural and food sectors with the lowest possible administrative burden. For example, in the food sector it is proposed to introduce uniform nutrition labeling on all packaged products. The Czech Republic does not support the current proposal compared to the other EU member states, as it is misleading to consumers and, for example, does not take into account the portion of food consumed.

How will these measures affect the companies currently operating in the agricultural and food sectors?

Fundamentally. The European Commission has set requirements to reduce the use of pesticides by 50%, to leave 10% of arable land uncultivated, and so on. The pressure of retail chains on low food prices and increased demands on farmers in situations where less money is spent on the Common Agricultural Policy than before, is also playing an important role. Farmers and food producers will have to deal with all of this. In recent years, the Czech Republic has seen growing consumer interest in foods with higher quality standards, especially foods with minimal or no residue of crop protection products. People prefer fresh, local, and regional foods more than ever before in the modern era. As a result of this pressure from consumers, the requirements of food chains for food quality are also increasing, especially for fruit and vegetables. However, this repositioning of what is on offer can also pose a risk to the retail chains in the event of a reduction in consumer purchasing power.

Does the proposal envisage a certain set level of food production or self-sufficiency for individual states or is this a matter for national governments? Will the enormous amount of transportation of food and agricultural commodities across Europe end? Will the “Farm to Fork” strategy enforce production and consumption within one state or region?

The strategy talks about supporting regional and local food, but there is currently no known firm plan of support from the European Commission. In no case is it expected that the European Commission will issue a directive dictating



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what each country should produce and in what quantities. In its strategy, the European Commission has promised to support the reduction of dependence on long-distance transport through the creation of shorter supply chains. This means supporting so-called short supply chains and regional and local foods that have a lower carbon footprint. The Czech Republic agrees with this approach and is already supporting this direction today.

Will different measures be taken for each EU member country with regard to the structure of their agricultural production? After all, there are significant differences within individual member countries, for example, in average farm sizes, intensification of animal production, and so on.

The set of instruments adopted at the EU level will be uniform, but they must be broad enough to allow individual member countries to choose the measures that will allow them to achieve the Green Deal's objectives at lower costs while taking local conditions into account. With the goal of achieving 25% of agricultural area organically farmed by 2030 for example, the Czech Republic demands that the differences among individual member states be taken into account when assessing compliance with the targets. The Czech Republic, with more than 15% of organically farmed land, is one of the countries with the most widespread organic farming in the EU. Countries such as Germany and France are at the level of 7.5% and countries such as Poland, Romania or the Netherlands are below 4%. It should be a matter of priority that these countries will make the biggest effort to expand organic farming areas.

What financial budget is in place at the EU level to support the Green Deal? Are there studies that determine how many tons of emissions will be reduced in the food and agriculture sectors with the planned investments?

Achieving the Green Deal will be supported by a number of EU financial instruments. For the period 2021-2027, the EU budget for the Common Agricultural Policy is EUR 378.5 billion. In addition 30% of the EU's multi-annual budget (2021-2028) and the EU's NextGenerationEU (which is designed to support post-pandemic recovery) will be invested into green investments. Plus, the member countries must devote at least 37% of the funds they receive under the Recovery and Resilience Instrument to climate investment and reform (a total of EUR 672.5 billion), i.e., mainly from the National Recovery Plan.



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In the agriculture and food industries, the primary goal is not to reduce greenhouse gas emissions, but to protect biodiversity and other environmental components (water, soil) by supporting organic farming and reducing the consumption of crop protection products and mineral nitrogen fertilizers. In the Czech Republic, it is the energy sector that has the main share of greenhouse gas emissions, and that is where the largest reduction in these

emissions must take place. Greenhouse gas emissions from agriculture make up only about 6% of the Czech Republic's total national emissions, and this share is one of the lowest in the EU.

So far, there are no such studies, nor are the ways to achieve the planned goals defined. In addition, the implications of all the measures proposed by the European Commission are not known yet. The Czech Republic, together with other member states, called for the identification of individual impacts to ensure that the proposals submitted by the Commission would be effective and beneficial. Within the framework of the adopted strategies, several public consultations were announced for some projects (for example, on the proposal to reduce food waste), in which entities that are interested in or directly affected by the issue can contribute their opinions, suggestions, or

comments. These will then be evaluated and will be one of the contributions to the overall impact assessment of the measures.

One perspective is the reduction of emissions and the other perspective may be the risk of rising food prices and agricultural commodity prices. Won't the consumer ultimately pay for the implementation of the new legislation in the form of rising food prices and increased national debt?

The European Commission proposals may significantly complicate business in the food industry and be a significant financial burden, although the strategies already aim to ensure that food produced in the most sustainable way will also be the cheapest. The financial impact on the sector will depend on the parameters of the individual measures, their scope, and in what time horizon they will be adopted. However, due to the establishment and compliance with the new requirements, food prices may increase even in a fundamental way.

Reducing food waste will help in part, but in my opinion, it will be very difficult, or rather impossible, to maintain the current price levels of food if energy prices are dramatically higher than in the previous years and other costs rise as well. After all, everybody is already seeing the effects of higher prices of gas and electricity on the finances of households and businesses.

What should entrepreneurs in the agriculture and food sectors prepare for over the next 10 years? How will their businesses be affected by decarbonization?

It will be a fundamental and multi-faceted change. They should prepare for the need to invest heavily in technology, transportation, marketing, and distribution chains. They should also prepare specific projects to reduce energy consumption, increase energy efficiency, and maybe find

Agricultural emissions and projected emissions by key EU member states



Sources: National emissions reported to the UNFCCC and to the EU Greenhouse Gas Monitoring Mechanism provided by European Environment Agency (EEA), Member States' greenhouse gas (GHG) emission projections provided by European Environment Agency (EEA)

a way of producing energy from renewable sources. And last but not least, they should be actively interested in the possibility of supporting these investments and projects from new and existing European and national financial programs, such as the Modernization Fund or the Common Agricultural Policy strategic plan.

It will be essential that the EU does not remain alone in its efforts, the whole world must join in, otherwise the EU will lose its competitiveness.

Will current conditions be sufficient for companies affected by this strategy or will they have to invest significantly in innovation and new technologies?

Of course, in the future it will be necessary to innovate, no industry will avoid this. Czech farmers are constantly innovating their technology. Bear in mind that the development of new agricultural technology is not rapid, and technology evolves gradually. Of course, the new legislative requirements place increasing demands on farmers and the environmentally sound management of their farms. Should there be a major turnaround in a particular technology that would require the critical support of the Ministry of Agriculture, it must definitely be a subject of discussion. Next year, for example, it is expected that the European Commission will propose a revision of the directive on the sustainable use of pesticides, which will, among other things, address the wider application of precision agriculture—drones. The Ministry of Agriculture of the Czech Republic has long supported innovation and new technologies from European and national resources. From national resources, it is a subsidy program “Support for the processing of agricultural products and increasing the competitiveness of the food industry” and European support from the Rural Development Program called “Processing and marketing of agricultural products,” which is a subsidy for investments in agricultural processing and marketing for small and medium enterprises.

Do you think that companies in the agriculture and food sectors are sufficiently innovative and can cope with new trends, including the upcoming Green Deal?

Some companies are very innovative and are already involved in producing energy from renewable sources for their own consumption, for example, or publicizing the carbon footprint of their products. Others have not dealt with it yet. However, it can be expected that if the new legislative framework is adopted and current trends are confirmed, these companies will also have to pay more attention to innovation. In the food sector, technological equipment innovation is the main issue. It should be noted that some products can only be produced by certain specific production methods. So, innovate yes, but not where it is not possible or unnecessary.

How do you personally perceive the planned structure of the Green Deal? Are there any measures that you would supplement or remove?

I see the need to combat climate change and protect the environment as important. However, the individual steps leading to this goal must be realistically set and on the basis of expert analyses and analyses of the financial impact of individual measures that we consider

a necessary precondition for the implementation of any new strategy. Maintaining the competitiveness of European agriculture, fisheries, and food is absolutely crucial for the Czech Republic. The achievement of the objectives will be conditional on the introduction of new technologies, which will require substantial investment both in the technology itself and in the training of staff. I see some of

the goals set by the Green Deal strategy, such as the goal of achieving 25% of agricultural land in organic farming, as very ambitious and setting great demands on funding to ensure that they are achieved. In terms of measures to reduce greenhouse gas emissions in agriculture, the processing of agricultural residues and biodegradable waste in biogas plants has been proven to work in the Czech Republic. The Common Agricultural Policy strategic plan is now preparing support for agroforestry, which should contribute not only to soil protection and biodiversity, but also to the long-term storage of carbon in the soil in the form of organic soil as part of so-called carbon agriculture, a new concept of the European Commission to reduce emissions of greenhouse gases.

I understand the need for the EU to be a world leader in the field of climate change, but I would like greater communication between European officials and member states, as well as among farmers, food producers, foresters, and fishermen. Only in this way will the proposals be feasible in practice.

Without fluid communication among all stakeholders, we risk building our own barriers in our processes and production chains. ■

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