



Can the EU strengthen its leadership in environmental protection?
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New Generation of Environmental Policies

Europe has done a lot, but we could do more. Europe has both the capacity and resources to lead the necessary transformation to a low carbon and an eco-efficient economy. However, current European actions in this area are not adequate to the scale of the task.

One crucial phenomenon above and beyond hazardous trends like climate change, loss of biodiversity and collapse of ecosystems is globalisation. We aren't just outsourcing companies and work to other continents, but we are also exporting different environmental problems to other countries. The other side of the coin is that we cannot compete with Asia and the emerging economies on labour costs, but lower material and energy costs can help us to achieve [OR maintain] economic competitiveness.

Therefore, we made an initiative to discuss the future – a New Generation of Environmental Policy – during the Finnish EU presidency. The environment ministers discussed this initiative last July in Turku, Finland.

The ministers emphasised that globalisation highlights the need to use natural resources sparingly, and to promote more eco-efficient consumption and production. We need to make a multitude of choices that will take us over the tipping point. However - all these changes are not sufficient enough if made only at the European level.

Environmental globalisation is a must. Therefore, the ministers also discussed global governance, for example, the United Nations Environment Organisation and an international panel on natural resources, and they discussed establishing common rules for all players.

Some people talk about eco-efficiency being the next industrial revolution. Whatever metaphor we use, I would say that to make this happen we need to move away from traditional policies.

We first need to move away from policies with a short-term focus based only on step-by-step changes. The goal of the new generation of environmental policy should be to encourage improving our quality of life by eco-efficient and pro-active innovations and policy approaches. Legislation and regulations are, and they continue to be, the basis for this. On top of that, we need economic incentives and innovative policies which focus on a life-cycle approach implemented by all stakeholders.

Then, to make a smooth transition to a low carbon future, we need to make structural changes in energy policy and we need to use far less energy. This is common knowledge. Another crucial change needed is to use materials and resources more sparsely – that is, we need to use resources within the carrying capacity of our ecosystems. We can't just keep producing – we also have to dampen down resource demand in order to reduce energy use and potentially hazardous emissions.

Integration through dialogue

Environmental goals can only be achieved as part of a wider social, economic and political vision. Curbing emissions, combating climate change or halting the loss of biodiversity are as much about how we organise our economies as they are about environmental regulation in any narrow sense. Therefore, integration of environmental goals into key sectors like transport, energy and food is essential.

One approach to integrating environmental considerations into different sectors is through a process of dialogue. The EU has experience in pilot product panels, which focus on improving the environmental performance of certain products. Could this method be tailor-made for key sectors or key industries?

The dialogue would involve partners and customers, researchers and authorities. The players involved in the dialogue process set targets together and combine their ideas and new innovations to improve eco-efficiency, and formulate proactive strategies to promote best practices. Dialogue between players along the whole chain of production might be a promising means of finding new solutions and also a way to call for more systematic approaches in developing new modes of production and consumption.

A key element in integrating all sectors into the work is target setting. Some countries have set decoupling targets, while Germany and Japan have set macro-economic efficiency targets. Some sectors like the Dutch pulp and paper industry has set itself energy efficiency goals for the next twenty years.

Innovation is essential for the environment. But that innovation needs to be multi-dimensional – not just technological innovation, but legal, social, financial, institutional and cultural as well. Through a dialogue process many innovative steps can be taken. Partners in the supply chain might act as innovation midwives – they are on the team designing innovations, and they also help to deliver these innovations to wider circles. Authorities can seek alternative ways to finance a key solution or offer other types of carrots.

Emissions trading for citizens

It is an ambitious task to make changes in production modes, but it is a far more ambitious mission to change our own habits in everyday life. An average consumer makes tens of different choices in one day – most of these choices though, are in one way or another limited by the environment and society around us. We can't just ask consumers to act more wisely and in an environment-friendly way – we also have to design our societies to favour sustainable choices and lifestyles.

In the future we need everyone on board to make changes. But how do we encourage people to limit food miles, choose environmentally friendly products, switch the source of electrical and heating systems of houses to renewables and find more sustainable ways of transport.

One interesting and possibly motivating innovation to be analysed is a personal carbon allowances scheme. This approach would cut greenhouse gas emissions by charging individuals for the amount of carbon they use. Could we one day carry bank cards that record our personal carbon usage? Those of us who use more energy – with big cars and foreign holidays – would have to buy more carbon points, while those who consume less – those without cars, or people with solar power – would be able to sell their carbon points. This approach would increase our knowledge on the impacts of our behaviour.

We took one step forwards towards personal carbon quotas by encouraging participants in different EU presidency meetings to offset their emissions from travel. The presidency also

provides complimentary offsetting of Co₂ emissions from travel on behalf of participants in certain meetings.

Economic instruments

Environmental legislation alone, however, will not provide us with the muscle needed to make profound changes in favour of a more sustainable future.

Even though we have different opinions on environmental taxation, we should be open to exploring sustainable solutions to finance our welfare in the future. In promoting resource efficiency and in changing our patterns of consumption the question of economic incentives becomes increasingly essential.

The EEB has proposed a scenario that would see all member states working towards a common goal, but without full harmonization of national policies. In concrete terms this means that the EU would set, for example, a target for an "ecological tax shift", and Member States would find their own strategies to reach the target.

This initiative is challenging, and worth investigating – for example, when we have the review of the sixth environmental action programme in our hands or when the Commission adopts the Green Paper on market-based instruments in environmental policy.

Ecological taxation isn't about increasing taxes, it is about shifting where governments raise their money from. By taxing income and employment less, and pollution, waste and fossil energy sources more, government can maintain revenues while simultaneously changing behaviour.