

Potential Impact Areas of the European Green Deal on Jordanian Export Sectors

A Snapshot Analysis
April 2023

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 - Chemicals
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 - Processed Food
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- Which products within the sector are most impacted?
- What will be challenging?
- What will the opportunities be



Introduction

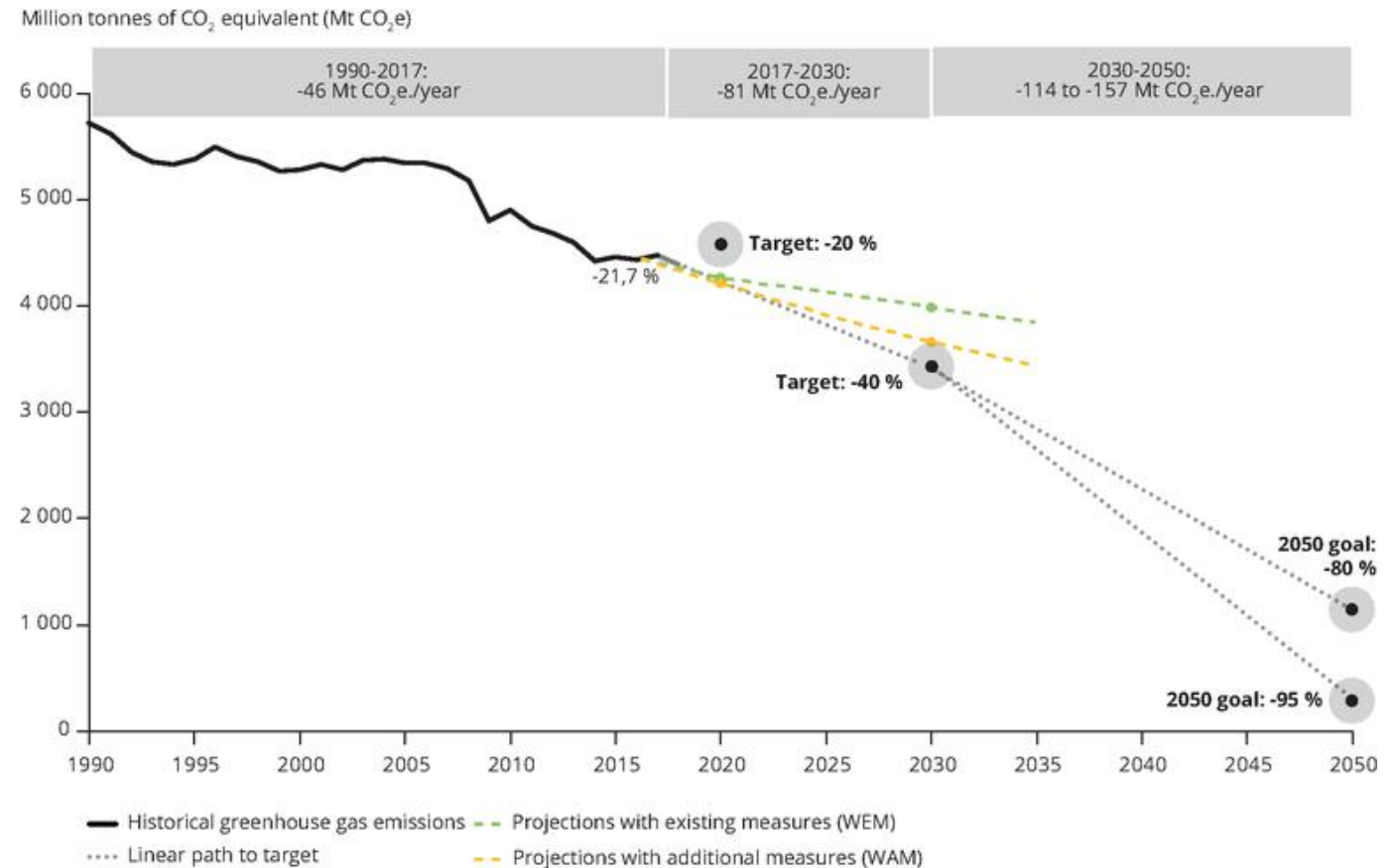
This snapshot analysis will explore the potential impact of the European Green Deal (EGD) on prioritised export sectors of Jordan. Next to a brief introduction on the EGD, and its relevance for Jordan, it will discuss per sector the most affected products of the sector, the expected challenges and the potential opportunities. Finally, it will share a summary of conclusions including sharing the main areas where Jordanian exporters will require support.



The European Green Deal (EGD)

- Following agreements on the global food, water, energy crises, the EU responded with the EGD.
- It shows the EU's serious ambition to achieve net zero greenhouse gas emissions by 2050, as well as emissions reductions of at least 55% by 2030 compared to 1990 levels.
- Since 2020, EGD policy areas have been incorporated into EU legislative frameworks (new and adjusted regulations) requiring all EU member states to take action.
- The EGD will also affect the economic relationship of Third Countries to the EU, including Jordan.

Greenhouse gas emission trend projections and target



Source: [European Environment Agency](https://www.eea.europa.eu/)



The European Green Deal is about **improving the well-being of people**. Making Europe climate-neutral and protecting our natural habitat will be good for people, planet and economy. No one will be left behind.

The EU will:



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



Help companies
become world leaders
in clean products and
technologies



Help ensure a
just and inclusive
transition



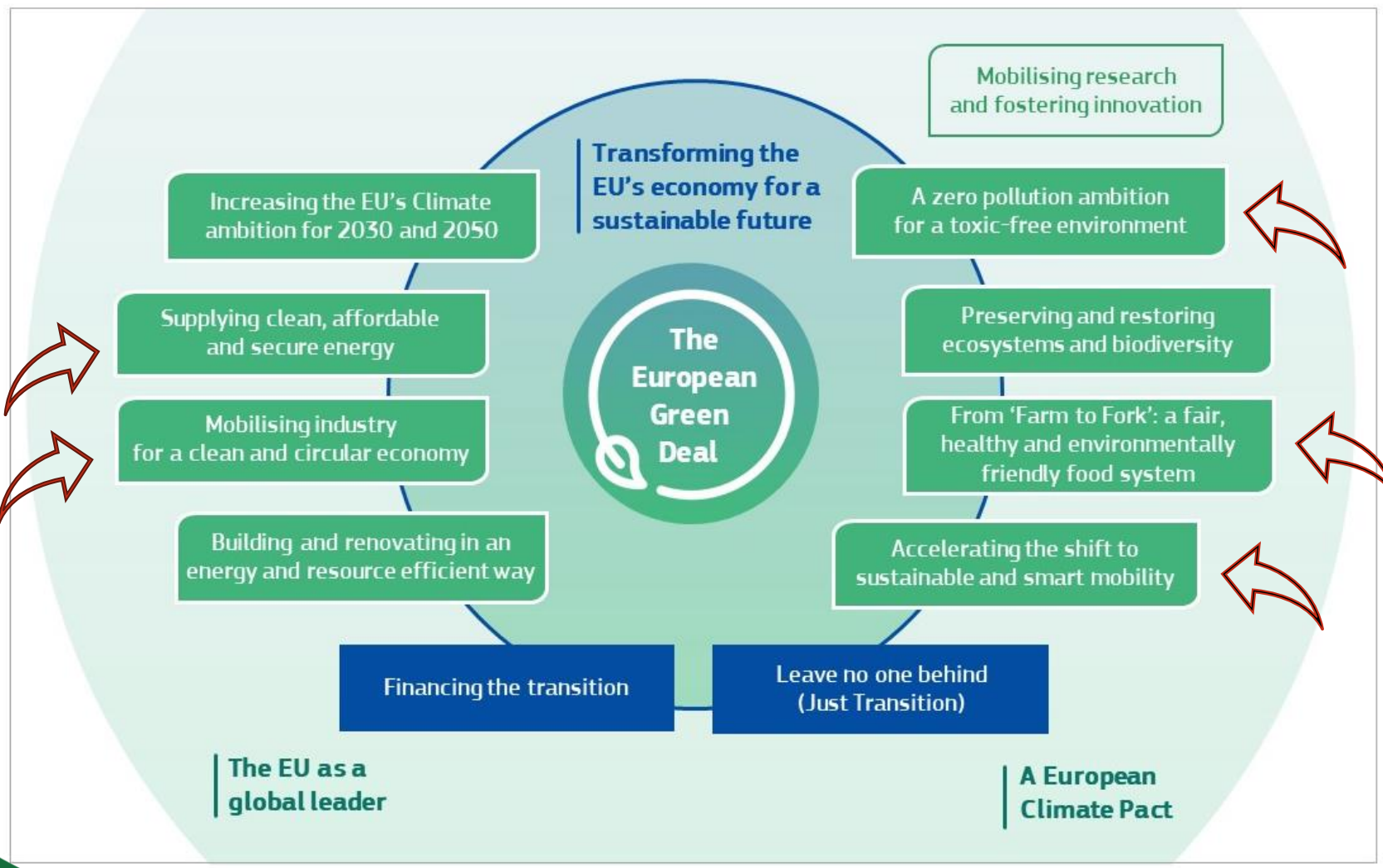
EGD Policy Areas



Check the message of the EU Commission



EGD Policy Areas Most Relevant for Jordan



- ✓ Use of clean energy in production
- ✓ Toxin-free products
- ✓ Products from sustainable food systems
- ✓ Recycled and circular products
- ✓ Sustainable transport and logistics



Two Relevant EGD Policy Areas Explained

F2F (Farm to Fork)

- ✓ Toxin-free products
- ✓ Products from sustainable food systems
- ✓ Check [video](#)

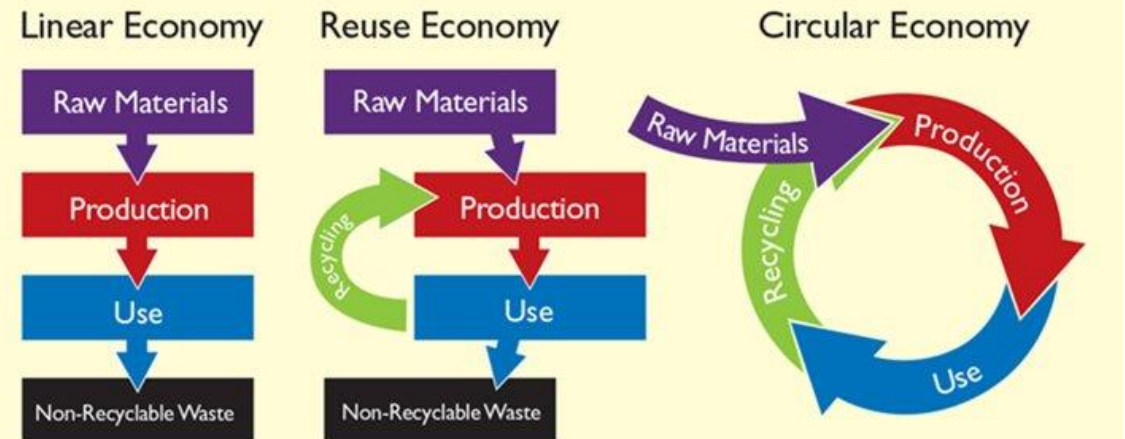


Source: European Commission

CEAP (Circular Economy Action Plan)

- ✓ Recycled and circular products
- ✓ Check [video](#)

From A Linear To A Circular Economy

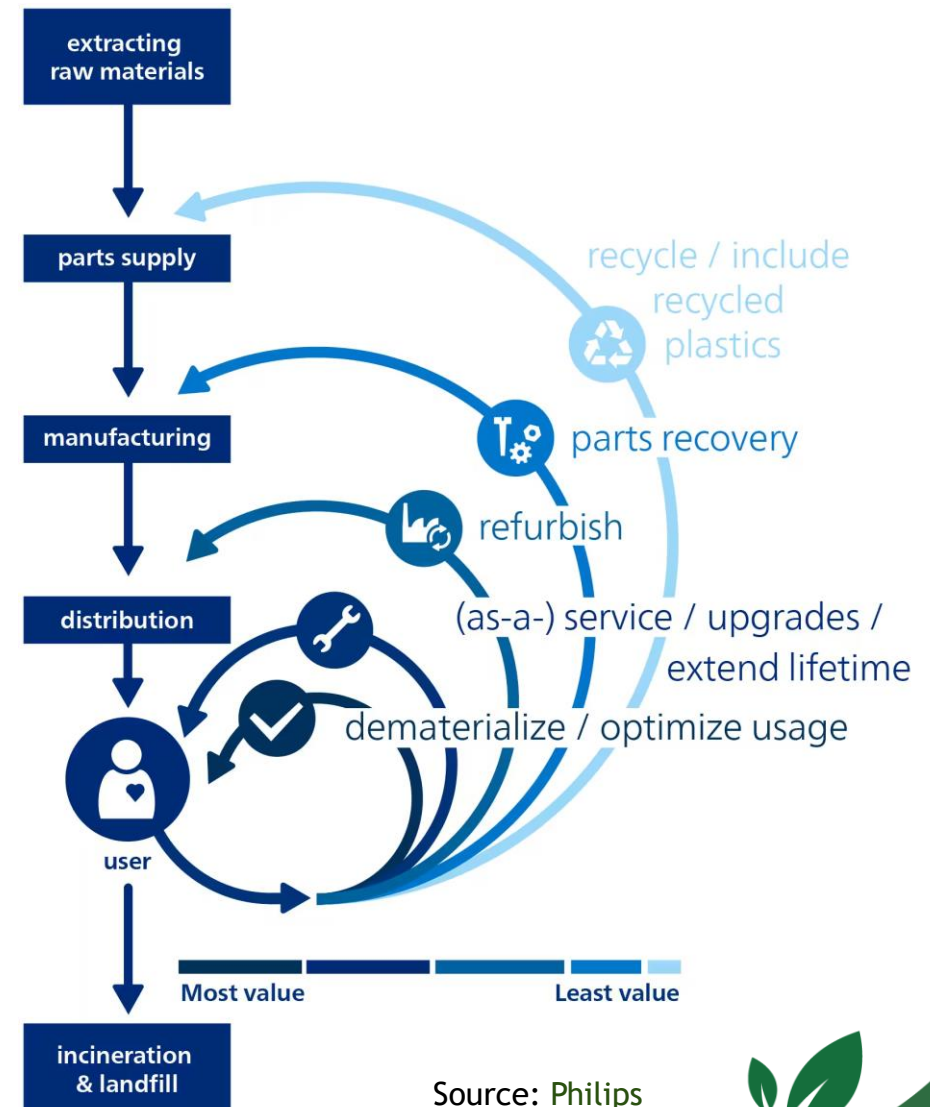


Source: www.government.nl/topics/circular-economy/from-a-linear-to-a-circular-economy

CEAP (Circular Economy Action Plan)

Mobilising industry
for a clean and circular economy

- Introduces legislative and non-legislative measures.
- Contains initiatives along the entire *life cycle* of products.
- Targets how products are designed, promotes circular economy processes, encourages sustainable consumption.
- Aims to ensure waste is prevented and resources used are kept in the economy for as long as possible.
- Covers amongst others, food, electronics, ICT, textiles, furniture and high impact intermediary products such as steel, cement and chemicals.
- More background information [here](#)
- Stay informed through this [link](#)



Source: [Philips](#)

Farm to Fork (F2F)

From 'Farm to Fork': a fair, healthy and environmentally friendly food system.

New regulation will cover all supply chain areas:

- Food loss and waste prevention
- Sustainable food production
- Sustainable food processing & distribution
- Sustainable food consumption

2030 Targets for sustainable food production

PESTICIDES



Reduce the overall use and risk of chemical and hazardous pesticides

NUTRIENT LOSSES



Reduce nutrient losses by 50% whilst retaining soil fertility, resulting in 20% less fertilisers

ANTIMICROBIALS



Reduce sales of antimicrobials for farmed animals and aquaculture

ORGANIC FARMING



Increase the percentage of organically farmed land in the EU

#EUFarm2Fork #EUGreenDeal



Source: [Population Education](#)

- More background information [here](#)
- Stay informed through this [link](#)

Impact on Jordanian Export Sectors

Jordan priority export sectors



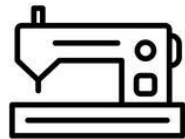
Chemicals



Processed Food



Consultancy Services



Garment & Textiles

European Green Deal

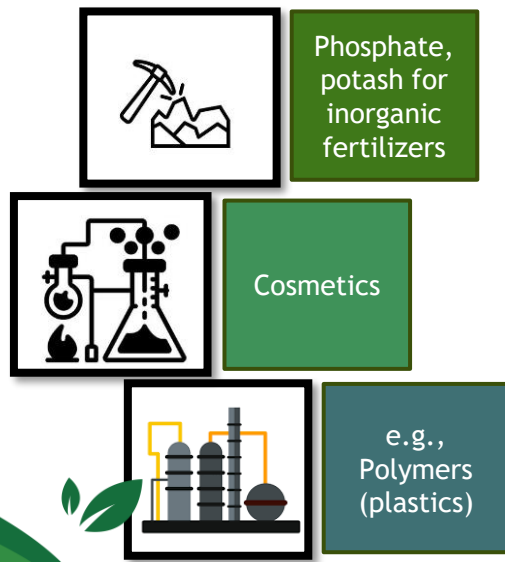
- ✓ Use of clean energy in production
- ✓ Toxin-free products
- ✓ Products from sustainable food systems
- ✓ Recycled and circular products
- ✓ Sustainable transport and logistics



Chemicals

IMPACTED PRODUCTS:

- Chemicals are an important sector for Jordan covering mining and oil-refining industries but also pharmaceuticals and cosmetics.
- Apart from inorganic fertiliser, there are only limited direct EU exports, there are indirect exports through plastics and packaging intertwined with all other exporting sectors, through primary, secondary and tertiary packaging.



CHALLENGES FOR THE JORDANIAN CHEMICAL SECTOR:

- Enhanced need for information on and compliance with the [EU Chemical strategy for sustainability](#) (to protect humans and environments from hazardous chemicals), especially for pharmaceuticals and cosmetic products (direct challenge).
- Reduced export opportunities for products with and packaging of virgin plastic polymers as EU buyers will require sustainable and recycled packaging (indirect challenge).
- Reduced export opportunities for [inorganic fertilisers](#) due to lower usage of inorganic fertiliser in and outside EU and increased demand for local organic alternatives (direct challenge).
- Possible negative effects from the introduction of carbon tax following the Carbon Border Adjustment Mechanism ([EU CBAM](#)) for fertiliser and other carbon intensive products (direct and indirect challenge):
 - Higher production costs to monitor, calculate, report and verify emissions.
 - Competition from countries with a domestic carbon emission pricing scheme in place.
- Larger Jordanian companies with EU relation will need to comply in future with [CSDD](#) and [CSRD](#) reporting which may require investments in improvements and in-house or consulted capacity (longer term challenge).





Garment and Textiles

IMPACTED PRODUCTS:

- Garment and Textile sector important for Jordan in terms of export earnings (+/- 25% annually) and jobs (+/- 75,000 annually).
- Mostly sportswear exported to the EU, but any garment exported to the EU will be affected.



Any
garment
for export

CHALLENGES FOR THE JORDANIAN GARMENT AND TEXTILE SECTOR:

- Following new regulations concluded in 2023, there will be a need for further knowledge and investment in compliance and developing and implementing digital solutions and data infrastructure for, amongst others:
 - Eco-design requirements on durability, reusability, reparability and fibre-to-fibre recyclability
 - Implementation of the [Digital Product Passport](#)
 - On-demand custom manufacturing
 - Implementation of the Extended Producer Responsibility ([EPR](#)) under which manufacturers will be responsible for the collecting, recycling, reusing, and disposal of the products they bring to market, as well as the costs of the system logistics.
- Larger Jordanian companies with EU relations will need to comply in future with [CSDD](#) and [CSRD](#) reporting which may require investments in in-house or external consultant support (longer term challenge).
- Need for general knowledge and investment to implement recycling technologies to manage existing production waste in Jordan (immediate need).
- Possible increased competition from EU manufacturers as innovations in Europe's own textile sector will be promoted (medium-term impact).

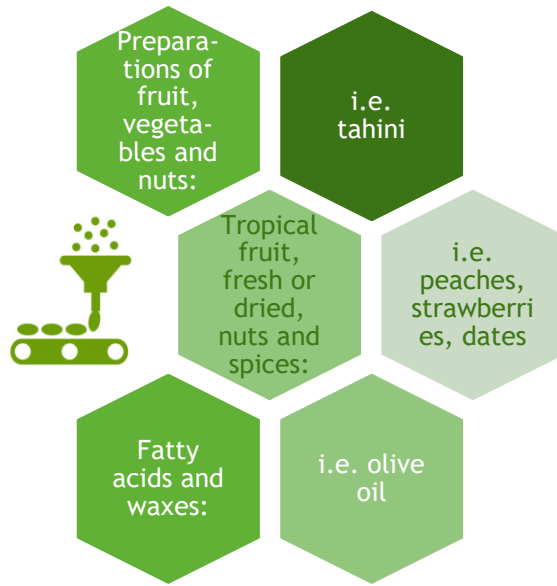




Processed food

IMPACTED PRODUCTS:

- All processed food products exported to the EU.
- All levels of the supply chain will be affected by the 4 areas part of the F2F strategy: production, processing, distribution, consumption.

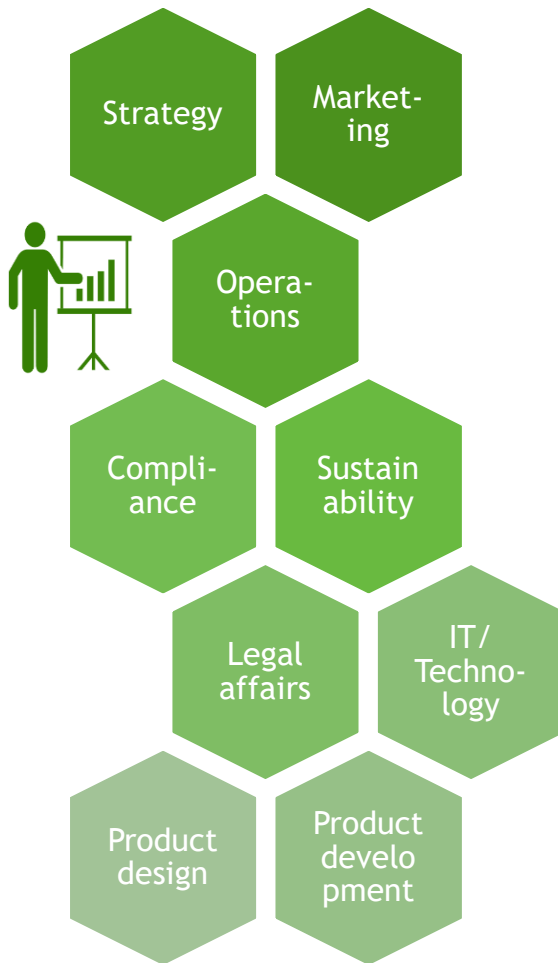


CHALLENGES FOR THE JORDANIAN PROCESSED FOOD SECTOR:

- The EU legislative framework for sustainable food systems (FSFS) (following the Farm to Fork Strategy) which will be adopted by end of 2023 (immediate effect, producers need to start anticipating now).
- Training and general information, compliance and investments needs at different supply chain levels:
 - Use of pesticides, fertilizer
 - Food loss solutions
 - Responsible practices
 - Labelling, consumer information, new marketing standards (e.g., [upcoming new regulation](#) on front-of-pack nutrition labelling)
 - Packaging regulations and innovations
- Potentially more competition from European producers of certain fresh fruit & vegetables with lower carbon footprint (e.g., peaches, apricots, strawberries).



Consultancy Services



IMPACTED JORDANIAN CONSULTANCY SERVICES:

- Consultancy services serving other Jordanian companies are not necessarily considered export services.
- Many consultancy services will be (positively) impacted by the EGD:
 - Existing Green Business Development Services (Green BDS related to energy, resources, waste and audits) will notice market expansion.
 - Regular consulting services (strategy, marketing etc.) will also need to “green” their service portfolio.

CHALLENGES FOR THE JORDANIAN SERVICES SECTOR:

- To stay up to date with all new EU regulations following the EGD.
- To develop high-quality services using information that is needed to respond to the increasing requirements of Jordanian clients.
- Selling successfully to Jordanian companies and SME support programmes and using third party Green Finance when necessary.
- Competition from larger international consultancies such as KPMG offering ESG services in Jordan.



Chemicals - Opportunities



- Using plastic waste to meet the demand for recycled plastic packaging is reported as a new business opportunity, ([ChemAnalyst](#), [MarketDataForecast](#) etc.):
 - Creation of jobs and new income (e.g. [Karak Star](#))
 - Demand for recycled plastic packaging by E-commerce industries
 - Need for sustainable and recycled plastic packaging for Jordanian exports
- Preparing a national regulatory framework for waste management to attract investors in a growing Jordanian recycling industry.
- Showcasing pharmaceutical sector's standards of compliance, traceability and reporting.



Source: [European Commission](#)



Garment and Textile - Opportunities



- Jordan could supply recycled fibres to the EU, as demand is currently greater than supply.
- Circular supply chain financing is available for recycling and other sustainability improvements in the supply chain; (general examples of such financing opportunities are for example [VF Corporation](#), or the [Good Fashion Fund](#))
- There are many technological innovations and developments already available in the garment sector related to plant-based raw materials, spinning, weaving, knitting, dyeing, product design, ready-made garments and logistics. See this [CBI article](#) for more insight.
 - More details on expected requirements per product category can be found in this research report on [Eco-design requirements](#).
- Recycling imported textile waste could be another business opportunity with sufficient investment. Note that export of European textile waste to Jordan will only be possible when Jordan demonstrates its ability to manage it sustainably.



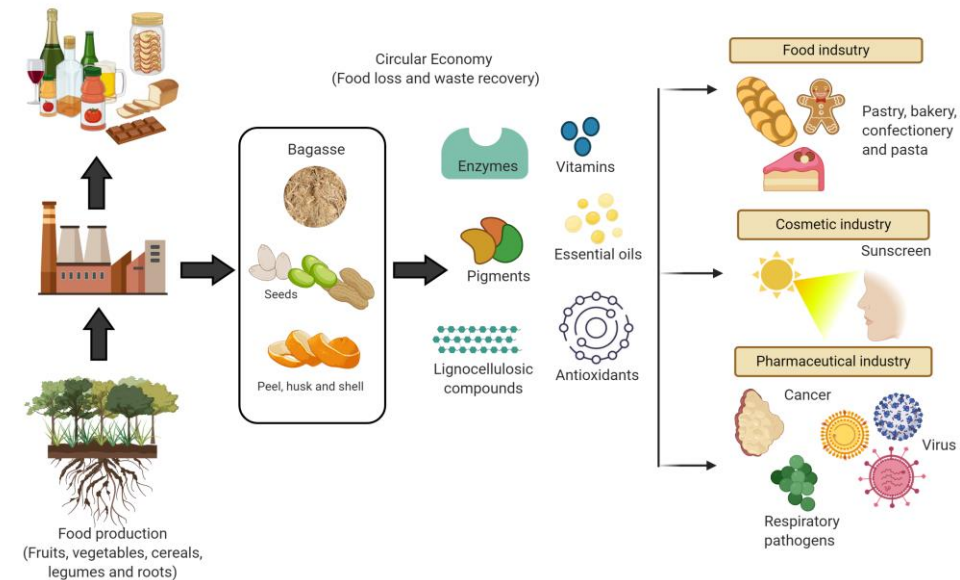
Source: Forward in Fashion, 2021



Processed Food - Opportunities



- New product development, income and food security opportunities from food loss and waste (FLW) at:
 - Production and storage level
 - Processing level
 - Marketing/retail level
 - Consumption level
- EU organic certified food products from Jordan that are complementary to what the EU itself produces, e.g. dates. Organic products are generally well received in the EU market.
- Exchange and learn with sustainable agri-food initiatives in the region, for example Red Sea Farms (Saudi Arabia) or Baramoda (Egypt).
- Regional agri-food accelerator programmes in the MENA region are open to participation for Jordanian SMEs, for example the PepsiCo Greenhouse Accelerator.



Source: MDPI, 2021



Consultancy Services - Opportunities



- Demand for Green Business Development Services (BDS) is expected to grow following a substantial increase of planned projects (especially on energy).
- There is also a need for waste management support (especially the food and the packaging/printing sector) ([Project Report on Green BDS, GIZ implemented Green Action in Enterprises/GAIN Project](#)).
- Other services that could represent opportunities for the Jordanian consulting sector:
 - Trainings on Green Trade to respond to different information needs tailored to the Jordanian context and in Arab language.
 - Sustainability, Life Cycle and other assessments to understand compliance gaps on sustainability and to translate them into an action and investment plan.
 - Implementation and compliance support for international market standards
 - Auditing, monitoring, data collection, and reporting services
 - Development and implementation of traceability solutions
 - Development and implementation of e-commerce strategies at SME or sector level
 - Sustainable product development and design including packaging
 - Green finance matchmaking services
 - Complementary collaboration of Jordanian consultancy services with international consultancies active in the country.



Conclusions



- The EGD will impact the (trade) relationship of third countries to the EU, including Jordan.
- The EGD demonstrates the EU's strong ambition to become climate-neutral. Other countries and regions will and are already following with similar climate-neutral measures.
- The Farm to Fork Strategy and the CEAP (Circular Economy Action Plan) from the EGD will especially impact Jordan's export sectors.
- There will be many challenges in responding to the increasing requirements of exporters to the EU.
- In order for Jordanian sectors to stay or become competitive within the EU market and other international markets, it will be vital to invest in new technologies and comply with new EU regulations.
- Facing these challenges will allow Jordan to discover new innovations, technologies and opportunities, creating new jobs, income, and improving overall competitiveness.
- Moreover, it will offer Jordan the opportunity to further develop its own sustainability agenda.



Conclusions

- The main needs and challenges for the Jordanian export sectors are:
 - Up-to-date EU market information
 - Adapting market information to the situation of Jordanian exporters by analyses, assessments, gap analyses, strategy development, planning for compliance etc.
 - Operational support for, amongst others, compliance and product-market matching
 - Connection with investments
- To respond to these needs, business support organisations and consultants should incorporate these areas of support into their service portfolio.
- The services can be offered online and offline with activities such as open knowledge-sharing events and study tours etc.





Kingdom of the Netherlands

Implemented by



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