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Towards a 7th Environment Action Programme: Priorities and action needs

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Disclaimer: The arguments expressed in this paper are solely those of the authors, and do not reflect the opinion of any other party. Any errors that remain in the paper are the responsibility of the authors.

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1 Introduction

The European Commission is in the final phase of preparing the 7th Environment Action Programme (7EAP) which is expected to be presented in November 2012. It comes at an important point in time. The severe economic and financial crisis the EU is facing has led to resurgent concerns about competitiveness impacts of major new policy initiatives and little appetite for action among many Member States. An alleged dichotomy between the economy and the environment has resurfaced in parts of the public debate. This is a worrying development at a time when ambitious policy action is needed for a number of reasons including the following:

- Global environmental change is accelerating. The past months have seen Arctic sea ice hit a record-low and global carbon emissions rise to a new high. The hazards of inaction in key areas such as biodiversity loss, water or natural resource use are well documented.

- Energy, water and food security concerns are strongly linked with building a low carbon economy and resilient infrastructure. Postponing action will lead to increased future costs. The IEA has estimated that for every $1 of investment not made before 2020 on low carbon energy, another $4.3 would need to be spent after 2020 to compensate for rising GHG emissions.[1]

- A portfolio of renewable technologies is becoming cost-competitive with strong growth and employment prospects. Shortages of finance and economic uncertainty are in danger of inhibiting growth. Clear direction is needed to stop progress from faltering.

- Regulatory and political uncertainty will undermine the competitive position of thriving EU eco-industries in a global market that is estimated to be worth roughly €1.15 trillion per annum and expected to grow to around €2 trillion per annum by 2020.[2]

There is currently a historic opportunity to set the EU on a path to a low carbon and resource efficient economy, building recovery on a longer term vision. This requires greater political leadership and courage in an increasingly difficult political climate. Current policy debates in a number of areas are often over-shadowed by fears about the economic costs and distributive impacts of new or revised measures. While these concerns cannot be ignored, the discussion is all too often focused on single sectors or industries, ignoring economic benefits in other sectors (particularly eco-industries), costs of future environmental damage and opportunities in key markets for low carbon, resource efficient products, processes and services.

The EU has already developed a comprehensive long-term policy agenda on decarbonisation and has begun a similar process on improving resource efficiency enshrined in several strategic documents. The policy landscape has thus moved on significantly since the 6th Environment Action Programme (6EAP) was adopted in 2002. However, while the road ahead is being mapped out, sometimes in a schematic way, commitments to specific mid-term actions lag behind. The actual degree of support and

commitment from Member States to this agenda is unclear. Furthermore, a number of strategic gaps remain, particularly in the area of the natural environment and land use.

Role of the 7EAP

The 7EAP offers a rare opportunity to commit the Council and European Parliament to a formal discussion about the broader policy orientation of the EU, to take a step back and assess policy needs and inter-linkages between different policy areas within the environment sphere and beyond.[3] While the 7EAP will need to affirm existing strategy processes, it also needs to build new mechanisms and impetus and provide long-term orientation beyond 2020. Concretely one would expect the 7EAP to:

- Demonstrate clearly the **overall added value of EU environmental policy** relating to the future well-being of Europe's citizens and the economy, including through *inter alia* links to the Europe 2020 Strategy and relevance for the evolving EU external security agenda;

- Follow-up Council conclusions[4] on the need to achieve a non-toxic, clean and healthy environment by 2050, protecting biodiversity and ecosystem services and staying below a 2°C increase in global temperature. The foundations for **long-term environmental policy objectives** (environmental 'guard rails') need to be established to complement the 2°C stabilisation target. This needs to be underpinned by focussed investment in research and analysis and more effective processes to translate scientific findings into policy action;

- Address the Achilles heel of EU environmental policy, namely insufficient **implementation and enforcement** of EU legislation. Progress in implementing the environmental acquis would benefit the overall execution of EU law. Leadership here is appropriate;

- Revise the momentum for addressing key **climate change** policy needs, in particular clarifying the medium-term policy perspective to 2030;

- Stabilise and further clarify the **resource efficiency** policy agenda, in line with Council recommendations[5] on stimulating measures for a circular, green economy, and pushing forward agreement on relevant targets and indicators;

- Strengthen ownership of the EU **biodiversity** strategy and push for broader action in the area of **natural environment and land use**, including payments for ecosystem services and full natural capital accounting.

- Address **environment and health** concerns in a broader 'quality of life' perspective.

Priorities of the 7EAP and the focus of this paper

Efforts to decarbonise Europe's economy and address environment and health priorities are of central relevance to the overall environmental policy agenda and will be

indispensable elements of a 7EAP. Health impacts, and related costs, not only have a strong bearing on public perceptions and attitudes, but also carry weight with economic and finance ministers helping to maintain focus on the environment at a time of budget reductions. Similarly the decarbonisation agenda can make a timely contribution to broader innovation and fiscal reform policies. Better integration of climate change concerns in infrastructure renewal and urban re-design will also benefit overall environmental goals. At present many of these opportunities remain underexploited.

While recognising these wider priorities and needs for action, **this paper focuses specifically on how the 7EAP can contribute to protecting natural systems and improving the way in which we use natural resources**. These areas remain conceptually less-developed even though excessive natural resource use underpins many of the environmental challenges the EU faces, and natural resource provision is, in turn, dependent on functioning natural systems.

The EU is particularly reliant on imports of natural resources and pays a high and increasing bill for its imports of fossil fuels and other non-renewable raw materials. Reducing Europe's global footprint will not only have positive environmental impacts and improve resource security but also help address debt issues in EU Member States.[6] Future policy will need to address inter-linkages and manage trade-offs between competing uses of natural resources while maintaining natural systems that sustain the basis for human-well-being and economic prosperity. This requires increased attention on the issues of land use and the natural environment. The on-going debate on support for biofuels exemplifies the competing demands on land to support a range of escalating purposes. The Commission's consultation paper on the 7EAP rightly focuses attention on this twin challenge.[7]

The remainder of this paper is structured as follows: Section 2 briefly reflects on the needs for a long-term policy perspective. Section 3 looks in greater detail at policy priorities that could be addressed by a 7EAP in the areas of resource use and the natural environment. The paper concludes by discussing a number of cross-cutting policy actions that are necessary to support the thematic priorities of the 7EAP and beyond that to ensure better delivery of EU environment policy. These relate to *inter alia*: better implementation of environmental policy, encouraging environmental fiscal reform and strengthening information and assessment systems.

2 Consolidating and developing the long-term policy agenda

The need for a long-term policy agenda is increasingly recognised. However, the degree of target-setting varies between the numerous long-term strategies that have been put forward by the EU to date. The agendas on natural resources and biodiversity offer less clarity and detail than the decarbonisation agenda, both with regard to proposals for the long-term (2050) and more detailed medium term objectives (2020-2030). The decarbonisation agenda elaborates concrete GHG-emission reduction requirements for 2030 and 2040. Similar sequenced steps are not yet proposed for the resource efficiency and broader natural environment agendas (although the Biodiversity Strategy does stipulate relevant targets for 2020).[8] A lack of clarity on the steps required between now and 2030 presents an overall strategic gap, particularly in relation to the

renewal of key infrastructure in Europe. Furthermore, the inter-linkages between different strategies are unclear, and the level of political support for them remains somewhat uncertain.[9]

The 7EAP can be a valuable tool to help address these shortcomings. The mandate for doing so already exists and is supported by the Council and the Parliament.[10] There are two inter-related needs which the 7EAP should address:

- Formally **recognise and confirm targets and milestones in existing roadmaps and strategies**;
- Assess **inter-linkages and fill remaining gaps**, including clear deadlines to establish benchmarks for 2020 and 2030 where relevant and establish new processes where required.

There is also a need for a discussion about the feasibility of establishing **new environmental guard rails or boundary values** equivalent to the 2°C stabilisation target on climate change, looking to a 2050 timeframe. There is a growing body of scientific information on critical bio-physical processes and related environmental boundaries (or 'guard rails'), particularly for land take, land use, nitrogen input, water availability, ocean acidification or wilderness conversion.[11] However there is currently an insufficient basis to come forward with concrete proposals for addressing these challenges effectively. Uncertainties persist, particularly with regard to the identification of boundaries, their location and levels of harm in trespassing them. Existing assessments of the 'carrying capacity' of Earth's ecosystems differ greatly.[12] Moreover, points where the established risks of trespassing boundaries become intolerable cannot be drawn as a clear line.

While research will help to address strategic information deficits, uncertainties will always remain. Long-term target setting thus needs to resort to established principles of EU environmental policy action, namely precaution and prevention, drawing on discussions about the level of risk society is willing to take. These have a different connotation when set in the context of current changes at the global level. The strategic needs for precaution and prevention should balance an unavoidable discussion about subsidiarity and relevance of EU action in areas where the EU lacks formal competence.

The EU does not yet have the right science-policy interface to organise such a discussion, although it is experimenting with different approaches in the areas of biodiversity and resource efficiency.[13] A 7EAP could formalise these processes in a useful way, helping to install a greater sense of urgency and collective responsibility by **identifying priority areas** and establishing a **timeline for an intensified long-term target-setting process in each of these areas**, with a view to reaching agreement by 2015.

3 Selected thematic priorities for the 7EAP

The two priority areas that are discussed in this paper, namely managing Europe's natural environment, including land, and reducing overall natural resource use, cover a broad range of 'traditional' and 'new' policy issues, requiring action on a front stretching beyond EU environmental policy in a narrow sense. The challenges faced in these two thematic areas and the potential role of the 7EAP in addressing them is discussed below.

3.1 Managing Europe's natural environment and land

Mapping the challenge

There is a very significant, although far from uniform, **decline in Europe's natural environment**. This is apparent in the data on biodiversity, the continuing deterioration in the quality of soil and the marine environment, the semi-permanent loss of land to urban uses, the over-exploitation of water resources in some regions and other trends. The scale and gravity of this is increasingly recognised, and points to both policy failures and serious information and knowledge challenges.

The EU has a comprehensive and well-designed **Biodiversity Strategy**. However renewed commitment to its implementation is urgently needed, in particular:

- Enhanced efforts to complement and improve the quality of the Natura 2000 network,
- Assessing the status and prospects of Europe's ecosystems in greater depth,
- More effective integration of biodiversity concerns into overall planning and assessment frameworks, and
- Strengthening financial support for nature protection, including Natura 2000, and the distribution of costs between different parts of Europe in times of financial austerity.

Nature is systematically under-evaluated in standard accounting systems. Supported by the Economics of Ecosystems and Biodiversity (TEEB) initiative, there is now greater momentum behind natural capital accounting in the public and private sectors, an issue which was reinforced at the Rio+20 conference. A clear understanding of how to use and manage natural capital sustainably should be seen as a key element in the transition to a green economy, leading to significant cost savings and contributing to the achievement of multiple objectives.[14]

Land is a critical resource and Europe's use of it needs to be addressed more clearly both at the global level where the EU has a large land use 'footprint'[15] arising from internal consumption, trade and certain policies such as on biofuels; and within Europe where there is increasing pressure on land, with trade-offs between competing uses – notably for agriculture, urban development, nature conservation, leisure and fibre. This

has been intensified by a projected increase in demand for biomaterials, particularly bioenergy driven mainly by policy interventions. The inclusion within the Resource Efficiency Roadmap of a milestone for EU policies to take into account direct and indirect impacts on land use in the EU and globally by 2020 and to achieve no net land take by 2050 is welcome. Policy now needs to be elaborated and underpinned by a capacity to take account of land use more systematically through mapping, monitoring, reporting and data management.

Arguments of subsidiarity and proportionality have prevented significant new EU initiatives on land use outside of agriculture policy, as evidenced in discussions on soil protection. However, meeting European goals on biodiversity, water and climate change is dependent on establishing or maintaining appropriate land management. EU policies need to be capable of framing and incentivising more sustainable decisions on the ground. At a basic level, given concerns about food security, there is an increasingly strong rationale for protecting the EU's resource base to enable the production of food and biomaterials to continue in the long-term. This implies that key resources, such as agricultural land, productive soils, biomass and water need to be valued and protected more vigorously alongside functioning and diverse ecosystems. There is a common European interest alongside a local one in protecting the land resource.

Potential role of the 7EAP

In relation to the issue of **nature and biodiversity**, the 7EAP should:

- **Reinforce implementation of relevant parts of the acquis and the EU biodiversity strategy:** The 7EAP needs to *reinforce relevant targets and measures* of the Biodiversity Strategy and ensure the agreed timelines are respected. These include: the Commission initiative on no net loss of ecosystems and ecosystem services to be presented by 2015; the Communication on green infrastructure by 2015; and the biodiversity proofing methodology for assessing EU funded projects, plans and programmes to be put forward by 2014. As called for by the Council the 7EAP could set out a *common implementation framework* for the strategy, and require a progress review.[16] The 7EAP should also support *full implementation* of relevant EU legislation including the Habitats and Birds Directives, the Water and Marine Framework Directives, EU chemicals and industrial emissions policies, all of which would be a major contribution to meeting the objectives of the Biodiversity Strategy.

- **Financing biodiversity:** The 7EAP can provide an overview and orientation for different policy levers, including benchmarks for better targeting of financial allocations and requirements for better multi-annual planning re Natura 2000; it should also affirm the commitment from the Biodiversity Strategy to a coherent framework for biodiversity proofing, to be used to prioritise direct funding and reduce the amount of harmful spending.

- **Integrate nature protection more effectively in relevant EU policies:** The 7EAP should support stronger integration, including taking into account trade-offs with biodiversity policy, in relevant EU policies. Most important are those

concerned with: renewable energy (particularly the target of 10% renewable energy in the transport sector), mining (especially through improvements in the EIA and SEA Directives), the Raw Materials Initiative (which drives increased supply from domestic sources, putting pressure on Natura 2000 sites) and sustainable production and consumption policies (where there is a need to integrate natural resources/biodiversity-related criteria in the Ecodesign Directive and Sustainable Industrial Policy).

- **Review of assessment frameworks:** The 7EAP should strengthen integration through setting up a process to improve the Impact Assessment procedure and initiating changes to the SEA and EIA Directives to account for biodiversity concerns more effectively (see below).

- **Stronger role for Payments for Ecosystem Services (PES):** PES schemes are promoted by the EU Biodiversity Strategy and the Resource Efficiency Roadmap. They can help to tap additional financial sources and achieve other relevant policy objectives such as the development of green infrastructure. The 7EAP should support the further expansion of such schemes and strengthen the ecosystem mapping exercise required under the EU Biodiversity Strategy which will help identify those areas with multiple ecosystem services that are particularly relevant and applicable to PES schemes.

In relation to the issue of **land use**, the 7EAP should recognise that this is already being influenced by EU policy without much strategic underpinning from an environmental perspective. Establishing appropriate land use is necessary for the EU's climate mitigation and adaptation agenda as well as efforts to protect Europe's ecosystems and their services. The 7EAP needs to highlight these **multiple benefits across different areas** in a systematic manner. It should be accepted as an important dimension of EU environmental policy.

Useful initiatives relating to land use include the following:

- **Elaborate an EU framework on sustainable land use by a concrete deadline**: The 7EAP could put forward and justify targets for sustainable land use in broad terms. This would bring more coherence to specific targets and measures already introduced, particularly in agricultural and biodiversity policy, such as incentives to maintain permanent pasture in Pillar 1 of the CAP. In some cases the priority is change, e.g. restoring degraded habitats and re-wetting peatland. In other cases the priority is to maintain valuable land uses, while recognising the need for local factors to be given due weight.[17] The 7EAP could establish a process to develop targets on a more systematic basis, e.g. for specific land use changes such as the avoidance of further damage to carbon rich soils to enhance carbon sequestration or the retention of High Nature Value farmland, a target on the rate of loss of productive farmland/forest to urbanisation to protect a strategic resource in Europe. It should assign a clear deadline for establishing such a framework, which could be 2017.

- **Establish processes for the better implementation and future revision/strengthening of the EIA and SEA Directives**: Such revisions should

take land use into account more explicitly, for example with the introduction of a land use proxy in the SEA Directive which could be used to assess whether policy induces significant land use change. This could be linked to the forthcoming green paper on green infrastructure. The 7EAP should also support better implementation of the EIA Directive, e.g. in relation to protecting semi-natural habitats on farmland and prevent their intensification.

- **Introduce new measures on reporting requirements on land use and land use change and improve land use planning:** Land use and land use change reporting requirements could be strengthened and linked to soil and carbon monitoring. With initiatives such as LULUCF on the table the arguments for such a measure are growing. Land use planning can be improved through a common framework to strengthen urban land use planning standards and the promotion of best practice in urban planning.

- **Establish sustainability criteria for the use of land for producing food, timber and fuel:** These could be developed to put minimum standards in place and to ensure inter-linkages are made between different policy objectives, including climate/energy, resource use and the protection of biodiversity. Cross compliance does this to some extent for agriculture, and sustainability criteria for bioenergy are in progress.

3.2 Reducing and managing natural resource use

Mapping the challenge

The EU has achieved progress with decoupling economic growth from material resource use and better waste management, yet overall consumption and production patterns still exceed sustainable levels. This is a key conclusion of the 2012 Environmental Indicator Report from the European Environment Agency.[18] The EU's dependence on imports is increasing; at the same time emerging economies are replicating the resource-intensive growth model of OECD economies at a much higher speed.

The EU needs to achieve *absolute* decoupling of economic growth from resource use and associated environmental impacts. Achieving greater resource efficiency alone is however not enough, as efficiency gains can be overcompensated by growth (rebound effect). Absolute decoupling needs to be achieved through a combination of strategies:

- Dematerialisation of the delivery of a function or service;
- Increased material (reuse, recycling, and substitution) and energy efficiency;
- Promoting sustainable consumption patterns to avoid rebound effects.[19]

The scope of action needs to be clear and to include material resources such as biomass/biotic materials and agricultural products, construction minerals, ores and industrial minerals, and fossil fuels as well as other resources such as water, soils and land.[20] While the current EU policy framework in this area is rather patchy it offers a number of concrete policy hooks to address natural resource use (see Box 1).

Establishing a 'circular economy' is an important means of moving in this direction. Dematerialisation and increased efficiency are key policy challenges. The focus of attention has been gradually changing from an end-of-pipe focus towards more integrated solutions. However, the potential of many technologies and services remains under-utilised and often incremental innovations, rather than radical innovations, take place. An ambitious approach towards **radical eco-innovation** could tap huge reduction potentials. While different legislative mechanisms fostering eco-innovation processes exist, there is as yet no coherent, strategic overall approach.

An efficiency agenda will need to be compensated by a sufficiency agenda: changes in behaviour to reduce resource consumption are key, but difficult to achieve. It needs a positive, opportunity-centred message that the 7EAP can help to spread, setting clear limits on the types of products allowed on the market, so building on more effective labelling and information tools. By ensuring that products with low environmental impacts are more widely available on the market, appropriate individual consumption decisions will be easier to make, promoting a shift from product to service purchases.

Box 1: Current EU policy framework relating to natural resource use

- **Efficiency of energy use** is already addressed through a host of different Directives and action plans, including Directives on the energy performance of buildings, energy end use efficiency and energy services and co-generation.
- The use of **energy from renewable sources** has been required through Directives (renewables), and other non-legislative actions.
- Policy relating to the broader use of **minerals, metals and ores** is still in the early stages of development. Some minerals and metals (i.e. those used in construction and electronics) are currently addressed through the EU Raw Materials Initiative further supported by the Resource Efficiency Roadmap.
- Concerning **water use,** the Water Framework Directive broadly addresses issues of water demand and availability and requires Member States to introduce water-pricing policies. It does not however specify details or otherwise address specific demand management issues. The 'Blueprint to safeguard Europe's waters' expected in autumn 2012 is supposed to deliver a strategic approach in this area.
- **Waste** policies are reasonably well developed, but implementation of recycling and recovery requirements still need to be improved and advanced towards full recycling and reuse. Little attention is given to waste prevention, and synergistic links between waste, products and natural resources policies are weak.
- Several measures have been adopted relating to **product policy**, including the European Ecolabel, green public procurement and the Ecodesign Directive. A number of product-specific waste Directives also exist based on the **producer responsibility** principle requiring manufacturers to ensure that a recycling/recovery target is met, but they do not ensure the more sustainable design of the products.
- In the area of **industrial policy**, the **Industrial Emissions Directive** includes provisions on the use of natural resources and the way they are affected by industrial emissions. The use of permit conditions for resource use objectives has been limited. Overall, an approach to including biodiversity and natural resource use considerations in industry-relevant policies is missing.

Source: IEEP compilation

Although the EU has a number of relevant policy instruments in this area (see Box 1), the key challenge is to provide a **coherent system of targets and indicators** to guide overall developments. A number of proposals for future target setting are on the table, for example:

- A recent study for the European Commission includes *inter alia* a reduction in overall resource use of 30 per cent by 2020 and 80 per cent by 2050.[21]

- In addition to calls by the European Parliament[22] and environmental NGOs[23], a recent report by the World Business Council for Sustainable Development also suggests limits, including to extraction of primary biomass, materials and fossil fuels[24].

- Another report for the Commission notes that within a period of 20 years, the EU could reduce national resource use by 17 per cent to 25 per cent (compared to the baseline), leading also to substantial socio-economic benefits.[25]

- Recently, a set of aggregated headline targets on GHG emissions, energy consumption, material use, land use and water use have been suggested, proposing different options for more ambitious, moderate or conservative target-setting.[26]

It will be important to ensure that the final indicator set can sufficiently identify environmental pressures related to materials use, underpinning economic activities and their development over time to allow for a correct prioritisation of policy action. The Resource Efficiency Roadmap proposes to use the ratio of GDP to DMC as a provisional headline indicator. A key criticism of the DMC approach is that is does not strongly distinguish between different materials and the environmental impacts of their use, thus supporting the case for additional indicators to underpin the assessment. While this discussion needs to continue, it is important to start a process of 'learning-by-doing'.

Potential role of the 7EAP

The 7EAP needs to **build acceptance for the introduction of a system of targets and indicators** as proposed under the Resource Efficiency Roadmap. These will need to address both established areas such as efficiency of energy, water use and raw materials as well as emerging areas such as broader natural capital and biogenic resources. Any indicators developed will need to be linked with regulatory impact assessments. Broader progress will also be needed to strengthen the EU's performance in the area of waste. Adopting a target of a "zero-waste" society should for example be considered.

The 7EAP also needs to provide orientation for key outstanding policy decisions in a number of areas including the following:

- Support the extension of binding commitments to improve **energy efficiency** and set out a **longer-term perspective to 2030 for a range of key sectors.** This

needs to be part of a package including longer-term orientation for renewable energy policy and overall GHG emission reduction requirements.

- Reconfirm objectives and measures proposed in the forthcoming 'Blueprint to safeguard Europe's waters' to strengthen the **efficiency of water use**, including better use of taxation and water pricing signals.

- In a similar vein, a thorough revision of EU **waste policy** is expected in 2014, including a review of targets, revision of the packaging and packaging waste Directive and extending producer responsibility. The 7EAP should provide backing for a stricter implementation of the waste hierarchy in the context of the Waste Framework Directive and facilitate a discussion about design of waste policy so that the top of the waste hierarchy (reduction, reuse, recycling/composting) is more strongly supported on a legal basis. This could include landfill bans, increased use of market-based instruments such as taxes or levies, a greater role for deposit/take-back systems, and tackling emerging issues such as food waste. A greater use of take-back systems could for example be envisioned in the context of discussions on tackling scarcities of rare earth metals.

Other areas where the 7EAP could map out future strategy include the following:

- **A package approach to addressing key consumption areas of food, housing and mobility*:*** The 7EAP could set the basis for the development of such packages to be prepared by 2017-2018 for final agreement by 2020, with clear targets from 2030 to 2050. As an example, a sustainable buildings package could include a revised Energy Performance of Buildings Directive (EPBD) to extend standards to more priority resources (including water and certain materials); a revised Construction Products Regulation in line with targets set in the revised EPBD; a levy/tax on construction minerals to stimulate the circular economy.

- **A new information and knowledge gathering mechanism on priority natural resources**: Building on the Resource Efficiency Roadmap, the 7EAP could put greater weight behind this priority and call for intensified efforts to create partnerships with the private sector. Initial priorities might include: biomass, forests, and soil, marine (including fish), critical raw materials, and potentially certain metals and phosphorus. A strong link also needs to be made to relevant European Innovation Partnerships such as that on raw materials.

- **Further develop product policy**: The 7EAP could promote coordinated action on the following specific initiatives:

    - Develop a **Framework Directive on environmentally sound products** to create a dynamic, multiple-criteria approach capable of addressing any relevant product with appropriate mechanisms, including mandatory requirements where needed. This Framework Directive would act as

overarching legislation encompassing the existing Ecodesign Directive, Ecolabel Regulation and green public procurement activities.

- Improve **eco-design policy** to ensure better take-up by manufacturers. The aim should be to extend this approach beyond the reduction of environmental impacts, with an initial focus on reusability/recoverability/recyclability, recycled content, durability and extending to design for sustainability/environment, green engineering and chemistry. These could be turned into standards and product requirements, as appropriate to the product in question.

4 Cross-cutting priorities

This section discusses some of the key cross-cutting actions necessary to support the thematic priorities of the 7EAP and beyond that to improve delivery of EU environment policy. These actions cut across different clusters of policies and complement one another.

4.1 Improving implementation of EU environmental policy

Mapping the challenge

Environment is the number one area for transposition delays across all areas of legal action in the EU. Efforts to strengthen policy implementation to date have rested on unsystematic, rather ad-hoc single measures. It is welcome that strengthening policy implementation is regarded to be among the 7EAP's main strategic objectives.[27] The 7EAP should deliver a dedicated, coherent approach to improving implementation, linking actions across different governance levels as set out below:

- **Improving the quality of the legislative framework**: Part of the poor implementation record can be explained by gaps or problems of clarity and coherence in existing legislation. The absence of concrete requirements to check the consistency and coherence of new legislative proposals with other areas of the acquis adds to the implementation challenge. Prime examples include requirements for environmental assessment or reporting and public participation that differ between EU directives. There is a need for a more regular reflection on relevance and revision requirements, particularly in the case of very old legislation and reporting obligations.

- **Access to justice** in environmental matters and **complaint-handling mechanisms**: Effective complaint-handling at the Member State level would help to improve the responsiveness of authorities to breaches of environmental law and enhance public trust and cooperation with civil society. Enhancing the role of civil society as a 'watchdog' for implementation would help to improve the accountability of public authorities and public engagement in the enforcement of EU environmental law. The European Court of Justice recently strengthened the right of environmental organisations in courts, with relevance for all Member States ('Trianel' case and 'Lesoochranarske Zoskupenie' case).

Rather than rely on this piecemeal approach to judicial enforcement and extension of citizens' rights, it would be appropriate to lay out a commitment to renewed discussion in the Access to Justice Directive.

- **Environmental inspections:** The lack of political priority given to inspections or other complementary mechanisms at the national level is a further reason behind the patchy implementation record. Harmonising and improving surveillance and inspections would help more consistent application and greater coherence in practice, and lead to greater confidence, both in the political and economic spheres. A strand of regular and consistent communication between the Commission and the Member States on the positive benefits of better implementation is needed.

- **Better sharing of responsibilities for implementation**: Failure to comply with EU environmental law can be due to insufficient domestic administrative capacities, aggravated by recent austerity drives and reductions in staffing numbers in responsible institutions. Insufficient capacities are further stretched through the increasing application of procedural regulation and modes of self-regulation where parts of the policy formulation process are effectively shifted to the policy implementation phase. Such capacity problems cannot be ignored and public budget cuts clearly can be detrimental to the implementation of legislation at any level from the local to the national. Supporting functions such as the collection of relevant information can also suffer. In such circumstances, there is a premium on smart regulation and efficient processes.

Potential role of the 7EAP

The 7EAP could facilitate a broad range of policy options including the following:

- The 7EAP could propose setting up processes to improve legal texts before they are finalised, and after their adoption by Council and Parliament. This should include a final **'check' on the clarity and consistency** of legislative texts adopted in terms of the language used, after adoption by Parliament and Council. The Commission could also ponder a **'coherence check'** of how the new law relates to other relevant measures. Furthermore, a **systematic approach to using 'fitness checks'** could be proposed, drawing on lessons learnt from the ex-ante impact assessment procedure. Introducing such a check on legislative compliance could have wider and potentially positive implications for EU policy making.

- The 7EAP could set out a **proposal for revised inspection and enforcement requirements** to enable more coherent and effective processes. This could be done by including specific inspection and enforcement provisions in individual directives, as in the revised Seveso-III Directive, or by requiring all new legislation/amendments to include binding criteria.

- The 7EAP could propose a **Compliance Scorecard comparing the performance of Member States by 2016**, to establish a process of a better reporting and tracking of implementation efforts.

- To help improve transparency, the 7EAP could include a commitment to set up (politically) binding **criteria for enhancing environmental complaint-handling mechanisms** in Member States or by including an agreement to put guidance into place.

- The 7EAP should also revive the discussion on **improving access to justice** in environmental matters through introducing a revised Directive with the aim of establishing clear minimum standards throughout the EU for ensuring effective access to courts for environmental NGOs and the public in line with the Aarhus Convention.

- The 7EAP could launch a debate about the need for **improving implementation capacities at EU level** and review the different options at hand, e.g. expanding the mandate of the European Environment Agency, creating a new dedicated Executive Agency, or strengthening capacities within the Commission. Creating a new body with a dedicated institutional role regarding inspections and enforcement may be a promising option and could draw on experiences in other areas (e.g. the Commission's Food and Veterinary Office).

- The 7EAP could promote the creation of **structured partnerships between Member States** to evaluate and peer-review progress in implementation and share good practice. This could for example include an expansion of mutual learning initiatives such as the IMPEL Review Initiative Scheme.

4.2 Environmental fiscal reform

Mapping the challenge

The current Eurozone crisis and stagnating economic performance in EU Member States provide an opportunity to create a new momentum in support of **environmental fiscal reform** (EFR), particularly the reform of (environmentally harmful) subsidies (EHS), environmental tax reform (ETR) at Member State level, and the 'greening' of public budgets, including the EU budget.

The average contribution of **environmental taxes** in the EU is estimated to amount to 6.3% of the overall tax bill.[28] If all Member States were to raise this figure to 10% this would yield an additional tax revenue equivalent to around 1.4% of EU GDP.[29] This additional revenue could be used to *inter alia* support research, development and diffusion of low-carbon, resource efficient technologies and improve adaption to a changing climate; reduce labour taxes or even leverage additional private investment in emerging sectors of a green economy.

The discussion on **environmentally harmful subsidies (EHS)** has been recently revived with commitments set out in the Resource Efficiency Roadmap, the Convention on

Biological Diversity Strategic Plan for 2011-2020, the G20, and the Rio+20 conference. The reform or phasing out of such subsidies could be a concrete contribution to both environmental improvement and budgetary adjustment.

Public expenditure through the **EU budget**, albeit relatively small in size, remains an important lever for action in Member States and can have important multiplier effects. According to the Commission's proposals for the 2014-2020 MFF, environment and climate change should be 'mainstreamed' in key areas of EU spending. The Commission envisions the earmarking of 20 per cent of the EU budget for climate change related measures, equalling approximately €200 billion over a seven year period. Greater efforts are needed to address financing challenges, particularly for the critical phase of bringing an innovation to the market. While initiatives such as the Eco-Innovation Action Plan are laudable, they are notoriously underfunded. Calls are also increasingly being made for 'climate and biodiversity proofing' EU spending on a project level, ensuring that future investments are robust under conditions of a changing climate.

Potential role of the 7EAP

The 7EAP could focus on several aspects of this agenda:

- Propose the development of guidelines by 2017 to ensure that **pricing strategies under different areas of the acquis are fully implemented**, e.g. road pricing under the Eurovignette Directive, and cost recovery under the Water Framework Directive.

- Propose concrete steps towards **revising and extending existing EU market based instruments** (e.g. the energy taxation directive, the environmental liability directive, the VAT Directive) and introducing **minimum environmental levies on resources, products or emissions** (e.g. landfill taxes, pollution taxes, product taxes, materials taxes).

- Clearly state requirements for further developing **environmental/climate proofing and mainstreaming** approaches to support financial programming cycles under the EU budget.[30] This could include clear guidance for managing authorities, including a list of common approaches, instruments and tools to be used for proofing and mainstreaming, suggestions for interpreting conditionalities, choosing indicators and selecting priority projects.

- Formulate **criteria for eco-innovation support**, including long-term orientation, predictability, revision rules and priority areas for investment. This should feed into upcoming reviews of key policies, such as the Industrial Policy Flagship Initiative. In this context, the 7EAP should outline a process to review and **reduce the fragmentation of eco-innovation support systems** in the EU-27.

- Set up a **more systemic review process** (2017/2018) to identify areas where the lack of financing is hampering progress with innovation and their market penetration. The 7EAP could demonstrate the need to **substantially increase financial support** to key strategic processes such as the SET plan and the Eco-Innovation Action Plan

4.3 Better information and knowledge management

Mapping the challenge

Sound information on the state of the environment and on the key trends, pressures and drivers for environmental change remains essential for the development of effective environmental policy. Ensuring good **data availability and quality across Member States** remains a key challenge:

- A number of important policy areas are fraught by data problems, including climate vulnerability, ecosystems and services, resource use or overall status of implementation of EU environmental law. In other areas reporting requirements might be too detailed.

- Comparability of data across Member States is a problem. Moreover, reporting cycles differ in their timing and sometimes have significant overlaps.

There is already a lot of action underway to better streamline and share information and monitoring, particularly within the wider context of establishing a Shared Environmental Information System (SEIS), as well as international initiatives such as the System for Environmental-Economic Accounts (SEEA). These efforts would benefit from clear signposts and commitments to action including action to establish a process towards systematic reporting and tracking of implementation efforts and compliance on an EU level as well as making further use of indicators and accounting systems in policy-making processes. Such efforts would help improve governance, promote evidence based policy making, raise public awareness and support the move to a measurement beyond GDP.

There is also a need for **mechanisms to ensure a more effective science-policy interface** at the EU level. This includes a renewed commitment to long-standing principles of precaution and prevention to guide policy action in the context of uncertainty and complex problems and problem-solving strategies (as discussed in section 2). Information tools are needed to help build a more robust and dynamic knowledge base to address current challenges where data is relatively lacking, and to help identify future challenges and their potential solutions early.

Potential role of the 7EAP

As noted above, a number of efforts are already underway in this area, thus the role of the 7EAP would be to consolidate and strengthen these on-going processes including the following:

- The 7EAP should reinforce the importance of the **SEIS** and on-going efforts. The potential of different indicators for generating short term estimates and now-casts and their suitability to set targets based on 'environmental sustainability thresholds' should also be considered.

- The 7EAP could set up a process for **streamlining the requirements of EU legislation** relating to the provision and sharing of data and information, and develop guidance for effective and comparable monitoring by 2016.

- The 7EAP could continue supporting application of the newly developed **composite index of environmental pressures** alongside GDP and social indicators in policy debates.

- The 7EAP should map clear **data/knowledge gaps**, e.g. on climate adaptation, nature, natural capital and natural resource use and impacts. It should also reinforce commitments to **better monitoring** such as for ecosystems and their services/natural capital (as already set up under the Biodiversity Strategy), or for droughts and soils; strengthen **coherence and comparability of existing data** (e.g. LUCAS and CORINE) and **improve links between different datasets** (e.g. land cover/use and environmental quality of land).

- The 7EAP should support improved **coordination between assessment-related Directives** by providing 'soft' policy guidance on streamlining administrative procedures in Member States ('one-stop-shop' procedures) for EIA, SEA and other relevant procedures.

- The 7EAP should support the development and use of **natural capital accounting systems** – covering stocks of natural assets and changes to the stocks (including degradation, flow of ecosystem services - and accounting for the value of natural capital (ecosystem capital accounts).

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