

Editorial

Evidence before ideology



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Editorial by David Baldock

2015 is still in its infancy but already the signs suggest that it would be a good year to reach higher and not be faint hearted in the face of very considerable challenges. The opportunities to move forward on the sustainable development and climate agendas on a global scale will be crystallised in two important summits in September and December respectively. The stakes will be high on both occasions, well-worn though this phrase has become. Europe can be a crucial player at both events, particularly if its own house is in order.

At one level there is a question of making concrete and credible commitments in terms of contributions to global funds, firm domestic climate mitigation targets, investment in biodiversity alongside sustainable infrastructure and technologies. Pursuing a more resource efficient Europe and promoting the circular economy remain an integral part of this global contribution as well as offering potential for growth and jobs in the EU.

At a second level there is the need to retain confidence in those aspects of the European model that have worked well and remain a strong platform to build on. A capacity to set long term environmental targets and work towards them, sometimes more slowly and doggedly than first envisaged, is one such strength.

It generally involves an element of regulation often combined with financial incentives to guide adjustments in the economy, develop new markets and jobs while phasing out harmful practices. Improved sustainability and new investment can then run together.

Some of the signals from the new Commission have suggested that this model is out of favour and that regulation is becoming seen as a burden per se. Examples of poor or outdated regulation do of course exist and there is no reason for it to be exempt from challenge, critique and revision where necessary. This is different from sliding into ideological antipathy to regulation and preferring 'softer' instruments, irrespective of whether they are credible and fit for the purpose at hand.

Two recent independent studies from the OECD and London School of Economics (LSE) respectively have reaffirmed that relatively demanding environmental policies and accompanying regulations are not in conflict with long term economic aspirations.^{1,2} In a policy brief published at the end of 2014 the OECD stated that stringent environmental policies can be introduced without harming overall productivity in the economy, particularly if they are well designed. There did not seem to be evident trade-offs between the stringency of policy and national competitiveness. A briefing from the LSE Grantham

Research Institute and the Global Green Growth Institute comes to similar conclusions arguing that while there can be short term and usually limited job losses as a result of environmental regulation, in the longer term 'there is evidence that low-carbon innovations induce larger economic benefits than the 'dirty' technologies they replace because they generate more knowledge in the economy, which can be used by other innovators to further develop new technologies across various sectors of the economy.'² These studies add to a growing body of literature and evidence which suggest that well designed environmental policies can benefit the environment without having a harmful impact on the economy.

Many aspects of European policy, governance and economic performance will be under scrutiny in 2015; solid evidence rather than political fashion will be required in all these spheres.

[1] OECD (2014) '[Green Growth - Environmental policies and productivity can work together](#)', OECD Policy brief, December 2014.

[2] Dechezleprêtre, A. and Sato, M. (2014) '[The impacts of environmental regulations on competitiveness](#)', Policy brief, LSE Grantham Research Institute on Climate Change and Environment and Global Green Growth Institute (GGGI), November 2014.

Fossil fuel subsidies in the EU – how much is spent?



Fossil fuel subsidies undermine efforts to reduce greenhouse gas emissions, so reforming them is important for cost-effective and coherent EU action on climate change. A new study supports reform efforts by exploring the nature and scale of such subsidies.

The need to reform harmful subsidies to fossil fuels is increasingly recognised, and a number of commitments have been adopted at EU and international level to phase out such subsidies. Fossil fuel subsidy reform can support EU climate policy objectives, as well as wider goals such as raising revenue, stimulating growth and improving energy security. However, progress remains slow and has been constrained by obstacles including a lack of accurate and comparable data on how much

public expenditure goes towards fossil fuel production and use.

[A new study](#) by IVM, VITO, IEEP and BIO IS for the European Commission provides comparable estimates of government support to fossil fuels in the EU-28. It looks at budgetary support (direct transfers, research and development subsidies, infrastructure investment) and tax expenditures (reduced rates on excise taxes, VAT, royalties, corporate taxes) given to energy producers and consumers.

The study finds that in the EU-28, total budgetary support for energy users is less than EUR 1 billion per year, while total support for producers is less than EUR 5 billion per year. In contrast, revenues foregone from reduced excise taxes are substantial, with EU-wide support estimated at between EUR 28 billion (when assessed against tax rates in the revised Energy Tax Directive) and EUR 200 billion (when assessed

against the highest prevailing rate per unit of energy in Member States). Some countries also apply reduced VAT rates as well as favourable corporate income tax and royalty schemes. The estimates in the study highlight where there is potential scope for action and could provide a focus to efforts to reform fossil fuel subsidies as well as provide input to ongoing discussions on the 2030 EU climate and energy package and the international climate negotiations.

For more information contact [Sirini Withana](#)

Rewarding sustainable fishing - practical ways to implement the new CFP



An IEEP report for the RSPB reveals that more could be done to encourage environmentally friendly fishing, and recommends that boats which best meet a new set of environmental, social and economic criteria should receive a 'quota bonus'.

One of the important reforms of the new Common Fisheries Policy (CFP) is the introduction of a requirement for Member States to use transparent and objective criteria of an environmental, social and economic nature when allocating 'fishing opportunities' (quota and days-at-sea). Member States must also provide incentives to fishing vessels using gears and methods that have a reduced environmental impact.

In the UK and other Member States, fishing opportunities are

generally granted on the basis of historic access. Therefore, obliging Member States to use environmental, social and economic criteria when allocating fishing opportunities will require novel approaches and careful thought. Following interviews with the fishing industry and Governments, [our report for RSPB](#) makes recommendations for UK Governments on how to implement this requirement comprehensively and ambitiously.

[The report](#) reveals that the consideration of environmental criteria in the distribution of fishing opportunities in the UK has developed in an ad-hoc way, and the result is a piecemeal approach, with certain limited criteria being taken into consideration for some fisheries but not others. The environmental advantages of the current systems of allocating fishing opportunities should be preserved, but more could be done to encourage greater use

of selective gears, gear modifications and methods. For example, a fixed percentage of quota could be retained and allocated to the most sustainable fishing operators in the form of a 'quota bonus', according to environmental criteria.

In order to reward the best boats, it is necessary to make a choice on which impacts are more important under the circumstances of the specific fishery. The report proposes using the Marine Stewardship Council (MSC) criteria as a proxy, given that they are well-established, internationally recognised and applicable, and numerous fisheries in the UK have already undergone MSC assessment or pre-assessment.

For more information contact [Stephanie Newman](#)

World Parks Congress discusses protected areas and water management



The 6th IUCN World Parks Congress (WPC) took place in November in Sydney, Australia. IEEP was represented at the conference by Marianne Kettunen, who organised a dedicated session on the role of socio-economic assessment in supporting synergies between protected area and water management.

Eight days, over 5,000 participants, several high level plenary addresses, and a countless number of topical panel discussions, thematic sessions and workshops: the [6th IUCN World Parks Congress \(WPC\)](#) took place from 12-19 November 2014 in Sydney, Australia. The Congress has been organised every 10 years since 1962 and it is commonly considered a global agenda setting event for protected area policy and management. It is attended by a

range of protected area stakeholders, from government representatives to the private sector and indigenous organisations.

IEEP's Marianne Kettunen participated in the Congress, contributing to the conference theme of protected areas and water management. Together with the IUCN World Commission on Protected Areas (WCPA), IEEP organised an [event on how socio-economic assessment and valuation of water related benefits can support sustainable solutions for both protected areas and water management](#). The session aimed to illustrate how the existing available tools for assessing benefits can be matched with real policy needs and management solutions for protected areas.

The outcomes of the event – similar to other water related events in the conference – showed that there is increasing interest among protected areas stakeholders to

explore how socio-economic assessments and economic valuation can be used to drive positive change in protected area management. There are also a number of useful tools already available to illustrate and assess the water related benefits provided by protected areas, ranging from remote sensing tools to hydrological modelling and inventories of socio-economic valuation methods. However, there is still a need to strengthen technical expertise and capacity building in terms of assessing and capturing these water related benefits.

For more information contact [Marianne Kettunen](#)

Fallow land – untapped resource or environmental necessity?



Choosing if, where and how we should grow biomass for energy is critical to determining the sustainability of our bionenergy choices in the long term. Understanding EU land use dynamics is a fundamental part of this process.

Dedicated energy crops that can be converted to liquid fuels or combusted for heat and electricity could in principle contribute to energy security and renewable targets. But, like any crops, they require land for their production. Determining where and on what scale they can be grown without unacceptable competition with food or feed production is crucial in assessing their sustainability. Yet how much land could be made available for additional crops in Europe? Are claims that

fallow land is a large reservoir correct? Fallow is a traditional practice whereby arable land is left uncropped for all or part of a year generally as part of a rotation. This occurs for a range of important environmental, social and agronomic reasons.

Depending on the location fallow may help recover soil fertility, improve structure, reduce water consumption and thus sustain yields. Often it is an essential part of sustainable agricultural practice. For example, the much of the EU's seven plus million hectares of fallow land is found in parts of central Spain and Portugal where the practice is an agronomic necessity. Cropping fallow land can therefore put undue stress on the environment and lead to reduced yields. While there is some genuinely "idle" land this should not be confused with necessary fallow.

This illustrates why it is critical

to make a dispassionate and detailed appraisal of land use before assuming how much land is available for any new crops. A [recent analysis of land for energy crops can be found in this IEEP report](#).

For further information contact: [Ben Allen](#)

Build your expertise with the IEEP Training Programme



IEEP is making our recognised expertise in EU environmental policy and regulation available as a training resource. To launch our training programme, we are pleased to announce the following courses for the spring of 2015:

- **EU environmental policymaking** – Friday 17 April 2015 (£500 per participant)
Completing this training course will give participants a solid understanding of EU decision-making dynamics and policy processes, an overview of Europe’s key environmental policy areas, and an insight into how EU environmental policy may develop in future.
- **Ecosystem services at the core of policy-making** – Friday 8 May 2015 (£425 per participant)
This course will provide a comprehensive introduction to the role of ecosystem services in contemporary policy and decision-making. It will involve a range of illustrative examples and introduce some specific tools that can help to facilitate use of the ecosystem services concept in more concrete policymaking terms.
- **The role of monetary valuation in mainstreaming the value of nature** – Friday 15 May (£450 per participant)
Applying monetary values to nature and wider environmental factors is often controversial – yet experience suggests that issues which are not explicitly valued are at a disadvantage. The course will provide a solid understanding of the conceptual issues behind monetary valuation of natural systems, and a practical introduction to their use.
- **EU 2030 climate and energy policy** – Friday 22 May (£600 per participant)
In October 2014, EU heads of government meeting at the European Council agreed a set of headline targets for climate and energy policy up to 2030. The course will examine the background to these targets, and look at what achieving them will require in practice.

Find out more by visiting [our website](#).

Introducing...

Meet the latest additions to IEEP's multidisciplinary team of policy researchers.

Konar Mutafoğlu
Senior Policy Analyst



An environmental economist by training, Konar joined IEEP in January 2015. He has a PhD in economics and more than 10 years of experience in applied research and policy analysis. Prior to joining the Institute, Konar was a research fellow at the Global Change Institute at the University of Queensland where he looked at the impacts of climate change on coastal regions and communities, and, previously, he was a consultant at the German Development Bank supporting its climate change and climate finance strategy.

Konar has contributed to and led projects on economic aspects of environmental policy in a number of policy areas such as water resources, climate change, transportation and natural resources management. His expertise covers a broad range of economic and financial instruments of environmental policy. He is also very interested into the application of behavioural insights in environmental policy.

Kamila Paquel
Senior Policy Analyst



Kamila joined IEEP in August 2014. She is part of the Climate Change and Energy working group. Previously Kamila was a consultant at AF-Mercados in the area of the energy law and regulation. She has got an extensive appreciation of EU law and policy and is experienced in legal comparative analysis.

Kamila is a doctor of law from the Adam Mickiewicz University in Poznan and holds a Masters degree in European Law and Politics. In 2012 and 2013 she directed a scientific project dedicated to legal aspects of bioenergy production and use, financed by the Polish National Science Centre. She has been researching and producing papers in the domain of energy and environmental protection since 2008. She was an academic teacher for four years at Adam Mickiewicz University and regularly lectures at Mines Paris Tech graduate school in France.

IIEP Conferences and Events

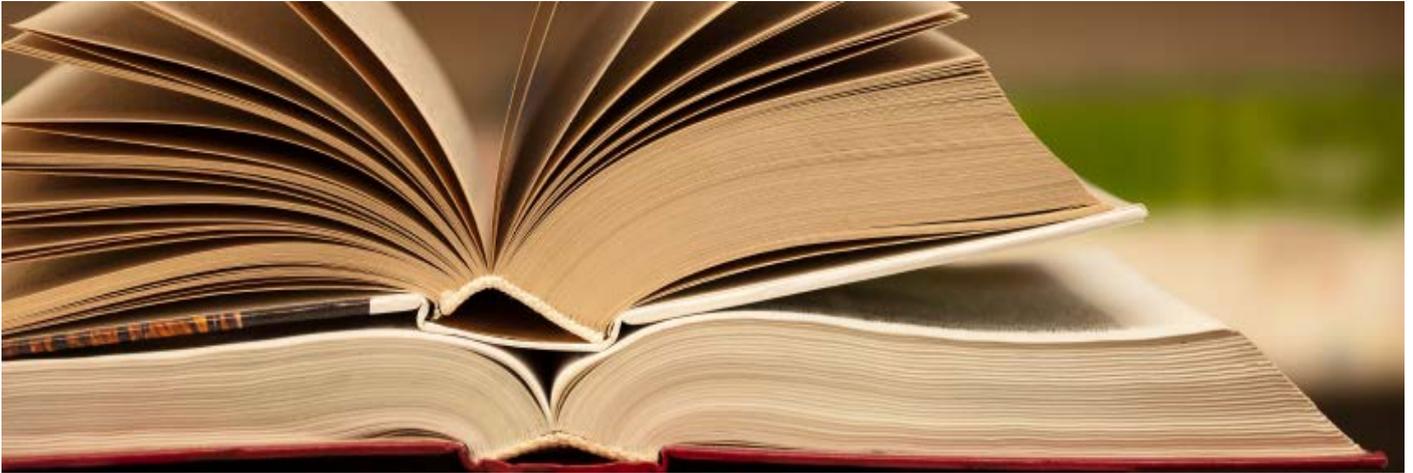


Third Annual Conference of the Green Growth Knowledge Platform (GGKP) – Venice (Italy), 29-30 January 2015

This conference, hosted by the GGKP in partnership with the Ca' Foscari University of Venice, The Energy and Resources Institute (TERI) and the United Nations Environment Programme (UNEP) will focus on the theme of 'Fiscal Policies and the Green Economy Transition: Generating Knowledge – Creating Impact'. Sirini Withana will present the findings of a study for the GGKP on overcoming obstacles to green fiscal reform. For more information, please visit the conference website: <http://www.greengrowthknowledge.org/conference2015>

Contact: [Sirini Withana](#)

IEEP Books and Publications



[The use of eco-accounts in Baden- Württemberg to implement the German Impact Mitigation Regulation: A tool to meet EU's No-Net-Loss requirement?](#) - 07 January 2015

A case study which looks into the extent to which the Eco-accounts in place in Baden-Württemberg in Germany are effective and consistent with the EU's no-net-loss objective and international offsetting principles.

[Estimating support for fossil fuel subsidies in the EU-28](#) - 05 January 2015

New study by IVM, VITO, IEEP and BIO identifies and quantifies government support to fossil fuels in the EU-28. Significant support is provided through reduced excise taxes, with EU-wide tax expenditures estimated to be between EUR 28 billion and EUR 200 billion depending on the benchmark used.

[Paper on the challenges of taking account of long timescales in the management of Europe's regional seas](#) - 18 December 2014

There many physical, biological and social characteristics of marine systems which are slow to change. Understanding these is important if marine managers are to develop effective targets and measures to deliver environmental improvements.

[Getting delivery right: the EU 2030 climate and energy targets and the challenge of governance](#)

- 05 December 2014

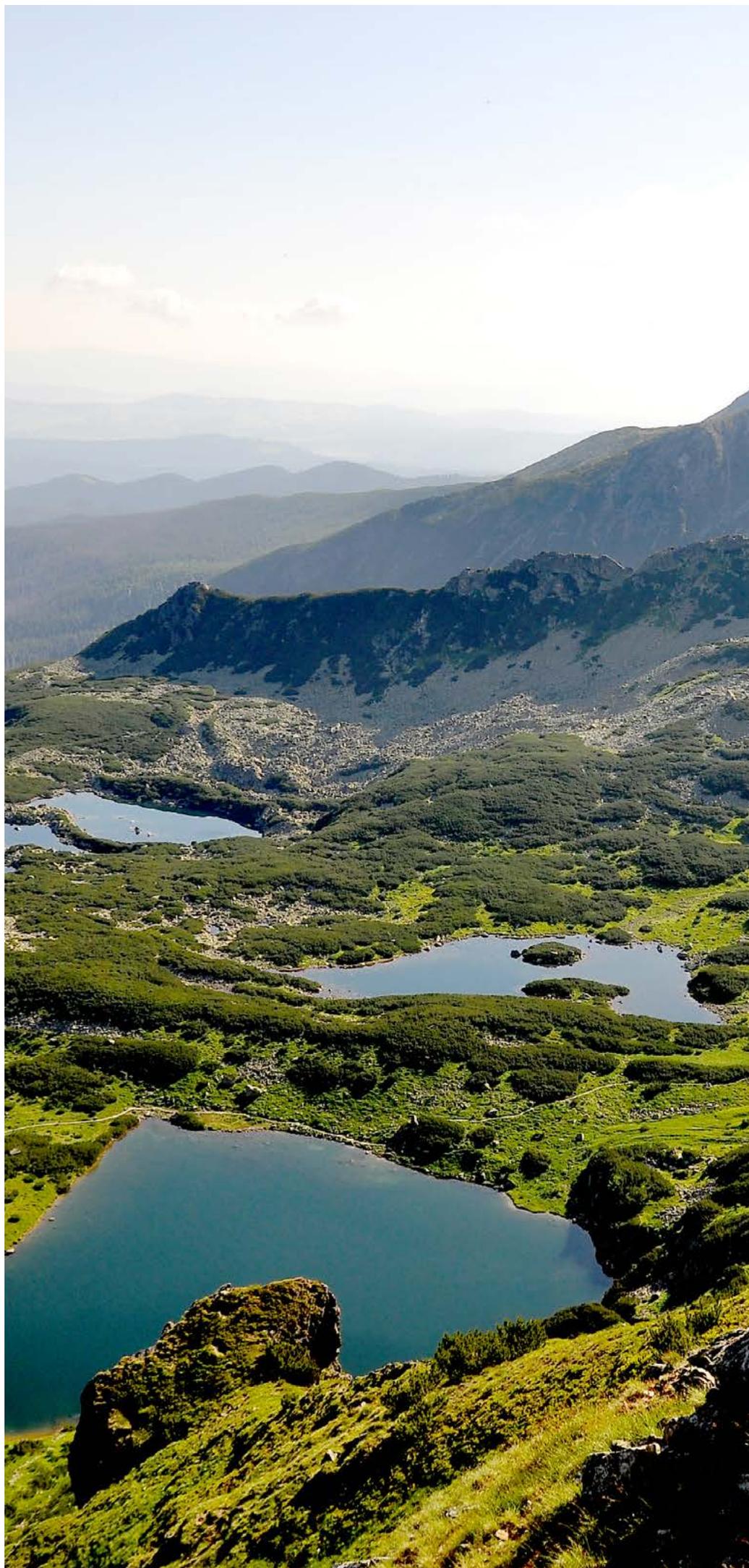
The EU's commitment to GHG reductions of "at least" 40% by 2030 are a useful contribution to international climate negotiations. But does the package of energy targets offered by the European Council at the same time put us on the right track to long-term decarbonisation goals? IEEP's Martin Nesbit offers a personal perspective on what needs to be done, and how the governance arrangements need to be tightened.

[Allocating fishing rights to the most sustainable fishers - practical recommendations](#) - 28 November 2014

This report for RSPB makes recommendations for UK Governments on how to allocate fishing opportunities according to environmental criteria, as required under the new Common Fisheries Policy.

[Environmental legislation and TTIP – looking into the detail](#) - 18 November 2014

New study from BIO by Deloitte, Ecologic and IEEP examines key differences in EU and US legislation in eight areas of relevance to the TTIP agreement.



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