



## **Taxonomy:**

### **Reconciling the virtual economy with the real economy**

**A CEFS webinar with Mairead McGuinness, Wednesday 24<sup>th</sup> February at 5.00pm**

For the third time in 30 years, the European Union is taking on a grand economic project: this time, the Green Deal. The first was during the 90s: the Single Market, a remarkable if incomplete success, as the financial services dimension was only barely addressed. The second, dating from the 2000s, was the creation of the Euro, a major project but also unfinished given the absence of sustainable economic convergence between Eurozone countries. Conversely, the Green Deal sets one objective which does not permit any exception or derogation: achieving carbon neutrality within the EU by 2050.

#### **Should we punish or encourage?**

For some years now, the European Union has grown its influence in the societal sphere. Cautious at first but now more confident, it is nudging the citizen towards choices that, in principle, respect their freedom of choice. The first example that comes to mind is the plant-based diet, included in the 'Farm to Fork' package of the Green Deal.

Aside from its discriminatory impact on affected sectors, it involves an autocratic and non-participatory approach contrary to the spirit of the Better Regulation agenda which supposedly underlies the Green Deal. It is clearly based on a punitive logic: you can't do this, you must do that, etc.

The only effective approach in this area is education, and the only principle that counts is a balanced diet. Promote a balanced diet, moderate and local consumption, regular exercise. These are guidelines that do not entail any discrimination or punishment. And as we know, the rate of obesity is strongly linked to underprivileged populations. The solution to the problem is therefore a question of quality, not quantity.

#### **Should credit ratings promote or overburden?**

As I recall from reading about educational methods in the past, it was not the best pupils who received a star, but rather the ones who made the most progress month to month. It was a practice based on encouragement.

More and more, individuals are rated by their bank according to their credit-worthiness and their ability to invest. However, this 'bank rating', which can result in excluding someone from the right to a bank account, is based on objective criteria. In the formulation of an individual bank rating, there is no margin for interpretation and the rating improves automatically at the same rate as the selected parameters.

With Taxonomy, businesses find themselves facing a trio of traps: the first is the complexity of extremely long, ultra-technical documents, available only in English and subject to opaque adoption processes. How does a stakeholder find these documents? To whom do they address their comments? And what will be the concrete consequences for them? The Taxonomy process is clearly generating anxiety and stress, which in itself is already intolerable.

The second trap is ignorance of the progress already made by a given economic sector or business. Despite the efforts already undertaken, the curve of achieved progress seems to be non-existent. It does not count. Unlike the star for pupils mentioned earlier, Taxonomy is a source of discouragement and worry for industry actors.

The third trap, linked to the other two, relates to the intangible nature of the objective. It seems nothing can modify it: neither the technical errors already noted, nor the impact of the post-Covid economic crisis which we know will be like a tsunami for the European Union.

### **The need for a return to peaceful dialogue with Commissioner McGuinness**

I wish to express my warmest thanks to Ms Mairead McGuinness for agreeing to take part in a webinar organised by CEFS and to be held on Wednesday 24<sup>th</sup> February at 5.00pm. Treating Taxonomy as a wide-ranging issue and in solidarity with our colleagues from other sectors, the discussion will go beyond purely agricultural and food-related matters to encompass the biofuel, energy and metal sectors, among others.

In my view, it is vital that the political level takes back some control of this file, which for too long has been left under the authority of Commission civil servants. Ms McGuinness must take a fresh perspective, one where all parties are heard and Taxonomy is repositioned as a tool for effective and useful guidance, not for punishment. To achieve this, we need time and more flexibility with the current deadlines.

Marie-Christine Ribéra - [mariechristine.ribera@cefs.org](mailto:mariechristine.ribera@cefs.org)

Director General - European Association of Sugar Manufacturers (CEFS)

February 2021

**WEBINAR REGISTRATION**