



DG ENVIRONMENT

Commissioner Virginijus SINKEVIČIUS
Environment, Oceans and Fisheries

American Chamber of Commerce
“Think Global” discussion

(Brussels, 1 April 2022 09:30)

BRIEFING NOTE

Scene setter / Context:

The American Chamber of Commerce is organising this discussion. Sustainability and business and government responsibility are overarching topics. An angle on the war in Ukraine is expected.

You will be asked to give a short introductory speech and follow the discussion which will be moderated.



Lines to take

- Express deep concern about the Russian aggression, humanitarian crisis and also environmental damage;
- Briefly describe the steps to assist Ukraine on environmental issues;
- Stress the role of business in the time of conflict and in post-war recovery;
- Stress the role of the European Green Deal principles.

Speaking points for introduction

Good morning ladies and gentlemen, and many thanks for this invitation.

I see it's an invitation to 'think global'

I used to think that meant looking at a problem from all angles, ensuring everything was covered in a comprehensive manner. That was something of a mantra with our environment policy.

But now it means something slightly different. It's a reminder of how there is no escape from geopolitics. How the previously inconceivable suddenly becomes our daily reality.

We saw that with Covid, and we see it again with this barbaric invasion of Ukraine.

The consequences are huge, for our economy, and for society. We see major upsets to global supply chains, and we have to diversify our sources of supply, and shorten supply chains. We need to close ranks with our friends and allies.

There are loud voices calling for an end to environmental controls, telling us to cut the green tape. But thinking global isn't simple. Climate change, biodiversity loss and pollution might be pushed off the front page, but they don't go away. They're still existential threats.

(Pause)

Of course we need full solidarity with Ukraine and its people. The Russian aggression continues, and we are focusing on humanitarian aid and on the most burning needs.

Business is showing solidarity, showing Russia there is more to life than profit. This is about decency, freedom and human rights. Our core European values. And on this, it's vital to present a united front.

We are also concerned by the environmental damage Ukraine is reporting, from nuclear safety concerns to impacts on nature and pollution from oil spills, leakage of hazardous materials/substances/chemicals from ammunition, maybe even nuclear contamination.

I am personally in touch with the Ukrainian government, in particular with the Ministry of Environmental Protection and Natural Resources. I held direct talks with Minister Strilets two weeks ago in Lviv, in fact we have spoken several times. We are working to respond to the current Ukrainian requests.

(pause)

As entrepreneurs, you know the risk of putting all your eggs in one basket. To some extent, that is a mistake we've made with Russian energy sources, and we need to set it right.

There is an urgent need to diversify our sources of supply, step up energy efficiency, and accelerate the shift to clean and renewable sources. In practice that means accelerating the implementation of the European Green Deal.

Business needs to understand this as well, and join government efforts to shift to green and sustainable economy.

We also need to plan for the future. There is no doubt that the whole civilised world should help Ukraine to rebuild the country after the Russian invasion.

And when it comes to the recovery, business will play a crucial role. There will be major opportunities, but huge challenges as well. The reconstruction has to be underpinned by sustainable solutions, a green approach, and the best available tools to provide for a green recovery.

We need the same approach in Ukraine as we apply at home. That means determined action to protect our environment. There can be no compromise on our goals for environment and climate change – on the contrary, we need to redouble our efforts.

Scientists around the world are constantly underlining this need for urgent action. Not just for our children, but for our environment, for today. We owe it to everyone to keep going with this agenda.

Climate change, biodiversity loss, and pollution – it's a triple crisis that gets worse by the day. Hundreds of millions of people are already affected. These crises drive conflicts, or make them worse.

'Thinking global' – it also means doing all we can to prevent those conflicts. Building up sustainability, thinking green. Strengthening the foundations of society. Because when you stabilise the environment, you lower the risks.

Not just in Europe, but all round the world.

Further speaking points during the discussion:

On EGD in recovery:

- Soil and water degradation, as well as loss of biodiversity will be heavy due to the armed conflict and risks impacting health, prolonging suffering long after hostilities end and also can hamper recovery efforts.

- Assessment of the damage done and action to remediate environmental damage will be in the core of our immediate assistance. We are planning now work on mapping environmental damage and preparing a green reconstruction and recovery.
- The war in Ukraine does not remove the fact that climate change, biodiversity loss, ecosystem collapse and pollution are some of the biggest threats facing humanity in the next decades.
- It is already clear that the environment will have been a "silent victim of the conflict," as often the huge environmental damage can have impacts that last long into the future such as pollution, land and forest degradation.
- Making the reconstruction of post-war cities and societies sustainable is paramount.
- A moment of hope will come when we begin to see past the devastation. Taking stock of all that has been lost and broken and focus on a future that is not about returning to the status ante, but about rebuilding greener and better.
- Compared to conventional buildings, a green building minimizes use of energy, water, materials, and land. If up-front costs do prove to be higher, they are offset over time by lower energy bills. And once people move in, they'll be more comfortable because they will have better control over features such as lighting and temperature.
- Europe and America have grown closer together during the past tragic weeks. This we should preserve and put our combined energy and knowledge at the service of our Ukrainian friends.

On food security:

- The EU has a high degree of self-sufficiency as regards agri-food products, with a structurally robust export surplus above 10%.
- In particular, the EU is self-sufficient with respect to both meat and cereal production and is a net exporter. This is coupled with a very high rate (close to 30%) of food waste. So there is a comfortable margin of self-sufficiency.
- Our import dependencies are limited to some product categories – largely linked to animal feed. Such dependency is driven by our very high export of animal products (pork and others) to South East Asia and China in particular.
- We also know that the EU produces way more meat than we eat. Meat exports have constantly increased and even doubled since 2005, with China being the biggest trade partner for meat with 23% of the animal products EU-exports in value.
- And finally, meat demand is declining in the EU. We have an increasing over-production and increasing dependency on volatile export markets.
- Outside the EU, increased food prices and food security will be a major concern in many countries. We need to support them to ensure they can feed their population and to maintain social stability

- The Commission is looking into solutions to the challenges caused in the short and medium term by the war in Ukraine, and their impact on farmers. Announcements shall be made very soon.

Defensive point

Will the continued implementation of the EGD during the war put European food security in jeopardy?

- The EGD does not put food security into danger.
- Rather than producing food for livestock and biomass, the EGD promotes growing food for human consumption.
- This could replace products from the UA and RU, not only for EU internal use but also for export towards 3rd countries that are currently largely dependent on RU/UA products (Yemen, Mediterranean).
- We will not help food production by making it less sustainable. We need to reduce dependency of fertilizers and chemicals, coming notably from Russia and Belarus. The Farm to Fork Strategy and the Biodiversity Strategy are critical parts of the answer.
- Without a transition such as the one set out in the Farm to Fork and Biodiversity Strategies, food security will be severely at risk in the long-term, with irreversible impacts globally.

On switch to green energy

- The current situation underlines how important it is to build our future energy independence based on domestic renewable energy and greater energy efficiency, which most of the time also provides cheaper energy than fossil fuel solutions.
- We need to ensure our energy supply, through more energy efficiency, renewables and green hydrogen. Energy efficiency in our buildings, together with solar panels on rooftops and heat pumps are the most urgent actions to reduce our energy bills.
- The Commission is confident that the proposals that we have put on the table to deliver on the European Green Deal remain the best way forward to meet the legal commitment, which all 27 Member States have taken by adopting the European Climate Law.
- We need to cut our greenhouse gas emissions by at least 55% by 2030 and increase our energy independence, and this requires a mix of policy tools.
- Member States should urgently transpose the Renewable Energy Directive (RED II), which deadline was in July last year. This is extremely urgent to accelerate the energy transition.
- The sooner we adopt the *Fit for 55* legal proposals on the table, the sooner we give certainty to our industries and to people across Europe about the path forward, and the more time we give ourselves to adapt and build the new green, clean, healthy economy and society which is ultimately what the European Green Deal is aiming to do.

- As concerns nuclear energy, we are keeping in close contact with the International Atomic Energy Agency (IAEA) and supporting their efforts to ensure the safety and security of nuclear facilities in Ukraine.
- We continue to monitor the situation on possible increased radiation very closely. The European Nuclear Safety Regulators Group, ENSREG, also continues to closely follow the situation and to coordinate with the IAEA.
- The world needs a green transition, for the sake of our planet and our health, but also for our resilience, safety and independence. Through all the challenges of the past two years with the COVID-19 pandemic we have maintained and reinforced this position and our determination to push forward with the necessary measures. This will not change.

Background information

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Food security

The crisis will likely have an immediate impact on grain exports from Ukraine and Russia. Most of the wheat and barley crops are harvested in the summer and exported during the fall. By February, most wheat, barley and sunflower seed exports are largely completed. Ukraine maize exports typically remain heavy through the spring into the early summer.

While the EU has a high degree of self-sufficiency as regards agri-food products, with a structurally robust export surplus above 10% with import dependencies limited to some product categories. Many other countries depend much more on these products from Ukraine and Russia. North Africa and the Middle East import over 50% of their cereal needs and a large share of wheat and barley from Ukraine and Russia.

Europe might lose important export markets which suffered from the volatile situation in Russia already in the past. This could be a moment to reassess the export markets for European products.

Faced with the dangers caused by the war in Ukraine, the partisans of an intensive agriculture suggest the need to question some environment standards to “produce more” on French and European agricultural soils. Environment activists are increasingly concerned and denounce an “instrumentalisation” as well as “a strategy that is ineffective and even dangerous.” Early March, French Agriculture Minister Denormandie called on the European Commission to reassess its objectives. In Versailles, President Macron called for a revaluation of the production strategies to defend food sovereignty. La Tribune notes that the EU is aware that the European food security is not in danger and that it bets, for instance, on the development of biopesticides.

[REDACTED]

Table - Top 5 imports and exports between Ukraine and the EU in 2021

EU IMPORTS FROM UKRAINE			EU EXPORTS TO UKRAINE		
Product	Import value 2021 (€ billion)	% of total imports	Product	Export value 2021 (€ billion)	% of total exports
72-Iron and steel	5,00	20,8%	84-Machinery	4,18	14,8%
26-Ores, slag and ash	3,02	12,5%	87-Vehicles	2,87	10,2%
15-Animal and vegetable fats/oil ¹	2,07	8,5%	27-Mineral fuels	2,66	9,4%
85-Electrical machinery	1,87	7,8%	85-Electrical machinery	2,62	9,3%
10-Cereals ²	1,75	7,3%	30-pharma products	1,68	5,9%
<i>Other</i>	<i>10,37</i>	<i>43,1%</i>	<i>Other</i>	<i>14,26</i>	<i>50,4%</i>
Total trade	24,08	100%		28,27	100%

2. Measures taken so far

Following the recognition of the separatist republics DNR and LNR, the EU adopted on 23 February restrictive measures (Council Regulation (EU) 2022/263). These measures mirror the restrictive measures that were put in place for Crimea after the illegal annexation by Russia in 2014 (Council Regulation 692/2014).

These measures include:

- A total **ban on all imports** into the EU of goods originating in the occupied parts of the Donetsk and Luhansk oblasts (Art. 2).
- A **ban of EU investments** in these territories (Art. 3)
- A **ban on exports** to any natural or legal person or entity in those territories as regards certain goods and technologies suited for use in the following key sectors: transport, telecommunications, energy and the prospecting, exploration and production of oil, gas and mineral resources (Art. 4).
- A **ban on the provision of certain services** relating to infrastructure in these territories (Art. 5) or tourism activities (Art. 6).

In order to enforce the decision on the import ban and avoid the risk of circumvention via the Russian Federation or Belarus as regards coal or steel products, a notice to importers was issued on 28 February 2022 asking EU customs authorities to seek conclusive evidence that there is no circumvention when checking imports of those products from the Russian Federation and Belarus into the EU.

It should be noted that we do not have a record of exports from these territories into the EU, as virtually all of their production (notably coal and steel) appears to be exported to the Russian Federation.

¹ Including sunflower-seed oil (CN 1512), €1,69 billion in 2021.

² Including maize or corn (CN 1005), €1,63 billion in 2021.

3. Additional potential implications for trade

Trade between the EU and Ukraine is not affected by sanctions. However, due to the ongoing situation, there will clearly be an impact on bilateral trade. The Commission is carrying out an assessment of the structural dependencies from Russia, Belarus and Ukraine. In the short term, key infrastructure has been damaged, and we can anticipate that bilateral trade will be greatly affected. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]