



The future of EU environmental policy: challenges & opportunities

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

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Executive summary

EU environmental policy is facing a new and challenging context. The current economic and financial preoccupations in Europe are unlikely to fade away quickly. It is difficult to forecast when instabilities in financial markets, uncertainties over economic and job prospects and pressure to maintain austerity regimes will end. The crisis in the Eurozone has led to bigger questions concerning the role of regulation and aspects of the EU project itself; particularly but not exclusively in the UK where political tensions have been brought to the fore in recent months. Details of a new inter-governmental agreement on the economic governance of the Eurozone are currently being negotiated. Most existing EU policies, including those concerning the environment, are not likely to be affected by this agreement. However, the political repercussions and dynamics of the new economic governance structure are yet to unfold and may spread beyond the arenas of fiscal and budgetary policy.

For these reasons, conditions for the further development of a proactive EU environmental policy may not look favourable. Nonetheless, several environmental challenges call for a response as a

matter of urgency, both within Europe and on a global scale. Many of these issues need to be addressed at a European level and there is a clear link to the single market as well as the ecological integrity of the continent. The current economic situation also offers a number of opportunities for promoting the environmental policy agenda, particularly in view of fostering an efficiency revolution. It has given an impetus to concepts such as the green economy, green growth, resource efficiency etc., which are increasingly reflected in mainstream political discourse both in the EU and domestically. Thus, even in a period of economic recession and political upheaval, the environmental perspective should remain a cornerstone of strategies for the future economy.

Whilst far from perfect, environmental policy is certainly one of the success stories of the EU and is an area in which one can clearly see the benefits of the Union, both on the ground and internationally. Over the past four decades, a range of key pressures on the environment have been reduced and several aspects of Europe's environment have improved. Major progress has been made, including reductions in overall air and

water pollution, improvements in the preservation of the natural environment and efforts in relation to waste and resource use. EU policy has played a very significant role in achieving these results. A particular strength of EU policy is that it addresses the environmental agenda rather systematically and is less affected by short-term political and budgetary shocks than most national governments. This has provided the conditions for a longer-term view which is particularly valuable in environmental policy.

In the next two to three years, safeguarding jobs and stimulating growth are likely to remain an over-riding political priority. Thus securing support for new environmental measures will mean convincing leaders of the costs of inaction and the cost-effectiveness of action. Strong arguments and solid evidence will be at a premium. At the same time, policy is moving in new directions. The rise of emerging economies is dramatically changing the international landscape and the role of the EU therein. Moreover, the nature of contemporary environmental challenges is such that many cannot be addressed by environmental policy alone. Rather, they require wider economic and social changes, with implications for a suite of policies, ranging from trade and international relations to industrial policy, research and development, and fisheries.

Although relatively comprehensive already, the body of EU environmental policy remains dynamic and is constantly being updated, subjected to scrutiny and potential modifications or roll-back. It is now at a critical point, with a number of important policy processes and strategic discussions taking place in various areas. Many of the key areas of policy development are reviewed in Chapter 4 of this report, while Chapter 5 provides an overview of the wider strategic context. The Annexes of the report provide an overview of forthcoming strategic events, EU targets and legislative proposals awaiting adoption. The following are amongst some of the key issues and policy processes that will be prominent on the agenda in the next two to three years:

- Climate change concerns have infiltrated the main political discourse and there are currently several issues on the agenda. A shift to a 30 per cent EU greenhouse gas emission reduction target remains possible, as well as desirable, despite the reduced impetus from global negotiations. There are also specific proposals to promote energy efficiency more effectively. Other issues on the agenda include addressing emissions from the transport sector and the decarbonisation of transport fuels, as well as securing finance for climate-related

investments within the EU and externally

- A new approach to resource use in Europe is signalling efforts in the next eight years to improve resource efficiency and, more tentatively, to reduce resource use, while linking to strategies to promote green growth. This emerging agenda needs to be converted into concrete actions at EU and national level starting with the development of concrete targets and indicators for reducing resource consumption.
- With regard to the natural environment, the valuation of natural capital and ecosystem services is increasingly recognised. However, it needs to be translated into concrete measures to protect biodiversity in practice, including adequate funding for Natura 2000 and a revised approach in the CAP.
- Comprehensive reviews of existing legislation in a number of important areas of EU environmental policy are underway. A 'Blueprint to safeguard Europe's waters' is expected to be presented in November 2012, addressing the broad scope of EU water policy and making recommendations for improvements. These might include legislative changes and initiatives to improve implementation, which has been slow in the case of the Water Framework Directive for example. A review of the EU's approach to regulating the production and use of chemicals through the REACH Regulation is also expected in 2012. A review of EU air quality policy should conclude in 2013, with the presentation of a new clean air package, updating existing policies and directives.
- In addition to specific legislative developments, there are also a host of strategies and roadmaps which set out where the EU is heading on the economy, energy policy, climate, innovation and the environment itself. Particularly significant in 2012 will be the emergence of a proposal for the 7th Environment Action Programme which is expected to set the direction for EU environmental policy for the coming years.
- Funding for the environment will be a frontline issue with the EU budget for 2014-2020 in principle being agreed during the year. Reforms of the Common Agriculture, Cohesion and Common Fisheries Policies, all with large environmental components, will run through 2012 and beyond. The investment needed to achieve EU environmental objectives and to support the transition to a low-carbon, resource efficient economy is substantial. Rising public debts in several Member States and flailing capital markets

have dented the ability to invest in the critical infrastructure and innovative technologies and services. Therefore, securing adequate financing to support environmental commitments in the main EU funds will be an important test of the commitment to environmental progress.

The outcomes of these processes will have an important influence on the context and scope of EU environmental policy to 2020 and beyond.

In broad terms, the main environmental challenges ahead include reducing the intensity of natural resources used for economic activity, decreasing the negative environmental impacts associated with the use of natural resources, preserving and restoring natural capital and ecosystem services, and improving human well-being and quality of life. The inter-linkages and trade-offs between different thematic areas such as climate change, biodiversity, and natural resources, as well as between environmental policy and sectoral policies such as agriculture, energy or transport will need to be addressed more vigorously.

Improving the implementation of existing environmental policy has been and remains a key challenge. It requires a more honest alignment of aspirations, regulatory means and implementation capacity with the political realities of a Union of 27 Member States. Maintaining sufficient institutional and administrative capacities for good governance and regulatory foresight in the face of fiscal austerity and pressures for budgetary cuts will be an important challenge for national authorities as well as the EU institutions. However, recent history suggests that well designed and effectively implemented environmental policy can provide some of the foundations for long term prosperity, as well as steering us towards a more sustainable society.

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One of the larger all-party groups in Parliament, the All-Party Parliamentary Environment Group was set up twelve years ago to strengthen the influence of Parliamentarians on public policy and public debate on the environment. The Group also aims to assist Parliamentarians by improving their access to specialist information through regular group meetings and contact with senior environmental managers and directors from industry and NGOs, written briefings and special reports such as this one.

The Group has over 150 Members of Parliament and the House of Lords, and some 180 associate member companies and organisations. It holds regular meetings and receptions at the House of Commons, with talks by leading British and International politicians and captains of industry on key environmental issues. A newsletter and briefing sheet is produced after each meeting.

Over the years the Group has played host to quite a number of different British Ministers including David Miliband, Margaret Beckett and Michael Meacher, the Dutch, German and Danish Environment Ministers, senior Brussels officials including Margot Wallstrom, EU Commissioner, and many others from government, business and the campaign groups both in the UK and abroad.

The Group meets 5 or 6 times a year at the Houses of Parliament and membership is by invitation. If you would be interested in joining the Group as an associate member, please contact the membership office shown above with details of your company or organisation.



The Institute for European Environmental Policy (IEEP) is an independent research organisation working on policies affecting the environment in Europe and beyond. Our aim is to analyse and present policy options and to disseminate knowledge about Europe and the environment.

Our research work involves both pressing short-term policy issues

and long-term strategic studies, drawing on more than thirty years of experience. Our project portfolio varies from year to year, but we are committed to being at the forefront of thinking about the environmental aspects of EU policies and keeping an open dialogue with policymakers and stakeholders. We work closely with the full range of policy actors, from international agencies and the EU institutions to national government departments, NGOs and academics.

IEEP has an interdisciplinary staff with experience in several European countries and a wider network of partners throughout the EU. We work closely with universities, specialist institutes and consultancy organisations. The London office of IEPP was founded in 1980 and the Brussels office in 2001.

For further information, please see our website: www.ieep.eu