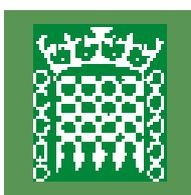




# The future of EU environmental policy: challenges & opportunities

A special independent report commissioned by  
the All-Party Parliamentary Environment Group

by Camilla Adelle, Sirini Withana, David Baldock, Marc Pallemmaerts & Peter Hjerp  
**Institute for European Environmental Policy**



**the all-party  
parliamentary  
environment  
group**



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# Foreword



**Norman Baker  
is the Liberal  
Democrat MP for  
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of the All-Party  
Parliamentary  
Environment  
Group**

**T**here is no doubt that we are in choppy economic waters, with many businesses laying off employees and even, in some cases, shutting up shop.

That difficult economic climate should not, however, lead us to take our eyes off the real climate, where, over the coming years, climate change presents us all with the biggest and gravest challenge.

Environmental policy has never been more important than it is today. It is vital that we address the need for sustainable energy and act now to prevent further climate change. Failure to do so would be devastating for our environment, on the political and economic order upon which we rely, and would have a catastrophic effect on millions of lives.

Of course, no country can tackle climate change alone, and that is why the European Union is so vital if we are to make real and meaningful change. The EU, as well as being a huge market in itself, can play an important global role by setting overall targets and leading the way on environmental policy.

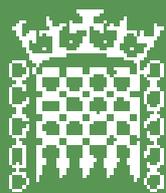
That is why I am pleased to present this report by the Institute for European Environmental Policy into the future of EU policy. It sets out the environmental concerns we face today, and highlights the fundamental role the EU can play in addressing these.

I hope you find this report useful in outlining how EU environmental policy currently functions, and the challenges we face. They are certainly significant, but it is also clear that we have the opportunity to make real progress if we act now.



**Norman Baker MP  
Chair, All-Party Environment Group**

*The authors would like to thank Adrian Wilkes of Environmental Policy Consultants and Norman Baker MP for their valuable comments and advice during the writing of this report, and also acknowledge the input from numerous members of IEEP staff.*



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# The future of EU environmental policy: challenges & opportunities

## 1 Executive summary

Environmental policy is one of the success stories of the EU. At its founding in 1957 the EU had no environmental dimension, but today it has some of the most progressive environmental policies in the world. As a result environmental standards in the Member States are on the whole higher than they would have been with purely national measures. In the UK over 80 per cent of environmental legislation now originates from the Union. Nonetheless despite these advances in legislation, significant environmental challenges persist and new ones are emerging. Further well focused effort is required both to meet existing targets and aspirations and to agree new actions and targets that will improve Europe's environment and quality of life. Amongst the key priorities for the years ahead are the following:

### **Climate Change**

Climate change is one of the greatest environmental and economic threats facing the planet and a top priority for both European and national policy. European countries are amongst the largest emitters of greenhouse gases whilst also being some of the most active in seeking to address the climate issue, whether domestically or internationally. The principal mechanism for meeting European targets has been the *Emission Trading Scheme* (ETS) covering the major energy users but this will not be sufficient without additional policy initiatives.

An EU '*Climate Action and Renewable Energy package*' (CARE) of policy measures have now been officially adopted and the onus is now on the Member States to meet the so-called 20-20-20 targets agreed by EU Heads of State in March 2007. If there is a positive commitment by other industrialised countries at the crucial Copenhagen climate talks this year, the EU will need to move fast to raise its emission reduction commitment to 30 per cent. This is closer to what the science suggests is needed. In any case, ensuring effective implementation of measures within Member States will be one of the main challenges for EU environmental policy in the next decade. Although the targets have been differentiated between countries depending on their current state of play as well as GDP, some are not yet gearing up to meet their commitments. The UK could have serious difficulty in reaching its allocated 15 per cent renewables target unless rapid action is taken.

Beyond these measures, further integration of EU climate and energy policy will be necessary to achieve a transition to a low carbon European economy. A mixture of incentives and regulation will be needed. There is a danger that climate-based energy goals may well come to outpace the willingness of the energy industry to restructure to the degree called for fast enough. In addition, there are numerous specific and urgent challenges in this area, including: the funding of the promised 10-12 *Carbon Capture and Storage* demonstration plants across the Union; a renewed commitment to energy conservation goals; ensuring appropriate action and funding for adaptation to climate change; and potentially including maritime transport emissions in the ETS. During 2009 the EU will be one of the principal players in the negotiations to reach a global climate change agreement for the post-2012 period at Copenhagen and will need to show strong commitment to taking action of its own as well as making available very significant levels of funding to assist developing countries reach their climate goals.

## Environmental Quality

Clean air is essential to our health as well as that of the environment. Many human activities lead to the deterioration of air quality: industrial production, fossil fuel combustion and the increasing volume of traffic on our roads all contribute. Similarly, protection of water resources, of fresh and salt water ecosystems and of the water we drink and bathe in is one of the fundamental objectives of environmental protection in Europe. Several significant new Framework Directives have been adopted in recent years to address these problems including the water framework Directive; the floods Directive; the Integrated Pollution Prevention Directive (IPPC); and the air quality Directives. Implementing these effectively will be a key challenge for the next decade and more.

- The *water framework Directive* in particular will place pressure on Member States and more local implementing authorities. Considerable efforts in developing programmes of measures within River Basin Management Plans and reducing diffuse pollution will be required.
- Similar efforts will be required to implement the *floods Directive* for flood risk areas and associated coastal zones in Member States.
- On the other hand the recent recasting of the *IPPC Directive* by the Commission is intended to tighten regulatory enforcement for industrial emissions to the atmosphere through clearer and simpler rules and guidance as well as simplifying a number of related Directives into a single legal measure.
- While the Commission reports that implementation of REACH - which addresses the evaluation and registration of chemicals in the EU - is one of the successes of environmental policy implementation, recent comments from the European Chemicals Agency indicate grounds for concern.
- A new *waste framework Directive* which will repeal the existing framework and revolutionise EU waste policy will enter into force at the end of December 2010. The Directive sets out a number of targets and deadlines including the EU's first ever targets for re-use and recycling of waste.

## Sustainable Consumption and Production

The overuse of natural resources is increasingly appreciated as a serious environmental issue; the EU is using over twice its own capacity to produce natural resources therefore depending on large scale imports from other countries. The Union has made various declarations of intent to reduce this excessive use of natural resources but lacks specific targets and timetables.

At the same time the EU has also developed numerous policy initiatives designed to encourage green technological solutions improving resource efficiency. For example the *Sustainable Consumption and Production / Sustainable Industrial Policy* was published in July 2008; this contains several legislative proposals. However, while reducing the negative impacts of resource use and increasing resource productivity have potential economic and environmental benefits, this can only be part of the solution. There is likely to be increasing pressure in future for the EU to take a more systematic policy approach for absolute quantitative reductions in resource use and to develop indicators to measure and monitor progress in this area.

## Putting Good Policies into Practice

EU environmental legislation can only be effective if it is implemented and enforced effectively. However, the *implementation of EU environment legislation* is lagging behind and so the Commission is increasingly placing emphasis on better monitoring and enforcement of environmental policies at national and local levels. A recent review of implementation and enforcement shows that environmental cases still represent one fifth of all the currently open cases pointing to a significant shortfall in legal and practical implementation that requires more attention in the near future.

There is some tension with the *Better Regulation initiative* within the context of the renewed Lisbon Strategy. The EU's Better Regulation agenda has been stepped up since 2005 and is set to continue in the coming years with both the ongoing simplification programme as well as the assessment of the EU's target to reduce administrative burdens by 25 per cent by 2012. Whilst good regulation is important and administrative burdens need to be kept under control, the zealous pursuit of better regulation can undermine higher environmental standards. The message that economic competitiveness and environmental performance are compatible if not

mutually reinforcing should continue to be highlighted, especially in relation to recent Sustainable Consumption and Production initiatives and the prospects for creating a new ‘green economy’

The Commission’s *Impact Assessment* system is an important element in ensuring that all new policies are developed in the context of the Better Regulation agenda. If undertaken comprehensively, it could potentially be used to ensure that environmental considerations are integrated into all Community policies.

## **The Strategic Framework for EU Environmental Policy**

Over the years the EU has acquired not one but two high level strategies to steer environmental policy: the Sixth Environmental Action Programme (6th EAP) and the EU renewed Sustainable Development Strategy (SDS). The Lisbon Strategy for growth and jobs also has a profound influence on EU environmental policy.

In June 2006 Heads of State agreed a ‘renewed Sustainable Development Strategy’ which was given a cautious welcome by some green NGOs. The 2009 review of the SDS would be a good opportunity to strengthen the implementation of the present SDS and give political emphasis to environmental issues during this period of global recession - when it would be even more tempting than usual to give precedence to the Lisbon growth and jobs agenda. However, the key challenge will come when deciding on the timing and agenda of the next major revision of the SDS. An important question will be whether the SDS is going to continue as a separate document, or whether it will be integrated into the Lisbon Strategy. The merging of strategies would present an opportunity to insert sustainable development issues into the Lisbon Strategy, the EU’s most high profile and influential strategy. However it would also bring the risk of weakening the messages of the EU SDS which has provided an important foundation of the longer term green agenda and has an important international dimension.

The 6th EAP, adopted in 2002, will end in July 2012. Before this, in 2011, the Commission is expected to publish its final assessment of the 6th EAP and proposals for the Seventh Environmental Action Programme (7th EAP). The 6th EAP constitutes an important benchmark against which to judge the evolution of EU environmental policy since 2002. Therefore, the review and the development and adoption of the 7th EAP offers new opportunities to reflect on future priorities and improve upon strategy for the next ten year period, i.e. from 2012-2022.

In March 2000, European Heads of State meeting in Lisbon committed the EU to become by 2010 ‘the most dynamic and competitive knowledge-based economy in the world’. The next cycle of the Lisbon Strategy is expected to be launched at the spring European Council in 2011 and the Commission is already starting to reflect on how it might be adapted in the post-2010 period. This review offers new opportunities to take forward the development of cleaner environmental technologies especially in the creation of a ‘new green economy’. Given the current difficult economic climate, and the sharper focus on economic growth and employment, it is particularly important to maintain a strong longer term direction towards sustainability and underpin this with clear messages in the Lisbon Strategy and SDS.

## **The Economy and EU Environmental Policy**

Europe is being hit hard by the current financial and economic crisis. This has significant implications for the context in which the EU’s environmental policies are developed and implemented. It serves to highlight the need to find win-win situations in which environmental objectives can be pursued simultaneously with the economic and social objectives of the Lisbon Agenda. There are currently a number of opportunities to pursue these win-win situations through environmental spending in the short and medium term, improved resource and energy efficiency and the development and deployment of green technology.

The ongoing debate on the future EU budget has brought to the fore the inadequacy of current spending on the environment but the review offers an opportunity to address this, especially by increasing the level of funding for supporting the EU’s transition to a low carbon economy. The next budget will need to reflect the demanding climate change agenda, the EU’s increased commitments to developing countries and the transition within the Common Agricultural Policy to supply more environmental public goods.

A strong international consensus is emerging in support of the idea that economic recovery demands investment and that targeting a sizeable proportion of that investment at 'green' spending, especially in moving towards a low carbon economy, can provide multiple benefits, including for employment. The environmental element in recent national and EU level economic recovery plans can be exaggerated and it will be important to raise the level of ambition so that there is a stronger focus on longer term green recovery in both public and private sector investment.

## **The EU Institutions**

The EU is entering a period of political transition with a new European Parliament elected in June 2009 and a new European Commission set to take up office towards the end of 2009 or early 2010. The problems concerning ratification of the Lisbon Treaty are not yet resolved. However, it is widely assumed that the Treaty, perhaps slightly modified, eventually will enter into force after an Irish vote. The Lisbon Treaty will introduce changes to further expand the powers of the European Parliament including introducing co-decision – where legislation is agreed by both the Council and Parliament- to a number of important areas of policy including agriculture, fisheries, external trade, cohesion, transport and the EU budget. In addition, the political composition of the new European Parliament and forthcoming Commission will have significant implications for the development of Community policy and for the future of the EU in the years to come.

## **Conclusions**

In the immediate and medium term, the EU can be expected to be the primary source of environmental policy within Europe, driving most national decisions in the same way that it does today. The European environmental agenda will continue to consist of a mixture of issues at different points in the policy cycle. There are new concerns becoming crystallised into issues to address (e.g. climate adaptation), those where new instruments are being fashioned (e.g. climate, soil, alien species), those where familiar instruments are under regular review and amendment (e.g. the Common Agricultural Policy, the Common Fisheries Policy) and those where the policies are largely in place but where implementation is the main challenge (e.g. water framework Directive, Natura 2000). Whereas the number of new legislative proposals to emerge is lower than it used to be, many are of broader ambition and greater strategic importance. There is now a group of pivotal measures, including the CARE package, that have implementation timetables stretching a decade or more ahead. The climate and energy theme is increasingly central to the European agenda as a whole and becoming a sphere of its own, only partly overlapping traditional mainstream environmental concerns. It links strongly to restructuring and greening of the economy, and has strong international as well as intra-EU dimensions. Addressing climate change should be one of the EU's primary objectives in the period from 2009 onward.

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