



Building on 40 years of EU environmental policy

With so many gloomy headlines over deficits, disagreements and the economic outlook for Europe it is worth reminding ourselves of what can be achieved when countries choose to work together. In October 1972, Heads of States and Government of the then European Community issued a Declaration that laid the groundwork for what became the EU's environment policy. The first Community 'Environmental Action Programme' (EAP) was issued the following year initiating a forward planning exercise that has continued to this day. A proposal for the 7th EAP is currently awaited from the Commission.

Aiming to address environmental challenges in a more strategic way alongside more ad hoc and responsive initiatives has paid off for the EU. There is now a systematic and increasingly comprehensive body of law and policy; major issues, notably air and water pollution, have been tackled. Serious efforts have been initiated in difficult

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areas such as climate and biodiversity conservation. Many global benchmarks have been laid down.

Following the eastward enlargement of the EU in 2004, many predicted that momentum would slow and environment would sink down the list of priorities. Certainly there has been a change and Poland in particular has become more vociferous in recent years in resisting certain proposals, particularly on climate change. Nonetheless, wide-ranging advances have been made, including extremely powerful measures such as the Renewable Energy Directive.

The will to tackle the critical global issues with vigour has only faltered more recently against the backdrop of the severe economic and financial crisis. This has led to resurgent concerns about the competitiveness impacts of major new policy initiatives and reduced the appetite for action. The Commission has ceased to argue for a 30 per cent cut in greenhouse gas emissions by 2020 due to a lack of support by many Member States. National governments now routinely proclaim concern about environmental limits in more abstract terms whilst strongly resisting any binding action at a European level.

It may be symbolic as much as substantive, but the 7th EAP provides an opportunity to signal a new conviction that the environment is central to Europe's future. Environmental standards have been raised dramatically in Europe over the last 40 years without compromising economic performance or jobs (aside from some patently unsustainable sectors). The momentum, institutions, technical capacity and, indeed, vision created in this process can be employed in building a greener economy and a renewed European identity. The EU has an exceptional capacity to look ahead and to move strategically, having less concern for short term political cycles than most governments.

IEEP is looking forward to EU environmental policy being recharged with the presentation of the 7th EAP later this year. We are organising an event in early December to debate the challenges and opportunities on and beyond the immediate horizon (see article below: '[EU environmental policy – the road ahead](#)'). We know we are not alone in our hopes for a new chapter and look forward to exchanging views with a wide range of partners and critics in the year ahead.

David Baldock, Executive Director IEEP

Biofuels and food prices – what do we know?

This question was investigated in a recent IEEP report for ActionAid UK. Biofuels produced from food and feed crops are frequently blamed for increasing agricultural commodity and ultimately consumer food prices. IEEP has reviewed many economic modelling studies projecting the size of these price effects. The conclusions are that there is an upward pressure on agricultural commodity prices from EU biofuel use, but its size is far from certain.

EU renewable energy policy has above all benefitted the biodiesel sector which uses oilseeds and vegetable oils as feedstocks. This is reflected in projections for increases in world prices by 2020 of 8-20 per cent for oilseeds and 5-36 per cent for vegetable oils. Bioethanol

is produced in Europe mostly from wheat, maize and sugar. World wheat prices are projected to increase by 1-13 per cent, and the majority of studies project increases in maize prices of up to 8 per cent and in sugar prices of up to 2 per cent. Translating these raw material prices into consumer food price inflation is complex, and the effect is very different in different countries and parts of the food chain.

Is this good or bad news? Sustained higher prices may benefit net commodity producers and trigger necessary investments in

underdeveloped agriculture in some parts of the world. However, rising and volatile commodity prices are harmful for households that are net consumers of agricultural goods. This is especially so where there is little processing before consumption, so that most of the commodity price increase is transmitted to consumers. The upward pressure from biofuels on commodity prices therefore puts an additional question mark over the public promotion of biofuels.

Contact: [Bettina Kretschmer](#)

Increased regional prosperity and investment in nature

The EU has committed to halt the loss of biodiversity and ecosystem services by 2020. The accompanying challenge is how to finance a range of required measures to maintain and restore the natural environment across the Union. The EU approach to financing biodiversity conservation, in particular through the implementation of the Natura 2000 network, mandates that conservation measures should be integrated into the existing EU funds, including regional development funds.

Biodiversity is often overlooked in the context of regional development, yet it has a lot to offer and the return on

investment can be significant. Recent studies carried out by IEEP suggest that investing in Natura 2000 may generate up to €200-300 billion of benefits per year for an annual investment of around €5.8 billion for proper management and implementation.

Over the past three years the SURF-nature project, a partnership of 14 institutions and regions spanning 10 EU countries, has explored the potential to use the European Regional Development Fund (ERDF) to support biodiversity conservation. IEEP has helped to produce guidance for managing authorities on how they can make better use of the ERDF to finance

biodiversity measures. The guidance summarises the broader socio-economic benefits associated with financing biodiversity and ecosystem services, and provides information on how these benefits can be linked with implementing the EU-wide priorities for regional development. It is aimed at national and regional level authorities responsible for programming and administering ERDF funding during the 2014-2020 period. The guidance was launched at the SURF conference in Cardiff in September to a range of high level stakeholders.

Contact: [Marianne Kettunen](#) or [A.J. McConville](#)



TEEB for water and wetlands

The eleventh Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP 11) from 8-19 October 2012 showcased the new IEEP-led TEEB report – *The Economics of Ecosystems and Biodiversity for Water and Wetlands*. TEEB Water and Wetlands was produced by IEEP together with the Ramsar and CBD Convention Secretariats, Wetlands International, IUCN, UFZ and UNEP, with support by the Norwegian, Swiss and Finnish Governments and IUCN. The publication is a CBD COP Information Paper and a special press event was held on 15 October at the COP in Hyderabad, India.

TEEB Water and Wetlands aims to contribute to the conservation,

restoration and wise use of wetlands by presenting a global evidence base on ecosystem services' values and the benefits of integrating those values in decision making at all levels.

The report highlights in particular the extent to which the global and local water cycles are strongly dependent on wetlands, and the fact that without wetlands the water, carbon and nutrient cycles would be significantly altered, usually detrimentally. The report illustrates that wetlands are vital to providing water-related ecosystem services, such as clean water for drinking, water for agriculture, cooling water for the energy sector and regulating water quantity (eg flood regulation). In conjunction with their

role in erosion control and sediment transport, wetlands also contribute to land formation and therefore resilience to storms. Moreover, they provide a wide range of services that are dependent on water, such as agricultural production, fisheries and tourism.

Through the use of a broad range of case-studies and practical examples, TEEB Water and Wetlands demonstrates how policy, investment, and water and land-use decisions can be based on the values and benefits associated with water and wetlands whilst also improving social and economic well-being.

Contact: [Daniela Russi](#)

Greening future CAP Rural Development Programmes



Photo: Ben Allen

A recent IEEP report, produced for the RSPB, has been designed to support Member State and regional managing authorities in the interpretation of the revised European Agricultural Fund for Rural Development (EAFRD) regulation. Based on the proposed legislative texts, it highlights new opportunities and ways in which the measures can be used to deliver environmental priorities. The report emphasises the importance of maintaining a focus on using measures to deliver environmental priorities to improve the delivery of environmental services and to contribute to improving the competitiveness of rural areas in a sustainable way.

Set out as a practical guide to aid

the design of the 2014 – 2020 Rural Development Programmes (RDPs), the report identifies a series of environmental principles and priorities to help guide this process, highlights the risks and opportunities offered by the different measures and how these can be used to contribute towards a range of environmental priorities.

The report shows how a greater range of environmental priorities can be supported through a more innovative use of measures in the proposed regulation. The more flexible structure, with a suite of six new priorities rather than the four axes and the introduction of measures for cooperation, presents significant opportunities to think

about RDP design in a more dynamic way. The report highlights the benefits and opportunities for using different measures in combination, drawing particular attention to the use of capacity building to increase environmental knowledge and expertise amongst land managers across all priorities as well as the use of co-operative approaches to deliver management at the wider landscape scale. With the environment and climate change now featuring as cross cutting issues, it also stresses the need for sufficient safeguards to ensure that all activities funded are environmentally sustainable in the longer term.

Contact: [Ben Allen](#)

Climate financing for developing countries

Belgium's contribution to the Copenhagen commitment to build up financing for developing countries' climate policies is most likely to be in the range of \$127 million to \$539 million per annum by 2020. This was the conclusion of a study carried out by IEEP for the Belgian federal environmental authorities. The low end scenario for Belgium's contribution (\$127 million) could be met relatively easily through a tax on airline tickets or revenues from the auctioning of EU emission trading allowances, or a combination of the two. Meeting the medium to high scenarios would be more challenging. The introduction of a carbon tax on fuel in the non-ETS sectors might generate the necessary financial resources, possibly in combination with the other sources.

The 2009 Copenhagen Accord included substantial commitments by developed countries to provide finance to developing countries to help fund climate mitigation and adaptation action. These commitments involved a 2010-

2012 'fast-start' phase during which some \$30 billion were to be provided, and a 2013-2020 phase during which financing would build up to reach \$100 billion per annum by 2020.

The question of which developed countries should pay what proportion of the \$100 billion by 2020 has not yet been addressed. The internal burden sharing within the EU, and the split between EU level contributions (via the EU 2012-2014 Multi-annual Financial Framework) and direct Member State contributions is also still to be negotiated.

Given these and other related uncertainties which will affect the actual contributions of specific developed countries, the Belgian federal authorities asked IEEP to explore what the Belgian contribution to the '\$100 billion by 2020' commitment might be and to explore potential sources of finance.

Contact: [Kristof Geeraerts](#)

EU environmental policy - the road ahead

There is currently a real opportunity to set the EU on a path to a low carbon and resource efficient economy. It is an appropriate moment to look forward to 2020 and beyond, particularly as we expect the EU's 7th Environment Action Programme to be launched later this year. Discussions will need to manage a delicate balance between establishing a sufficient level of ambition to meet the scale of the challenges ahead and the rather sober realism of the current climate.

IEEP is organising a [high-level conference](#) on 4 December in Brussels to reflect on the challenges and opportunities facing the EU at this critical point in time and the role and relevance of environmental policy. It will bring together representatives from Member States, EU institutions, business, civil society and academia to exchange ideas and opinions to feed into upcoming strategic policy processes.

Confirmed speakers and panellists at the conference include, among others: **Janez Potocnik** (European Commissioner for the Environment), **Jo Leinen** (Member of the European Parliament), **John Bruton** (Chair of the European Resource Efficiency Platform and former Prime Minister of Ireland),

Peter Bakker (President, World Business Council on Sustainable Development), **Jeremy Wates** (Secretary General, EEB), **Christian Hey** (Secretary General, German Advisory Council on the Environment), **Kumi Kitamori** (Counsellor, Environment Directorate, OECD), **Ulrika Hasselgren** (CEO of Ethix SRI Advisors), **Peter Vis** (Head of Cabinet of European Commissioner for Climate Action Connie Hedegaard), **Jason Anderson** (Head of EU Climate & Energy Policy, WWF European Policy Office), **Andreas Spiegel** (Director of Risk Management, Swiss Re), **Martin Bursik** (Chairman, Renewable Energy Chamber, Prague), **Jacqueline McGlade** (Executive Director, EEA), **Gerben-Jan Gerbrandy**, (Member of the European Parliament), and **Kersten-Karl Barth** (Director of Corporate Sustainability, Siemens AG).

Participation at the conference is by personal invitation only. This is the concluding conference of an 18-month IEEP project on the future strategic framework for EU environmental policy funded by the Villum Foundation.

Contact: [Sirini Withana](#)

Nature's role in the transition to a Green Economy

Timed to coincide with the end of the eleventh Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP 11), a new report highlighting the importance of nature to the economy was released as part of the TEEB paper series. The report [Nature and its role in the transition to a Green Economy](#) was authored by a team of researchers from IEEP and funded by UNEP. The report aims to clarify and help mainstream nature's role in the transition to a green economy in the context of sustainable development and poverty eradication. It contributed to discussions at the Rio+20 Conference and will continue to support the development of green economy strategies and plans as well as their implementation in the follow-up to Rio+20.

The report demonstrates that working with nature should be at the heart of the transition to a green economy for a range of reasons, including

that human and societal well-being depends on nature and that all sectors of the economy benefit directly or indirectly from nature. It calls for a clear understanding of the value of nature and how to take it into account in public and private decisions in light of the multiple benefits it provides. It shows that investments in nature today can save money and promote economic growth in the long term.

The report provides a roadmap for the transition to a green economy, stressing the critical role of good governance and presenting six building blocks for the transition:

- (a) Minimising losses and avoiding inappropriate trade-offs;
- (b) Investing in environmental infrastructure;
- (c) Active management of environmental risks;
- (d) Proactive investment in natural capital;

(e) Further eco-efficiency for relative decoupling of the economy from resource use and its negative impacts; and,

(f) Absolute decoupling. Concrete tools and measures presented in more detail include the reform of environmentally harmful subsidies, benefits assessments, environmental and economic accounts, and positive incentives for decoupling.

Also building on a range of case studies and practical examples from across the globe, [Nature and its role in the transition to a Green Economy](#) underlines the importance of stepping up the pace of change and moving from discrete cases of green economy transition to a fundamental systemic transition warranted by scientific findings.

Contact: [Patrick ten Brink](#) and [Leonardo Mazza](#)

IEEP Publications

With our publications, IEEP contributes to disseminating information and insights on environmental policy and environment-related topics. Visit www.ieep.eu and browse our publications by *area of work* or search freely through our *extensive online library*. Editor's pick:

Using innovative financial instruments to finance EU policies and objectives - 2 October 2012

This report examines the Commission proposals on the use of innovative financial instruments in the 2014-2020 budget and analyses implications for the financing of EU policies and objectives.

Authors: Keti Medarova-Bergstrom, Jorge Núñez Ferrer, Axel Volkery, and Sirini Withana

Exploring key priorities and actions for the 7th EAP - 26 September 2012

This policy paper examines how the forthcoming 7EAP can contribute to protecting natural systems and improving the way in which we use natural resources. It also examines a number of cross-cutting actions needed to support the priorities of the 7EAP and ensure better delivery of EU environmental policy.

Authors: David Baldock, Doreen Fedrigo-Fazio, Axel Volkery, and Sirini Withana

Mainstreaming climate in EU funds - the progress to date - 3 September 2012

IEEP's latest policy brief takes stock of the negotiation processes on the 2014-2020 EU Multi-annual Financial Framework and Cohesion Policy, and points at issues and opportunities ahead for ensuring the effective mainstreaming of climate change in the future EU spending plans.

Authors: David Baldock and Keti Medarova-Bergstrom



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Look out for our upcoming DEEP Papers!

[Directions in European Environmental Policy](#) (DEEP) provides for critical analysis of important issues affecting the development and implementation of key strategic EU issues or specific policy areas.

These papers are written by IEEP staff and others associated with IEEP.

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.

Entry-level Stewardship (ELS) in England post 2014 - *The Co-operative Farms' Manor Farm, Down Ampney Estate, Cirencester (England), 26 October 2012*

In light of proposed Pillar 1 greening measures, this workshop will bring together policy makers, farmers, advisers and environmental NGOs to provide a range of practical, viable and forward-thinking options for the post 2014 future of ELS. The workshop will consider how the current ELS scheme could be altered to improve environmental delivery whilst enhancing farms' sustainability and competitiveness. The outcomes of the meeting will be considered by Defra and Natural England. Attendance is by invitation only.

Contact: [Ben Allen](#)

1st International EIMPack Congress – *Lisbon (Portugal), 29-30 November 2012*

This conference will focus on the economic and environmental costs and benefits of packaging waste recycling. Emma Watkins will present the packaging-related findings of the IEEP-led study on economic instruments in the waste sector (concluded earlier in 2012), and participate in a discussion panel on sustainability.

Contact: [Emma Watkins](#)

High-level conference on the future of EU environmental policy – *Hotel Silken Berlaymont, Brussels (Belgium), 4 December 2012*

IEEP is organising this conference to reflect on the challenges and opportunities currently facing the EU and the role and relevance of environmental policy. The conference will bring together representatives from Member States, EU institutions, business, civil society and academia to exchange ideas and opinions to input into some of the key strategic policy processes ahead. Participation at the conference is by invitation only.

Contact: [Sirini Withana](#)