

THE EUROPEAN GREEN DEAL | COVID-19 | **THE INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN OF CYPRUS**

THE EUROPEAN GREEN DEAL

The European Green Deal (the “**Green Deal**”) was introduced in December 2019 targeting the transformation of the European Union economy whilst facing climate and environmental challenges.

The Green Deal focuses on the improvement and the well being of the people, aiming to make Europe climate neutral by 2050. The protection and restoration of biodiversity and well-functioning ecosystems is therefore the key to enhance the resilience and prevent the development and spread of future diseases. Biodiversity protection is crucial for safeguarding the global food security and maintaining a healthy ecosystem that filters our air and water and helps with the climate in balance. Nature provides us with food, health, medicines, and materials. It is therefore essential to achieve the climate change mitigation needed and reduce the release of greenhouse gas emissions that are warming our planet.

THE EUROPEAN CLIMATE LAW

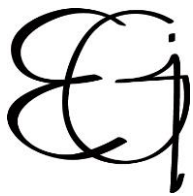
On 4 March 2020, the European Commission adopted its proposal for a European Climate Law, as an important part of the Green Deal. The **Climate Action Plan** provides an action plan to boost the efficient use of resources by moving to a clean circular economy, restore biodiversity and reduce pollution.

The Green Deal is considered as a roadmap *for making the EU's economy sustainable* by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all. The 2021 United Nations Climate Change Conference, also known as COP26, is the 26th United Nations Climate Change conference and it is scheduled to be held in the city of Glasgow from 1 to 12 November 2021 under the presidency of the United Kingdom.

The **Climate Law** contains action plan measures for governance policies of Member States of the EU, national energy, and climate plans, which are reportable to the European Environment Agency. The steps undertaken are subject to review under the Paris Agreement which works on a **5-year cycle** of increasingly ambitious climate action carried out by countries and their plans for climate action known as **Nationally Determined Contributions (NDCs)** are submitted.

THE EUROPEAN GREEN DEAL AND COVID-19

The recent COVID-19 pandemic makes the need to protect and restore nature even more vital. The investment program of the European Green Deal seeks to invest at least €1



trillion to reduce carbon emissions. With the COVID-19 pandemic and the financial crisis, the European Council adopted on 11 February 2021 being the regulation establishing the Recovery and Resilience Facility (RRF) in order to facilitate the biggest building block of the “Next Generation EU” stimulus package by granting €672.5 billion to control the effects of the pandemic.

Unfortunately, COVID-19 highlighted a vicious circle, such as unsustainable development, environmental degradation, new pandemic threats, lockdown, economic slowdown, and increase of unemployment. Therefore, the COVID-19 recovery proposal was put forward by the European Commission as a top priority for the transformation towards climate-neutrality and at the same time creating new job opportunities by investing in nature protection and restoration that is critical for Europe’s economic recovery from the COVID-19 crisis.

However, the short-term positive impacts on the environment according to the European Environment Agency (EEA) includes the temporary improvement in air quality, lower greenhouse gas emissions and lower levels of noise pollution. Nevertheless, there have been negative effects such as the increased use of single-use plastics, and that ways out of the pandemic should focus on restructuring the unsustainable production and consumption systems to accomplish long-term environmental advantages.

THE INTEGRATED NATIONAL ENERGY AND GREEN DEAL PLAN OF CYPRUS

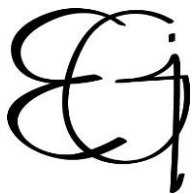
Cyprus has had the largest increase in greenhouse gas emissions in the last 30 years and had lost its EU emission targets for the year 2020. Cyprus will have to turn to the Emissions Trading Scheme to buy greenhouse gas emission allowances of around 40 million to make up for the missing amount.

On 13th of November 2020, the Council of Ministers approved the National Governance System for the European Green Deal in Cyprus, and the implementation of National Energy and Climate Plans’ (NECPs) was introduced under the Regulation on the governance of the energy union climate action (EU/2018/1999) which will be enforced for the years 2021-2030.

THE “INNOVATE CYPRUS” STRATEGIC FRAMEWORK

The “**Innovate Cyprus**” Strategic Framework adopted by the Council of Ministers in October 2018 embraces an aspiring vision, to the development of an integrated Research and Innovation Strategy for achieving sustainable economic development and social prosperity. The idea provides a long-term perspective to the Strategy Framework, intending to safeguard a focused effort and commitment for the execution, on behalf of Cyprus and the those involved in the national Research & Innovation system.

The national target, set in “Innovate Cyprus” which revolves around nine pillars aims for a rise of 1.5% of the GDP by 2023 in investment for Research and Innovation therefore an annual spending of €395m is predicted. The target is also to raise private share in spending from 43% that it was in 2017, to 50% by 2023. Public funding will have the expected results



only if combined with other measures that will support entrepreneurship in innovation and start-ups.

The aim is to utilize the maximum possible interaction between the public and private sectors and interconnection of all participants in the knowledge chain; Have strong guidance, supervision, and ownership at policy level; Take-up the existing experience and know-how within the Research and Innovation ecosystem; Ensure adequate resources and abilities for the effective operation of the Research and Innovation system; Adopt the mechanisms to screen and assess system performance.

THE EU JUST TRANSITION MECHANISM IN CYPRUS

The EU Just Transition Mechanism, as announced by the European Commission aims to facilitate €150 billion of investment over the period 2021-2027 through the Just Transition Mechanism, which is divided in three pillars. The first pillar is the creation of a new Just Transition Fund to support the areas most affected by the transition towards climate neutrality providing a tailored support for each case. The second pillar is the “Invest EU Just Transition” scheme mobilising €30 billion in investments. The third pillar is the creation of a public sector loan facility at the European Investment Bank partly guaranteed by the EU budget to assemble between €25 to €30 billion of additional public investments in 2021-2027.

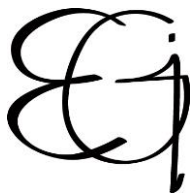
The transition will require significant public and private investment. Cyprus welcomes and supports the investment in climate and environmental sustainability actions for the period 2021-2030. “InvestEU” plays an important role in leveraging private investment for the transition, a programme capable to provide long-term funding to companies and to support Union policies in a recovery from a deep economic and social crisis.

Customized support for regions and sectors most affected by the transition will be made available by the upcoming transition EU mechanism for a fair transition, which, as announced by the European Commission, will aim to facilitate investments of €100 billion through the Just Transition Fund mechanism.

“FROM FARM TO FORK” STRATEGY IN CYPRUS

On 20 May 2020, the European Commission presented its “Farm to Fork” strategy as one of the key actions under the European Green Agreement. According to EU’s strategy, the aim is to create and promote sustainable food production, consumption and create food chain for consumers and producers. The strategy will contribute to the achievement of the Circular Economy Action Plan by having a more efficient food production systems, better storage, and packaging.

The aim is to reduce by 50% the use and risk of pesticides, a reduction by at least 20% of the use of fertilisers, a reduction by 50 percent in sales of antimicrobials used for farmed animals and aquaculture and reaching 25% of agricultural land under organic farming.



The objective in Cyprus is to adopt a partaking approach, investing further in organic farming and agroforestry, to create better awareness and education in order to deliver the solutions to the challenges and is essential to accelerate the transition to a sustainable food system.

According to Frans Timmermans, Executive Vice-President of the European Commission:
“The coronavirus crisis has shown how vulnerable we all are, and how important it is to restore the balance between human activity and nature. At the heart of the Green Deal the Biodiversity and Farm to Fork strategies point to a new and better balance of nature, food systems and biodiversity; to protect our people’s health and well-being, and at the same time to increase the EU’s competitiveness and resilience. These strategies are a crucial part of the great transition we are embarking upon.”

It is important to note that €10 billion under Horizon Europe for R&I related to food, bioeconomy, natural resources, agriculture, fisheries, aquaculture, and environment will be invested. Horizon Europe’s main aim is to maximize the scientific, economic, and societal impact of Union investment in research and innovation.

The main objectives of Horizon Europe are; the strengthening the EU’s scientific and technological foundations and European Research Area (ERA); increasing innovation capacity, competitiveness and the number of jobs in Europe; and fulfilling citizens’ priorities and maintaining socioeconomic model and value.

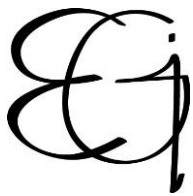
THE CIRCULAR ECONOMY ACTION PLAN IN CYPRUS

A “Circular” economy is an economy that reduces the need for raw materials and natural resources of products that can be repaired, refurbished, reused, recycled, or transformed to other useful raw materials.

On the 11 March 2020, the European Commission adopted a legislative proposal for a new circular economy action plan with aims to make sustainable products the rule in the EU, empower consumers to assist them in making sustainable choices by allowing consumers to use the “Right to Repair” benefits, to focus on the sectors that use the most resources and launch a “Circular Electronics Initiative.”

The aim is to make the European Union’s economy sustainable for a better future and towards having zero pollution by; making a transition to a circular economy; by creating environmentally friendly food system; by creating a green agricultural sector; by reducing the environmental impacts; by creating and financing a Just Transition Mechanism to achieve Climate Neutrality, create a New Circular Economy Action Plan, and preserve Europe’s natural capital.

The proposed regulation requires EU institutions and Member States to build on their climate change measures. The Commission would have to carry out five-yearly assessments aligned with the review cycle of the Paris Agreement and of the progress made towards the objectives and of the consistency of national and EU measures with the objectives.



On 17 September 2020, following an impact assessment presented in the 2030 climate target plan, the Commission amended the proposal to introduce the updated 2030 climate target of a net reduction of at least 55 % of the EU's greenhouse gas emissions compared to 1990 levels.

The Cyprus Employers and Industrialists Federation (OEB), the Cyprus University of Technology (project coordinator) and the Department of Environment of the Ministry of Agriculture, Rural Development and Environment, participate in the European program “**Business4Climate**”. The aim of this program is to commit businesses to become more actively involved in climate action and the target is the reduction of their greenhouse gas emissions by 8% until 2030.

CYPRUSGAS2EU AND THE EASTMED PIPELINE

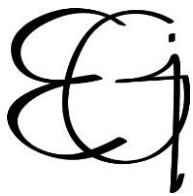
Cyprus has decided to import natural gas by early 2022 via the scheme “CyprusGas2EU” for the construction of liquefied natural gas arrival infrastructure, worth €289 million, is estimated to be ready by the end of 2022. The funding secured through “Connecting Europe Facility” (CEF), the Electricity Authority of Cyprus (EAC), loans from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

In Cyprus, more than 90% of the country's energy inland consumption is from oil products and the rest is from renewables. According to the National energy and climate plans (NECPs), the introduction of natural gas via Liquefied Natural Gas (LNG) imports and the development of the necessary infrastructure to import natural gas to Cyprus by early 2022 via the “CyprusGas2EU” project of common interest as well as the two other projects of common interest, the “EuroAsia Interconnector” and the “EastMed Pipeline” will end the energy isolation of Cyprus, diversify the country's energy mix and contribute to its energy security. It should be stressed, that the electricity interconnector will allow more Renewable Energy Resources (RES) projects to be installed especially in the electricity sector.

Cyprus submitted its final NECP for 2021-2030 to the EC in January 2020, and a 10-year roadmap for the implementation of a more sustainable transport sector through electric cars and RES in electricity production. The challenge for Cyprus is the high dependency on fossil fuels for energy as it has the second highest fossil fuel share from all the European Union Members as per the statistical office of the European Union (Eurostat).

The CyprusGas2EU scheme is complementary to the “EastMed” pipeline which is planned to pass between Israel, Cyprus and Greece and is promoted by the Ministry of Energy, Commerce, Industry and Tourism, of Cyprus to transport natural gas from Levantine Basin gas reserves into Europe by promoting Cyprus, Greece, Bulgaria, Romania, Hungary, Serbia and North Macedonia.

The “EastMed Pipeline” project is in the final studies stage and, according to the implementing body, is planned to be ready by 2025, however the promoters of the project aim to make a final investment decision by 2022.



The project will involve the “EuroAsia Interconnector” subsea cable system planned to connect the electricity grids beginning from Israel, and connecting to Cyprus, with the European transmission network.

According to the estimated timeline, the interconnection between Crete and Attica is expected to be operational by June 2022, while the Cyprus-Crete and the Cyprus-Israel interconnections are scheduled for commissioning by the end of 2023.

To promote environmental awareness, we must learn to make a recycling plan, buying reusable items, turning off electrical appliances and going paperless are a few of the policies to follow, however, environmental awareness must be taught from a young age by creating relevant real-life situations of understanding the environmental problems.

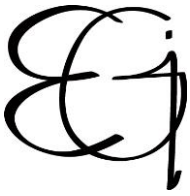
We are all at risk therefore we need to accelerate and shift to sustainable development, environmentally friendly food system, restore the ecosystem and enjoy a toxic-free environment.

If you are a business or an individual make sure you are always aware of the updates of the Climate Law and the latest news of the European Green Deal before proceeding with any housing developments, factory designs, agricultural investments, and other related activities.

The Green Deal funding scheme was an initiative to encourage consumers to make energy-saving improvements to their businesses and homes. The improvements that could save you the most energy depend on your business or home, and can have access to more than 50 different types of improvements across the sectors of, i) insulation ii) Heating iii) Glazing iv) Lighting, v) Microgeneration, but typical examples include, the insulation, such as solid wall, cavity wall or loft insulation, heating draught-proofing, double glazing, and renewable energy generation, such as solar panels or heat pumps.

Businesses of any size that can install, manufacture, or provide advice to customers about these types of products can get involved. What is needed is a good business plan, development plan and marketing plans. You therefore need to find out what work needs to be done to make your building/ business more efficient and receive the relevant funding scheme designed for your business or home.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.



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