



Greener European Economy

Amidst the focus on deficits and possible loan defaults in a number of Member States, it is easy to lose track of some of the long term challenges for the European economy. One of these is to undertake a transformation towards a more sustainable society compatible with the needs of European citizens while respecting limits imposed by the global and the local environment. This is not only a matter of ethics and long term survival but also of self interest. As an increasing number of commentators have suggested, there are economic advantages in being amongst the first to recognise the need for new technologies, new practices and different forms of behaviour. The first movers should be able to capture a larger share of future markets than those who are laggards in innovation and persist in resisting change.

Given the credit crunch and the relatively slow growth in the European economy it is not surprising that the pace of new investment in green technologies has fallen behind that in a number of other countries. These include China, which is growing more rapidly and also demonstrating a stronger commitment to certain key technologies and growth sectors although not a greener economy in a more rounded sense. For Europe to maintain or regain its technological edge and sense of direction, a stronger measure of leadership than has been apparent up to now will be required. It is encouraging that the Europe 2020 economic strategy includes references to resource efficiency as well as combating climate change. However, the extent to which this indicates a substantive new commitment to reducing Europe's global footprint, reducing waste, overhauling product policy and tackling difficult issues of consumption and consumer choice remains to be seen.

The Commission is expected to produce a roadmap on resource efficiency in the coming months. This is an opportunity not only in emblematic terms; it is a chance to set out a programme of concrete measures pursuing more specific objectives for both the consumption and production of resources than we have had in the past. Many fear that this initiative could turn into an unfocussed exercise in which talk outweighs any determined action. The past record of the EU in addressing resource management issues is not entirely encouraging, whether we consider the poor implementation of many waste policies by Member States, the management of fish stocks or misguided biofuels policy. So there is a credibility gap to be bridged. If the Commission has the courage to make some forward looking proposals it will need all the support that is available. But if the roadmap proves a circular route round a familiar landscape and nothing more, talk of a greener economy will seem hollow.

David Baldock, Director IEEP

IN THIS ISSUE:

- EU natural resource policy -Signposts on the roadmap to sustainability
.....Page 2
- Environment, climate change and the future EU budget
.....Page 3
- Evaluating the progress of EU environmental policy since 2002
- Room for improvement: financing Natura 2000 from the EU budget
.....Page 3
- Fit for purpose? European Water Policy Fitness Check
- The opportunity cost of protecting nature
.....Page 4
- Conferences and Events
.....Page 5
- IEEP books and publications
.....Page 6

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EU natural resources policy - Signposts on the roadmap to sustainability

As part of its new 'Developments in European Environmental Policy' (DEEP) series of papers, IEEP has recently published a paper on EU natural resources policy. Within the context of the Europe 2020 Strategy, the Resource Efficiency Flagship Initiative and Roadmap to 2050, the paper, entitled '*Signposts on the Roadmap to Sustainability*', explores the need for a more robust, deliberate EU policy framework to address this broad and complex field.

Beginning with a brief analysis of developments to date in natural resources and related policies, it details the key high, middle and lower-level mechanisms needed, and where integration in other fields is important. At the high level, an overarching political objective of bringing the EU back within carrying capacity (i.e. not exceeding its natural resource limits) by 2050 is fundamental in achieving sustainability, acknowledging limits to resource use and setting absolute targets to provide the context for support mechanisms. Such support mechanisms include mid-level

policies addressing housing, mobility, food and drink, and materials, and a renewed focus on developing product policy at the lower-level.

Integration with other related policy areas is important, particularly industrial, innovation and consumption policies, and economic instruments also need to be developed. Deeper understanding of the links between the natural resources agenda and areas such as agriculture, biodiversity and ecosystem services, and climate change and energy is crucial, and the development of policies reflecting this will be key.

The EU's opening foray into the resource efficiency agenda of coordinated action across a range of related policy fields is a good starting point, and there is much material to work with immediately within existing policies.

Contact: [Doreen Fedrigo-Fazio](#)

Environment, climate change and the future EU budget

On 28-29 March, IEEP organised an informal workshop in Brussels on 'Environment, climate change and the future EU Multi-annual Financial Framework' (MFF) that brought together more than 70 participants from European governments, the European Commission and other stakeholders to discuss how the post-2013 EU budget should deal with investment needs in the areas of climate change and natural resource management. Spending under the future EU budget could play a critical role in enabling the transition to a low carbon, resource-efficient economy, if the necessary decisions are made in the next three years. However, this is a highly political subject and progress in this direction is far from guaranteed. The aim of the workshop was therefore to explore in depth future investment priorities and the instruments to deliver them, in the context of the forthcoming legislative proposal on the future long-term EU budget due in June 2011. Organised with the support of

the Dutch and Belgian Environment Ministries, the workshop provided a timely platform for an exchange of views about greening the future EU budget. A summary of the discussions and conclusions from the workshop can be found here.



the EU budget and offers ways to put it into practice in the post-2013 MFF. The study examines different policy options to transform the EU budget into an effective tool for climate and environmental governance. Dedicated climate change spending needs to increase in order to match the level of ambition of European climate policy. Improving policy coherence, increasing results-orientation and tightening performance checks will also be important to avoid the trap of counteracting positive impacts in one area with negative impacts in another. The study offers a detailed account of relevant instruments that could address some of these challenges and includes suggestions for their practical implementation.

During the workshop, the final IEEP study on 'strategies and instruments for climate-proofing the EU budget' was presented. This landmark study, produced with the support of the European Climate Foundation (ECF), advances the conceptual understanding of 'climate proofing'

The [report](#) and the [summary of the workshop discussion](#) are available on IEEP's website.

Contact: [Keti Medarova-Bergström](#)

Evaluating the progress of EU environmental policy since 2002

The 6th Environment Action Programme (6EAP) provides a framework for EU action on the environment from 2002 to 2012, setting out key environmental objectives as well as horizontal and governance-related measures to be pursued. In 2010, the European Commission contracted an independent study to assess the achievements of the 6EAP since its adoption in 2002 to the end of 2010. This study was carried out by the Ecologic Institute, IEEP, and the Central European University and the main results were presented at a stakeholder consultation meeting on the 6EAP on 29 March.

a number of shortcomings remain and further efforts are required to fully achieve several objectives. This variable progress can partly be explained by different factors including shifting political priorities and weak implementation of



of policy-makers and stakeholders, providing them with a better understanding of EU environmental policy and a sense of its future direction. It has also helped defend the environmental agenda in times of political uncertainty and acted as a point of reference within the Commission and among external stakeholders.

The results of this study and the European Environment Agency's 2010 State and Outlook of the Environment Report will provide input for the Commission's own final assessment of the 6EAP. This is expected to be presented in mid-2011. As the 6EAP nears its end in 2012, there

The study found that progress towards the objectives set out in the 6EAP has varied across different areas. Some objectives have already been achieved, while the attainment of others critically depends on future implementation efforts. However,

environmental legislation. The role of the 6EAP has also varied across areas and it is difficult to assess whether progress would have been different without it. The study concludes that despite some shortcomings, the 6EAP helped to focus the attention

is growing interest in the issue of a possible successor Programme, its form and content, and how it will relate to other ongoing strategic and sectoral processes.

Contact: [Sirini Withana](#)

Room for improvement: financing Natura 2000 from the EU budget

Since 2007, EU financial support for the Natura 2000 network – the key EU-wide initiative to conserve our natural heritage – has been made available by integrating biodiversity goals into various existing EU funds. The aim of this integrated approach has been to further embed the implementation of these goals into other policy sectors and financing instruments, covering nearly all EU funds.

However, this integrated financing approach has not been as successful as hoped. A recent study led by IEEP shows that the funding available from the EU budget for the Natura 2000 network is very limited. According to the study, the financial allocations amount to around €550 – 1,150 million per year. Although only indicative, these sums represent only a fraction of the network's estimated financing needs of €5.8 billion per year. The relatively small contribution of the EU budget to Natura 2000 can be explained by a number of factors. In particular, the limited integration of Natura 2000 into national funding programmes and lack of capacity amongst stakeholders to access EU funding significantly hinder the uptake of available opportunities.

As for the future, strengthening the existing approach to co-financing Natura 2000 seems to provide the most politically feasible, effective and risk-averse way forward. Improvements to the availability and targeting of financial allocations, as well as their transparency, are considered crucial. In addition, it is foreseen that support for capacity building and exploration of innovative resources could help to increase the overall funding available for this vital component of Europe's natural heritage.

Refocusing the future EU budget to better support the Community's biodiversity commitments is also currently being highlighted by other stakeholders. In the UK, the House of Lords EU Committee report on the EU Financial Framework from 2014 was published in early April. Taking on board the advice given by IEEP, the report emphasised that in the upcoming EU budget biodiversity needs to be mainstreamed through the relevant Community funds, above all those funds supporting the implementation of the Common Agricultural Policy (CAP).

Contact: [Marianne Kettunen](#)

Fit for purpose? European Water Policy Fitness Check

The European Commission is carrying out a 'Fitness Check' of European water policy as part of its forthcoming 'Blueprint to safeguard EU waters'. To support the Fitness Check, Deloitte and IEEP are carrying out a supporting study that aims to contribute to this integrated evaluation of the body of legislation affecting the protection of EU freshwater resources.

The study will assess the relevance, coherence, effectiveness and efficiency of the legislative framework in place, focusing on the Water Framework Directive and daughter directives, the Nitrates, Urban Wastewater Treatment and Floods Directives, as well as non-legislative action on Water Scarcity and Droughts and Climate Change Adaptation. It will seek to analyse whether this framework is adequately capturing the challenges relevant to preserving a high quality of European

waters, and whether the instruments in place are sufficient for the sustainable management of freshwater resources.

Particular attention is being paid to issues of policy integration and



regulatory gaps. The study will analyse whether the scope of integration is fully exploited, both with regard to other environmental policies (biodiversity, flood protection, climate change adaptation) and other sectoral policies (agriculture, transport, energy) and whether enough attention is given

to the control of pollution at source to reduce Europe's reliance on end-of-pipe solutions (e.g. waste water treatment).

The study will draw on a broad range of sources, including a literature review, targeted interviews with key European, national and local stakeholders and web-based surveys. Case studies will be developed for five river basins to study the relevance and coherence of EU water policy implementation (Danube, Guadiana, Po, Scheldt, Severn).

The work is being carried out in parallel with the ongoing assessment by the European Commission of the first River Basin Management Plans, the review of the Water Scarcity and Droughts Strategy, and the assessment of water vulnerabilities to climate change and adaptation needs. The Blueprint will synthesise the findings of these reviews and assessments in 2012.

Contact: [Axel Volkery](#) or [Kristof](#)

The opportunity cost of protecting nature

Several attempts have been made to assess the costs of biodiversity protection, both to better understand the financial needs and the net benefits of such investments and, more generally, to highlight the high value of nature to society. Research has usually focused on the cost of direct investments on goods and services, such as infrastructure or management practices. However, such costs may not provide the full picture, as biodiversity protection also constrains other economic activities and revenue sources. Such constraints can lead to significant 'opportunity costs', related to the lost opportunities from more profitable activities incompatible with nature protection, such as intensive agriculture or land use changes leading to higher urbanisation.

A recent report by Ecologic, IEEP and GHK provided a comprehensive overview of the costs for biodiversity and ecosystem actions in the EU, including for the first time an estimate of opportunity cost. The report focused on ten key policy areas, namely Natura 2000, national terrestrial protected areas, species conservation, conservation and restoration of high nature value (HNV) farmland, conservation and restoration of forest areas, wider environmental policy

measures positively affecting biodiversity, the EU strategy to combat invasive alien species, and EU research on biodiversity. Furthermore, the report investigated the opportunity costs arising from foregone development opportunities, a highly debated cross-cutting category.

The combined cost of these different policy actions was estimated at roughly €10.6 billion per year. Within this, opportunity costs amount to approximately €8.4 billion, with HNV farming and forestry leading to the highest opportunity costs. Although the study is only a preliminary estimate - more data will be needed for more detailed assessments - its findings provide a useful order of magnitude figure for total and opportunity costs across Europe, which contributes to understanding the value of biodiversity and ecosystem related action. A stronger evidence base on the real costs and benefits of biodiversity should enable more informed decision-making and increased efficiency in distributing financial resources. The study is now available on [IEEP's website](#).

Contact: [Samuela Bassi](#)

IEEP Manual wins the 2011 Awards for European Information Sources

IEEP's Manual of EU Environmental Policy has been jointly awarded the European Information Association's (EIA) 2011 Award for Excellence in European Information Provision. The EIA particularly praised the effort that IEEP had put into making the Manual a truly interactive and user friendly source of information.

The EIA stated that 'Transforming a well-established and respected print source into an electronic format was clearly an obvious step [...] The Manual

of Environmental Policy makes that transformation very successfully and will be of great service to those researchers, stakeholders, NGOs and others who need to follow the development of European environmental policy. The Manual is a worthy winner of one of the EIA Awards for European Information Sources for 2011 and the European Information Association would like to congratulate IEEP and Earthscan for investing in, and creating, such a significant and useful European information source'.

The Manual is an interactive, regularly updated online resource, providing an analysis of over 500 current and archived Directives, Decisions and Regulations across all EU environmental policy issues. Full details of the Manual, including how to subscribe, can be found at: <http://www.europeanenvironmentalpolicy.eu/>

Contact: [Andrew Farmer](#)

IEEP CONFERENCES AND EVENTS

In the coming months IEEP is organising and/or participating in a number of meetings and events. To find out more, do not hesitate to contact us.

Green Week session: Resource efficiency – Using less, living better – Brussels (Belgium), 25 May 2011

Doreen Fedrigo-Fazio will be a panellist at this Green Week session addressing the problem of resource depletion and scarcities, the challenges and opportunities in becoming more discerning and resource efficient, and showcasing public and private strategies contributing to the shift towards a resource-efficient and low-carbon economy. The audience will be informed stakeholders, including representatives of national, regional and local authorities, business, non-governmental organisations. Registration is free of charge via the [Green Week website](#). Contact: [Doreen Fedrigo-Fazio](#)

OPEN:EU network at Green Week, Network Launch and Workshop - Residential Palace, Rue de la Loi 155, Brussels (Belgium), 26 May 2011

The OPEN:EU (One Planet Economy) FP7 project will have a stand at the Green Week exhibition during 24-27 May (Charlemagne building), where a demo of the free online EUREAPA tool will be run. The EUREAPA is an online scenario modelling and policy assessment tool that will help users understand the environmental pressures associated with consumption activities. The team will aim to raise the profile of the One Planet Economy, illustrate the use of the EUREAPA tool and recruit new members to the OPEN:EU Network. Furthermore, the OPEN:EU Network will be launched officially during a breakfast event at the Résidence Palace. The launch will be followed by the final OPEN:EU workshop, which will present the key findings of the project, focusing on the Footprint family of indicators and the applicability of EUREAPA. Further information will be available soon on the [OPEN:EU website](#). Contact: [Samuela Bassi](#)

IN-STREAM workshop on Sustainability Indicators for Policy Making: Green Growth and Green innovation – Berlin (Germany), 7 July 2011

This event is part the INSTREAM FP7 project and is organised by the Ecologic institute, IEEP and the broader project team. It aims to discuss and share experiences on how to improve the use of indicators to assess progress towards economic and sustainability goals, with a focus on green growth and eco-innovation policies. Registration information will be available soon on the [INSTREAM website](#). Contact: [Samuela Bassi](#) or [Leonardo Mazza](#)

IN-STREAM final workshop: key findings on sustainability indicators – Brussels (Belgium), end of September 2011

This event is part the INSTREAM FP7 project and is organised by the Ecologic institute, IEEP and the broader project team. The workshop will present the final quantitative and qualitative results of the project and stimulate the debate on Beyond GDP indicators. Registration information will be available soon on the [INSTREAM website](#). Contact: [Samuela Bassi](#) or [Leonardo Mazza](#)