

For a New Euro-Med Green Deal

Global decarbonisation requires massive and bold measures, sustained by consistent political support. The European Union has been a first mover with the launch of its European Green Deal in 2019 pursuing climate neutrality by 2050.

To reach this ambition, cooperation among countries both within the EU and beyond its borders is crucial. This means planning to deliver structural change beyond the political cycle and building long-lasting partnerships to achieve climate neutrality and sustainable, inclusive economic growth. A lack of vision and long-term strategy, also triggered by electoral shifts, could fragment the EU, fragilise energy security, lead to economic losses as well as derail decarbonisation.

In this spirit, the recent developments in the North Sea – aiming at harnessing the abundant renewable energy potential of the region (especially offshore wind) and, consequently, enhancing energy security, accelerating the bloc's decarbonisation and promoting industrial competitiveness

– go in the right direction. The initiative is thus very ambitious, although it does not come without obstacles and challenges¹ that these countries need to carefully assess and address. The inclusion of non-EU countries, such as the UK and Norway, together with the establishment of the EU-Norway Green Alliance,² is also an added value showing how the energy trilemma can be managed efficiently. The Green Deal will indeed be successful only if it manages to engage positively with the neighbourhoods and to mainstream its green pillars outside the borders and across its foreign policy.

Now, it is time to expand such an approach to the Mediterranean Sea. European Mediterranean countries should come together and work on

¹ Simone Tagliapietra, "North Sea Summit: Blowing in the Wind?", in *Bruegel First Glance*, 25 April 2023, <https://www.bruegel.org/node/8988>.

² European Commission, *European Green Deal: New EU-Norway Green Alliance to Deepen Cooperation on Climate, Environment, Energy and Clean Industry*, 24 April 2023, https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2391.

This Commentary is based on an initiative launched by the Istituto Affari Internazionali (IAI). The main goal is to propose a common and coordinated approach within the EuroMediterranean area in terms of energy transition. To this end, IAI gathered the voices of some experts on energy with an interest in the area. All authors have contributed to the text in light of their specific expertise and knowledge.

their competitive and comparative advantages, contributing to the climate pathway of the entire region. The Med is well known for its renewable energy potential, in both solar and wind, well complementing the developments of the Northern European countries. The region is also strategic for EU foreign policy. The EU should indeed propose win-win partnerships for the region to promote its climate diplomacy and contrast the growing geopolitical presence and influence of external players, notably Russia and China.

Therefore, the EU Med countries can foster and launch partnerships for deploying clean energies (notably solar and offshore wind, alongside grids and flexibility tools), fostering energy efficiency, investing in cutting-edge technologies (like carbon capture, utilisation and storage [CCUS], and hydrogen) and strengthening infrastructure connectivity.

These initiatives, carried out within the EU vision, should aim at strengthening energy security and accelerating the energy transition in the most cost-efficient way for the entire Union, as well as the entire region, rather than further fragmenting its energy landscape. By doing so, EuroMed countries will also address the rising, common challenge for the entire region: climate change. The Mediterranean is a climate hotspot currently warming 20 per cent faster than the rest of the globe, even though it is responsible only for 6 per cent of the global carbon emissions. The increase in intensity and frequency of climate change in the area is more visible than ever. An integrated regional and European vision toward

the Med however still appears absent or embryonic.³

We call EU Med countries to pursue and focus on the following actions and measures:

1) Countries should *harness their vast renewable potential* both in terms of solar and wind in the most cost-efficient way. Despite the growth of solar photovoltaic (PV), more can and must be done to increase solar generation in the region. EU Mediterranean countries could also benefit extensively from offshore wind, which is largely untapped with only a 30 MW project launched in 2022.⁴ Therefore, countries need to accelerate permitting procedures to benefit from their potential, but they need also to team up in order to create economies of scale and joint projects. EU Med countries could also promote scientific cooperation on new renewables technologies, such as floating offshore wind.

2) The *expansion of energy infrastructure* both within the EU and abroad cannot be neglected by a Euro-Med Green Deal. As countries seek to increase the share of renewables in their mixes, developing the necessary electric grids is essential, otherwise the transition will be delayed.⁵

³ See for example the latest Med 9 meeting in La Valletta in May 2023. *Med 9 Energy Ministerial Summit Joint Statement*, Valletta, 18 May 2023, <https://www.gov.mt/en/Government/DOI/Press%20Releases/PublishingImages/Pages/2023/05/18/pr230740en/PR230740e.pdf>.

⁴ Adrijana Bljan, "First Mediterranean Offshore Wind Farm Up and Running in Italy", in *Offshore Wind*, 22 April 2022, <https://www.offshorewind.biz/?p=100224880>.

⁵ Attracta Mooney, "Gridlock: How a Lack of

The expansion of cross-border interconnections⁶ provides economic benefits and security of supplies as well as the fast deployment of renewables into the system. Investing in cross-border interconnections will enhance energy security and allow better integration between wind from the North and solar energy from the South. EU Med countries should also invest in decarbonised gas infrastructure: Spain, Portugal and France for example have agreed to launch the "H2Med" energy interconnection project.⁷ EU Med countries should also allocate funds for additional interconnections between the two shores of the Mediterranean, such as the one with Tunisia and Egypt. To import clean energy from the Southern shore, EU Med countries will need to ensure that these countries advance in their domestic decarbonisation. As of today, there is only a bidirectional interconnector between Spain and Morocco.

3) Another key issue is the *development of CCS technologies* given its potential coming from the depleted gas fields. Currently, the Med is lagging behind compared to the North Sea as there are only two projects under consideration in Italy and Greece.⁸ EU Med countries

Power Lines Will Delay the Age of Renewables", in *Financial Times*, 11 June 2023, <https://www.ft.com/content/a3be0c1a-15df-4970-810a-8b958608ca0f>.

⁶ Elisabeth Cremona, "Breaking Borders: The Future of Europe's Electricity Is in Interconnectors", in *Ember Insights*, 14 June 2023, <https://ember-climate.org/insights/research/breaking-borders-europe-electricity-interconnectors>.

⁷ Belén Carreño, "Hydrogen Pipeline between Spain and France to Cost \$2.6 bln", in *Reuters*, 9 December 2022, <http://reut.rs/3W1x2Ac>.

⁸ International Energy Agency (IEA), *Italy 2023*

should work jointly to build *common infrastructures* to decarbonise energy-intensive industries in the area and for the development of a hydrogen economy, which is a sector that the EU is eager to develop. This approach would also allow engaging with energy-producing countries in the Southern Mediterranean shore.

4) A true Euro-Med Green Deal cannot look only inward, but it must also be outward-looking. It is crucial to *engage with non-EU Med countries* to build solid, just energy and climate partnerships for the entire region's energy security and decarbonisation. Partnerships should consider different objectives and priorities, promoting mutual interests and cooperation, while advancing a solid decarbonisation pathway. A concrete area of cooperation can look at ways to *fight methane emissions* in the area – aiming at reducing environmental and economic damages for producing countries while increasing gas supplies for European gas markets as envisaged in the new EU External Energy Strategy.⁹ EuroMed countries could also cooperate on *energy efficiency* (the low-hanging fruit of energy transition) through identifying and sharing innovative practices, technologies and data as well as investments aimed at capacity-building.

Energy Policy Review, Paris, IEA, May 2023, p. 49, <https://www.iea.org/reports/italy-2023>; and *Greece 2023 Energy Policy Review*, Paris, IEA, April 2023, p. 43-44, <https://www.iea.org/reports/greece-2023>.

⁹ European Commission, *EU External Energy Engagement in a Changing World* (JOIN/2022/23), 18 May 2022, <https://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52022JC0023>.

5) EuroMed countries could also invest in developing new technologies, such as *hydrogen* and *clean electricity*, to decarbonise existing industries and create jobs for the young, growing population. Imports from North African countries could potentially contribute to the EU target on hydrogen. Cooperation among EU countries as well as with Southern Med countries is necessary in this regard as shown by the joint development of the SouthH2 Corridor from Algeria to European markets.¹⁰ On this matter, countries need to enhance existing EU frameworks with South Med countries, for example, the Mediterranean Green Hydrogen Partnership. Alongside hydrogen imports, EU countries should focus initially on promoting the use of green hydrogen and electricity domestically aimed at decarbonising Southern Mediterranean energy-intensive industries. Morocco and Egypt have also taken measures to develop hydrogen capacity, and many European countries and companies have increasingly engaged with them over the past years. Developing hydrogen for domestic use would also allow South Med countries to reduce their liability to the European Carbon Border Adjustment Mechanism (CBAM) as well as foster the integration of value chains across the Mediterranean.

6) To implement all these measures, it is crucial for EU Med countries to *enhance governance and financial cooperation*.

¹⁰ Rachel More and Francesca Landini, "Germany, Italy Support New Hydrogen-Ready Pipeline Project", in *Reuters*, 8 June 2023, <https://www.reuters.com/business/energy/germany-italy-support-new-hydrogen-ready-pipeline-project-2023-06-08>.

(a) *Governance*: EuroMediterranean countries already share an intergovernmental institution (the Union for the Mediterranean) and several cooperative platforms related to energy (for example, MedReg and Med-TSO) as well as climate (MedECC, ClimateSouth, Cities for Climate, among others). Now, what is needed is a more integrated and holistic vision to harness the region's energy potential, to build long-lasting partnerships as well as a sustainable and secure future. To do so, EU Med countries could establish regular summits at the highest political level. Lastly, EU Med countries should coordinate their measures in a European perspective, by engaging with the European Commission to better coordinate the measures, ensure the achievement of EU climate targets and prevent fragmentation. In parallel, EU Med countries should prioritise inclusive and win-win solutions aimed at advancing decarbonisation and economic growth for the entire region.

(b) *Finance*: EU Med countries should pool their finance resources, also from multilateral institutions such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), to put forward a financial plan to promote projects and partnerships for a sustainable transition in the entire region. Coordination on investments in the area is much needed to avoid fragmentation and duplication of efforts.

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