

Welcome to the spring edition of the IEEP Newsletter

By David Baldock, Director of IEEP

The EU made a clear commitment to moving forward the climate agenda by agreeing a hefty package of measures at the March Council. It was a welcome signal that environmental policy had not been drained by the Lisbon process and a notable achievement for the German Presidency. Yet a host of challenges lie behind the new targets for renewable energy and emission reductions.

One will be the political task of maintaining momentum. At the summit, some of the most difficult decisions about the allocation of targets between Member States were deferred until later. The commitment of new leaders in France and the UK has yet to be tested. There will need to be rapid engagement if ambitious commitments are to be met and a convincing pathway established for ensuring that mandatory targets are monitored and respected.

The commitments themselves need scrutiny and refinement too. The target for liquid biofuels, 10 per cent of the transport fuels market by 2020, with no trading between Member States has not been accompanied by a convincing analysis of how this can be achieved without substantial environmental and social costs, not least in developing countries. The recent report from UNEP underlines the potential hazards on a global scale. In terms of energy efficiency, the most appropriate use for biomass is producing heat and power. The case for utilising a limited resource for liquid fuels is far less convincing. The need for a sustainable biofuel policy is becoming more and more pressing by the day.



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1. Public acceptance of CO2 storage

What the public wants, the public gets – even if they don't know what they're talking about. This seems to be the thinking behind the concern that failure to earn public acceptance for CO2 capture and storage (CCS) may shoot the technology down before it ever takes off. The idea of capturing CO2 from large point sources and storing it deep underground is currently a hot topic. But disposing of waste underground raises public concerns, and fossil fuels as part of climate mitigation can seem counterintuitive. So while industry and government move toward bringing CCS to reality, there is a nagging doubt that a mob will start heaving stones at the idea.

IEEP is engaged in two research projects examining public and stakeholder opinion. Data show that the general public are barely aware of CCS. Given a bit of information, people tend to be guardedly positive about it – more than for nuclear, but well behind renewables. NGOs find themselves in a conundrum, recognising CCS could mean major reductions, but not wanting support for it to erode attention for efficiency and renewables. Support is conditional upon showing real results, while guaranteeing the safety and effectiveness of storage. Industry, meanwhile, argues convincingly that the technology will go nowhere without sufficient incentives to develop it.

The worst of all worlds would be that heels get dragged, and the next two decades sees a new generation of non-CCS coal fired power installed. Decisions have to be taken now – there should be robust public support for technology demonstrations, with industry required to match its rhetorical optimism about CCS with action on the ground. This means firm dates by which any

fossil fuel plant must have capture installed. One can study what the public thinks ad infinitum in the abstract, but seeing the fossil fuel industry clean up its pollution will go a long, long way toward creating good will. Seeing is, after all, believing.

Contact: Jason Anderson

2. Cross compliance: Is it working?

Since January 2005, EU farmers receiving the Single Farm Payment have been required to respect certain environmental and other standards or face reductions in their payments - a policy known as cross compliance. In February, the European Commission published a report on the application of this policy based on Member States' experiences in the first two years of implementation. The report includes a number of proposals for improving the cross compliance system, such as allowing Member States to issue farmers with warning letters in cases of minor non-compliance, rather than immediately applying payment reductions.

IEEP has a strong track record in this policy field and is currently leading an evaluation of cross compliance for the European Commission (DG Agriculture) which is due to complete at the end of May. The evaluation includes the first full description of implementation of the policy and an assessment of its environmental and other impacts. IEEP is also leading a cross compliance network of researchers which is looking into different aspects of the policy and how it might develop in the future. These issues were discussed by stakeholders at a high level seminar in Brussels on 26 April. The success or failure of cross compliance is a critical issue since it seeks to promote sustainable agriculture and should provide EU citizens with some assurances that agricultural support is not environmentally damaging.

Contact: Vicki Swales

3. The future of the Aarhus Convention under discussion

The Aarhus Convention's expert group on long-term strategic planning, chaired by IEEP Senior Fellow Marc Pallemmaerts, has completed the first stage of its work. It has produced a document setting out proposed elements for the Convention's long-term plan, aimed at achieving three strategic goals:

- (i) to achieve full implementation of the Convention and its Kiev Protocol by each Party;
- (ii) to expand the reach and influence of the Convention and Protocol in the region of the UN Economic Commission for Europe and beyond; and
- (iii) to further develop the provisions and principles of the Convention.

For each of these goals, a set of more specific objectives are proposed, addressing each of the three 'pillars' of the Convention: access to environmental information, public participation in environmental decision-making and access to justice in environmental matters. In order to ensure an open and inclusive process, this draft has been circulated to stakeholders and made available on the Convention's website for public comment. The expert group will submit revised proposals to the Bureau of the Convention and, eventually, to its 3rd Meeting of the Parties in 2008 for approval. The Aarhus Convention has recently been ratified by Germany and Croatia, raising the total number of contracting parties to 41.

To view the draft elements for a long-term strategic plan and participate in the consultation, visit <http://www.unece.org/env/pp/ltspl.htm>.

Contact: Marc Pallemmaerts

4. Reforming Environmentally Harmful Subsidies

The reform of environmentally-harmful subsidies (EHS) is a key issue in relation to addressing climate change, advancing sustainable development and maintaining the EU's international competitiveness. In a Green Paper on market based instruments (MBI) published at the end of March 2007, the Commission argues that the reform (or removal) of EHS would have a double benefit. It would put a stop to the neutralising effect they can have on market-based instruments, and at the same time would release public funds which could be more effectively spent on other policies. The Commission also adds that EHS reform 'is also justified in its own right'.

Research has demonstrated that some subsidies, by reducing variable or fixed costs, can lead to overcapacity, and divert money to inefficient technologies, therefore causing the so called 'technology lock-in' or delays in adopting cleaner technology. Other subsidies increase profits and income, therefore prolonging the life of business no longer viable; others stimulate demand. Contrary to their original rationale (i.e. generally that of protecting competitiveness and social groups), subsidies might lead to economic inefficiencies, stimulate resource intensive production and increase waste and pollution. Social groups might benefit more from more focused, alternative government development projects.

With the support of Ecologic, FEEM and IVM, IEEP has completed a review of the EHS literature and filled a gap in knowledge of EHS reform with 18 case studies at the EU level in the field of energy, transport and water sectors. The report identifies priorities for reform at the national and EU level by integrating a checklist developed by the OECD for prioritising EHS reform with a set of simple questions policy makers should consider. The report is therefore a contribution to the work of the Commission in developing a roadmap for EHS reform, sector by sector, by 2008.

A presentation of the study can be downloaded at http://ec.europa.eu/enterprise/environment/hlg/doc_06/ah_group_8/p_ten_brink.pdf

Contact: Carolina Valsecchi

5. Aviation workshop: discussing the future of aviation and EU's emission trading scheme

In December 2006 the European Commission issued a proposal to bring international aviation into the EU emission trading scheme (ETS). The aim is to establish an EU-wide cap to stabilise emissions at 2005 levels for three consecutive trading periods (2011-2012, 2013-2017 and 2018-22). In February this year, EU environment ministers, in their first public debate on this legislative proposal strongly supported its main lines. However, most of them opposed restricting emission trading to intra-EU flights during the first year, and supported extending it to all flights landing and taking off from EU airports. However there was no consensus on when aviation should be included.

Currently, rapporteur Peter Liese MEP is preparing amendments which will be presented to the EP's Environment Committee before summer. The European Parliament is expected to adopt its first-reading position in November.

In order to inform the work of the Environment Committee with respect to the proposal, Peter Liese decided to initiate a workshop on aviation and ETS. The workshop will be organised by IEEP and will take place on 7 June 2007.

The workshop will be divided into a high level panel (with Environment Commissioner Dimas and German Environment Minister Gabriel to be invited) and two expert panels. Within the first expert panel an academic, an NGO representative and a representative from the sustainable tourism sector will be invited to present their views on the proposal and its environmental aspects. In the second panel representatives from the aviation and railway sector and an independent lawyer will put forward their views on the competitiveness aspects. The event will be open to the public and further details will soon be available on our website www.ieep.eu.

Contact: Kristof Geeraerts

6. Structural and Cohesion Funds 2007-2013 – Priorities for the environment

Over the period 2007-2013, almost €350 billion will be made available to the Member States from the EU's Structural and Cohesion Funds to help deliver growth and jobs to their regions. It is the greatest investment ever made by the EU through the cohesion instruments, and clearly the way the funds will be spent by Member States is of high concern for the Commission.

In order to help the negotiation process, several studies have been launched by DG Regional Policy (DG Regio) to get a better picture of which investments are most needed in each of the Member States.

In the field of environment, a study led by GHK in collaboration with IEEP and others provided a strategic evaluation of the needs and priorities for environmental investment in 15 Member States – namely the new Member States and three former cohesion countries (Spain, Portugal and Greece). The major outcome of the study has been the preparation of national evaluation reports for each Member State, offering a strategic analysis in five main fields: water supply, waste water treatment, municipal solid waste, renewable energy sources and natural risk management.

Among the key policy issues, the evaluations took into account climate change, the level of acquis implementation, economic aspects such as potential flanking measures (eg encouraging greater efficiency through raising charges for water while at the same time recovering a greater share of the costs), and the range and scale of natural risks. IEEP was responsible for thematic leadership on renewable energies and natural hazards and for the Malta and Cyprus reports, and collaborated on the overall synthesis report.

Major investments are still needed in the core areas of water and waste, in order for Member States to comply with the EU requirements and targets. Climate change is a new objective and the evaluation looked at how much should be invested in mitigation (eg by using renewable energies) and how much in adaptation, as natural hazards such as floods, droughts and fires are likely to intensify due to more critical climate conditions. Investments in flood prevention measures may be required in Eastern Europe, while drought and fires increasingly affect the south. Everywhere additional investments in renewable energy will be crucial, even more so in light of the targets set by the recent energy package.

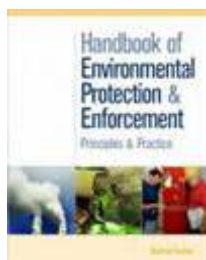
However, Member States appear reluctant to devote a consistent share of their structural allocations to climate change related projects. The way they will negotiate the actual use of the funds will reveal how climate change is really taken into account by the Member States.

The full reports can be seen at: http://ec.europa.eu/regional_policy/sources/docgener/evaluation/rado_en.htm.

Contact: Patrick ten Brink, Samuela Bassi

IIEP books and publications

IIEP contributes with its publications to disseminate information and insights on environmental policy and environmental related topics. This Spring's new release is:



Authored by IIEP's Andrew Farmer, this Handbook of Environmental Protection and Enforcement is a one-of-a-kind, authoritative handbook which offers a comprehensive assessment of the principles and best practice of Environmental Enforcement Authorities (EEAs) throughout the world.

The book assesses structures, expertise and capacity, financing, permitting, monitoring, inspection, enforcement and EEA performance and future directions. It also identifies best practice for creating or improving EEAs.

It offers substantial information for industry on the nature of compliance with environmental regulations as well as vital information for professionals, consultants, NGOs and researchers.

The book is available through [Earthscan Publishers](#).

IIEP conferences and events

In the coming months IIEP will organise or participate to the following meetings and events. If you would like to find out more, do not hesitate to contact us.

The value of biodiversity related ecosystem services – Paris, 29 May 2007

Patrick ten Brink and Marianne Kettunen of IIEP will discuss the value of biodiversity related ecosystem services and how, against this back ground, biodiversity should be integrated into policy and decision-making. Their presentation will take place as part of a seminar series on Sustainable Development Economics organised by the Institute for Sustainable Development and International Relations (Iddri) and the Sustainable development chair of the Ecole Polytechnique.

More information can be found at <http://www.iddri.org/Activites/Seminaires-reguliers/Seminaire-Developpement-durable-et-economie-de-l'environnement/The-value-of-biodiversity-related-ecosystem-services>

Contact: [Marianne Kettunen, Patrick ten Brink](#)

Workshop on the inclusion of aviation in the EU emission trading scheme – European Parliament, Brussels, 7 June 2007 – 14.00-16.30

This workshop, organised by IIEP on behalf of the European Parliament's Environment Committee, will discuss the environmental and economic aspects of the European Commission's proposal to bring flights from and to EU airports into the EU scheme for greenhouse gas emission trading. Read more in our [newsletter article](#).

Contact: [Kristof Geeraerts](#)

Can the market work for nature? - Uppsala, Sweden, 4 - 6 June 2007

The conference examines ways to fill the income gap in High Nature Value farming systems post CAP-decoupling. Tamsin Cooper of IIEP will present the European policy context for HNV farming.

Contact: [Tamsin Cooper](#)

The Definition of High Nature Value Land – Peterborough, UK, 12 June 2007

At this event, organised by the JNCC, Tamsin Cooper of IIEP will introduce indicators to evaluate the impact of Rural Development Programmes on HNV farming and forestry.

Contact: [Tamsin Cooper](#)

Adapt for Life: Europe's natural environment and the climate change challenge - European Parliament, Brussels, 26 June 2007, 12.30-14.00

In view of the launch of a Green Paper on adaptation to climate change, expected by the end of June, Natural England - with the support of IIEP - is organising a high-level debate on how to shape the emerging EU adaptation policy framework in light of biodiversity conservation

Contact: [Jason Anderson](#)

Beyond GDP –Brussels, 19-20 November 2007

This high level conference, which partners the European Commission, WWF, Club of Rome and the OECD now has a confirmed date: 6-7 November 2007 in Brussels. Entitled *Beyond GDP*, the conference will discuss how best to measure the wealth of nations and wellbeing of societies and the implications for decision making. More information at <http://www.beyond-gdp.eu>

Contact: [Patrick ten Brink](#)