Ecological Transition and Impacts on Productive Sectors: Critical Issues and Challenges of the European Green Deal

Luigi Servadei - CREA – Council for Agricultural Research and Agricultural Economics Analysis, Research Centre for Policies and Bioeconomy

l.servadei@masaf.gov.it

The Meaning of the European Green Deal

The European Green Deal represents a strategy that brings together sustainability, economic competitiveness and social inclusion. Its goal is to guide the transformation of production systems within a climate-neutral continent by 2050. It is a strategic political project that redefines priorities, investments and governance models of the Union.

- A unified strategic framework for climate, energy, agriculture and industry
- Climate-neutrality target by 2050
- Integration between environmental sustainability and economic growth
- Central role of innovation and a just transition

Objectives and Architecture of the Transition

The Green Deal is based on a coordinated set of policies covering several sectors and production models. The objective is to build a European economy capable of competing in a global market increasingly oriented towards sustainability. The transition is conceived as a systemic and multi-level process.

- **Emissions reduction and decarbonisation of energy-intensive sectors**
- **Expansion of renewable energy**
- **Circular economy and efficient use of resources**
- **Strengthening the social dimension of the transition**

The Global Geopolitical Context

The ambition of the Green Deal confronts an international framework marked by instability, competition for resources and a crisis of multilateral institutions. The EU must reconcile its environmental objectives with a less cooperative external environment. This tension affects the possibility of establishing higher global standards.

- Geopolitical crises and pressure on supply chains
- Global competition on green technologies
- Fragility of multilateralism and EU leadership
- Need for integration between climate and foreign policy

Compatibility of the Green Deal with WTO Rules and Instruments such as CBAM

A central issue concerns the compatibility of Green Deal measures with the rules of the World Trade Organization. Instruments such as the Carbon Border Adjustment Mechanism aim to prevent the relocation of emissions but may be viewed by third countries as unjustified restrictions. This tension creates diplomatic and commercial risks.

Need for coherence between climate policy and WTO rules

CBAM as an anti-carbon-leakage instrument

Possible perception of a "trade barrier" by partners

Risk of disputes and political frictions

Internal Economic and Social Cohesion

The ecological transition requires significant investments and generates differentiated costs among territories and sectors. Regions most dependent on fossil fuels and energy-intensive industries face greater difficulties. The success of the Green Deal depends on the ability to ensure fairness and support for production transformations.

- **Stronger impacts on carbon-intensive regions and sectors**
- **Role of the Just Transition Fund**
- **Risk of widening territorial disparities**
- **Need for effective compensation mechanisms**

The Financial Dimension of the Transition

The objectives of the Green Deal require very high investment levels, both public and private. This raises questions about national budget sustainability and the ability of the European financial system to mobilise adequate resources. Financing remains one of the most delicate challenges.

- High initial costs of decarbonisation
- Budget constraints on Member States
- Need to mobilise private capital
- Uncertainty over long-term financial sustainability

Strategic Opportunities for Production Systems

Alongside its critical issues, the Green Deal opens significant opportunities for innovation in European industrial models. Growing demand for clean technologies and new production standards can strengthen competitiveness. The transition also encourages reorganisation of value chains and the emergence of new sectors.

- Spread of low-emission technologies
- Growth of new sectors (green hydrogen, batteries, circularity, etc.)
- Increased resilience of European supply chains
- Momentum for modernising production systems

Impacts on Industry, Energy and Mobility

Energy-intensive industrial sectors face substantial adjustment costs but also opportunities for technological renewal. The energy sector is the core of the transformation, while transport and mobility require major infrastructure investments.

Industry: energy efficiency and decarbonisation processes

Energy: renewables and supply security

Mobility: electrification and alternative fuels

Infrastructure as an enabling factor

Impacts on Agriculture and Agri-Food Systems

The Farm to Fork and Biodiversity 2030 strategies represent the agricultural dimension of the Green Deal. They require reducing chemical inputs, increasing supply-chain sustainability and protecting natural resources. The sector must manage costs, production adjustments and new market opportunities.

Reduction of pesticides and fertilisers

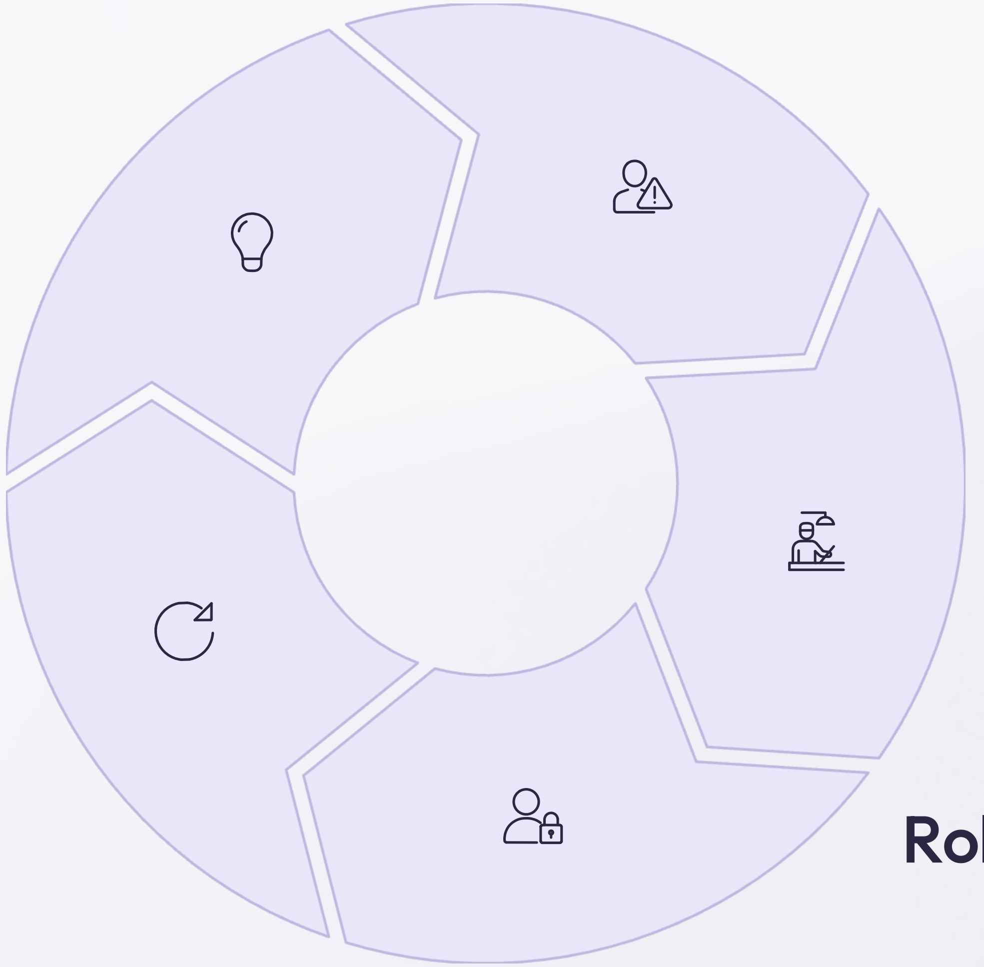
Reorganisation of production models

Strengthening food security

Valorisation of sustainable products on global markets

Concluding Remarks: Opportunities and Critical Issues

The Green Deal is both a driver of innovation and a source of economic and social tensions. Its success depends on the EU's ability to balance sustainability, competitiveness and fairness. It is a complex political project, yet essential for Europe's future.



Innovation as a lever for competitiveness

Risk of imbalances between sectors and territories

Providing technological solutions for ecological transition

Role of multilevel governance

Need for ongoing policy adaptation

Thank you

l.servadei@masaf.gov.it