Commissioner Janez Potočnik
Environment
BERL 11/191
1049 Brussels
Belgium

20 October 2010
Ref: 12626

Dear Commissioner Janez Potočnik,

Priorities for a new EU Environment Action Programme

The Network of Heads of Environmental Protection Agencies wrote to you on 20 April 2010 with some initial views on priorities for a new European Environment Action Programme. Since then we have continued to bring together views from the Network's member organisations and evidence from different countries. We have met with staff in DG Environment and Cabinet to discuss these views.

The attached submission is a summary of the Network's views. A new action programme for the environment should support the objectives of the EU 2020 Strategy to create a smarter, greener and more resource efficient economy that achieves sustainable growth. It should provide a focus for concerted action to tackle the major environmental challenges faced in Europe and globally. It should set out an agenda for how environmental standards can be maintained and improved, and how the environment should be integrated into key sectoral policies. It should recognise the importance of a high quality environment to the economy, reflecting the true economic value of natural resources and the costs of their degradation. It should take positive steps to strengthen the implementation of measures to protect the environment and improve the effectiveness of different instruments.

We appreciate that there is an ongoing debate on the need for a new action programme and what its purpose and priorities should be. We are particularly keen to contribute to this debate by providing a perspective from organisations that are implementing EU environmental policy and legislation in countries. We would welcome the opportunity to discuss the points made in this submission with you. We would propose that a small delegation of representatives from the Network comes to meet you in Brussels at your convenience.

We look forward to hearing your response to this proposal.

Yours sincerely,

Rt.Hon Lord Smith of Finsbury
Chairman
Environment Agency
England and Wales

Mr . Martin Seychell
Director
Environment Protection
Malta

NETWORK OF THE HEADS OF ENVIRONMENT PROTECTION AGENCIES

Priorities for a new EU Environment Action Programme

1. Introduction

This paper summarises the views of the Network of Heads of European Environment Protection Agencies (referred to here as the 'Network') on priority areas for a new EU Environment Action Programme (EAP).

2. Environment and the EU 2020 Strategy

A new action programme for the environment is fundamental to achieving the objectives of the EU 2020 Strategy to create a smarter, greener, more resource-efficient economy that achieves sustainable growth.

We believe that a new EAP is needed as an essential cornerstone of the EU 2020 Strategy. It should make a compelling case for why a clean and healthy environment is fundamental to long-term economic success. It should demonstrate how properly targeted measures to protect and improve the environment can contribute to economic competitiveness and job creation. It should acknowledge that sustainable growth can only be achieved within environmental limits and that targets (such as the 2 degree celsius target for limiting climate change) need to be agreed to define these limits. It should be clear about the economic and social consequences of not taking action.

The action programme should reflect a long- term view of the environment and sustainable development

History shows that dealing with environmental problems and bringing about real and lasting improvements to the state of the environment can take decades. The work of building a low carbon economy and the infrastructure that is required to support it to address climate change will go well beyond the period of the 2020 Strategy. Increasing global population growth, food production, land use change, and natural resource use are long-term challenges that have major environmental implications. It is vital that actions taken in the short- to medium-term do not lock Europe into a pathway that will prevent the achievement of long-term goals.

We believe that a new EAP should therefore be framed in the context of a long-term view of the environment and sustainable development in Europe. It should take account of the diversity of the natural environment across the EU and the different environmental pressures faced in different countries. A range of futures studies has been carried out at the EU level which could provide helpful insights in creating such a view. For example, a recent study by the Netherlands Environmental Assessment Agency and the Stockholm Resilience Centre demonstrated the benefits of creating a 2050 vision in helping to guide decision-making over the medium-term and in making connections between related issues. Using modelling and back-casting techniques the study was able to identify strategic actions for the EU over the next 5 to 10 years on global land and water resources, and low carbon energy systems and transport in the context of a 2050 world vision[1]. The Network itself is initiating a project to bring together recent thinking and relevant work on futures and scenarios in the EPAs in

[1] Getting into the Right Lane for 2050. Netherlands Environmental Assessment Agency Report, October 2009

different countries which may provide some useful information to support the development of a long-term vision for Europe.

A new and different kind of EAP is needed

The previous six EAPs produced over the last 40 years have made an important contribution by setting agendas and priorities for taking action to solve environmental problems. There have been some real successes: the state of the environment has improved significantly in some areas such as air and water quality. But the nature and scale of the challenges faced both in Europe and globally is changing rapidly. A new and different kind of EAP is needed which:

- sets out a clear statement of the outcomes that should be realised for people and the environment in Europe;
- makes the links between different environmental problems and the common economic and social causes that underlie them;
- recognises the global nature of many of the environmental challenges and the environmental impact of Europe's resource use in countries outside the EU;
- places the value of natural resources and the services they provide in a proper economic and social context;
- provides a focus for mainstreaming environment into the key economic and social policies in different sectors that will drive the achievement of the EU 2020 Strategy goals;
- promotes active participation of citizens and contributes to sustainable development in the EU;
- addresses the need to invest in targeted environmental training and education programmes, particularly for young people;
- develops and implements an evidence base that truly integrates economic, environmental and social dimensions in support of strategic decisions, and identifies priorities for future R&D that can be addressed in EU research programmes, including the 8th Framework Programme;
- strengthens the application of existing Treaty obligations - including the precautionary, polluter pays, prevention and restitution principles - whilst respecting the principle of subsidiarity;
- recognises the need for flexibility to respond to emerging risks and challenges; and
- has realistic actions, targets and milestones to achieve the agreed outcomes and success measures against which progress can be monitored and evaluated.

3. Thematic Priorities

The priorities of the 6th EAP remain as pressing challenges today and for the foreseeable future. Continued concerted action is needed to address these priorities.

Looking back over the period of the current 6th EAP since 2002, environmental indicators show that much more needs to be done to realise the objectives of its four priority themes: climate change; nature and biodiversity; health and quality of life; and natural resources and waste. We believe that these themes should remain as key environmental thematic priorities in a new EAP.

On **climate change**, the EU 27 has reduced its greenhouse gas emissions by 11.3% from the baseline year 1990. Since 2002 there has been a reduction of just over 2%. Achieving the agreed 20% emissions reduction target over the next 10 years and delivering much deeper cuts in the longer-term remains a considerable challenge. This does not take into account the significant emissions generated in countries outside the EU as a consequence of goods and services that are produced for use within the EU.

On **nature and biodiversity**, the global agreement to halt the loss of biodiversity by 2010 will not be met. In 2008, only 17% of the target species under the Habitats Directive were considered to have a favourable conservation status. The recent commitment to halt the loss of biodiversity and the degradation of ecosystem services in the EU by 2020 presents a major challenge.

On **health and quality of life**, there has been some good progress in improving the quality of air and water. But exposure to particulates and ozone in air continue to pose a major health risk. The health costs from air pollution in the EU are estimated to be between 275 to 790 billion euros including 369,000 premature deaths[2]. There is much to do achieve the goal of good ecological status in all waters, particularly in addressing pollution from diffuse sources. Soil protection remains a major challenge in some countries. More needs to be done to assess the economic value of soils and the critical services they provide such as food and fibre production, the protection of water quality, and climate regulation. There are continuing concerns about the human and ecological health risks associated with exposure to combinations of chemicals, with new technologies, and with climate change.

On **natural resources and waste**, the overall environmental impacts of Europe's resource use continue to increase. Indicators show that the total amounts of materials used by the economy and wastes generated in the EU have continued to increase, although the rate of increase has been less than the rate of growth in economic output. The average amount of municipal waste generated in the EU per person has remained at around the same level since 2002, although there is wide variation between countries.

[2] Facts and Figures: the links between EU's economy and environment, European Commission, 2007.

4. Cross-cutting priorities

4.1 Making the links

The critical links between the priority themes need to be identified and addressed

There is a high degree of connectedness between these priority themes. More cross-cutting approaches are needed that address the linkages between the themes and the common economic and social driving forces that underlie them. More needs to be done to identify and address related environmental pressures from different sectors.

For example, a recent study commissioned by the UK Waste and Resources Action Programme[3] highlighted the critical linkages between trends in resource use in different sectors and climate change. The study was able to quantify the potential benefits of specific measures to improve resource efficiency in production and consumption in terms of their contribution to reducing greenhouse gas emissions. It concluded that immediate improvements in resource efficiency could deliver 10% of the UK emissions reductions commitment. Measures with some of the greatest benefits involved behavioural changes by consumers such as extending the lifetime of goods, reducing food waste and making dietary changes. Behaviour change is a key connecting response relevant to all the priority themes and should be addressed as an important cross-cutting issue in a new EAP.

The Environment Outlook 2030 in Flanders[4] highlighted the critical linkages between climate change and air quality. One of its key conclusions was that climate change may to a large extent or completely nullify the positive effects of the expected reductions of emissions the air pollutants ozone and particulate matter.

4.2 More efficient and sustainable use of natural resources

Inefficient and unsustainable use of natural resources underlies many of the environmental problems we are trying to solve.

Resource use and waste is a priority theme of the 6th EAP and the associated thematic strategies on prevention and recycling of waste and on the sustainable use of natural resources. Sustainable consumption and production has been a key EU policy priority. There has also been a recent focus on the sustainable management of materials with the objective of moving from waste policies to material policies which cover the whole life-cycle of products in a 'cradle-to-grave' approach.

We believe that sustainable resource use is fundamental to achieving the EU 2020 Strategy goals and should be a central theme of a new EAP. It should be addressed in an integrated manner including energy, water, materials, ecological resources such as forests and fisheries, and the services provided by ecosystems. It should include the environmental impacts of resource use in countries outside the EU that are used in the goods and services imported into the EU.

[3] Meeting the UK climate challenge: The contribution of resource efficiency. Waste and Resources Action Programme Final Report EVA 128, November 2009.
[4] Environmental Outlook 2030. Flemish Environment Agency, December 2009.

We need to create a much clearer and more compelling economic perspective of the value of natural resources and the services they provide, and the costs of their degradation.

Recent studies are starting to provide a clearer picture of how the economic and social value of natural resources can be assessed and factored into decision-making. 'The Economics of Ecosystems and Biodiversity' (TEEB) Project [5], for example, provides a valuable framework for policy-makers. A new EAP could build on this new thinking and provide a focus for integrating the costs and benefits of natural resource use into EU sectoral policies.

Case studies from different countries are producing important information on the economic value of natural resources and the services they provide, and the benefits of protecting them. For example, a study commissioned by the Scottish Environmental Protection Agency (SEPA)[6] estimated that the annual value of the flow in ecosystem services in Scotland is between 21 and 23.5 billion pounds sterling per year. Every pound of SEPA expenditure is involved in protecting 289 and 324 pounds of ecosystem value.

More efficient resource use is a key driver for competitiveness

There is a growing body of evidence that demonstrates how improvements in resource efficiency can deliver real economic benefits and improve competitiveness. Research in the UK, for example, estimates that the total value of potential resource efficiency savings to UK businesses range between 5.6 to 7.4 billion pounds sterling per year[7]. A new EAP should bring a focus to how resource efficiency improvements can contribute to the objective of a green economy, and to the mix of regulatory and voluntary measures that will drive better performance.

4.3 Integration of environment into sectoral policies

More needs to be done to recognise and to integrate environmental considerations into other sectoral policies.

The integration of environment into other sectoral policy areas is a long- standing EU policy requirement but progress on this has been generally slow. The EU 2020 Strategy stresses the importance of policy coordination and better integration of policies and instruments in achieving a greener economy. But more needs to be done to identify environmental impacts, costs and benefits in producing more coherent policies across different economic sectors. The potential tensions, trade-offs and opportunities need to be properly assessed in the development of new policies and the review of existing ones.

For example, diffuse pollution from agriculture is difficult to control and is a major barrier to achieving good quality status of waters required by the Water Framework Directive across Europe. Diffuse pollution can arise from changes in land use and increased run-off of soil and nutrients. A potential tension can exist between

[5] TEEB-The Economics of Ecosystems and Biodiversity for National and International policy makers- Summary: Responding to the Value of Nature 2009.
[6] Preliminary Exploration of Ecosystem Service Values in a Regulatory Context. Report for Scottish Environmental Protection Agency.
[7] Quantification of the Business Benefits of Resource Efficiency. Report for Department of Environment, Food and Rural Affairs, October 2007.

agricultural policy and agreed environmental objectives for water. This is a key issue to be addressed in the upcoming review of the Common Agricultural Policy.

The integration of environment into subsidy policy is another important issue. In Germany, for example, it was estimated that environmentally harmful subsidies amounted to nearly 42 billion euros in the year 2006.[8] An update for 2008 shows that environmentally harmful subsidies increased to over 48 billion euros. On the other hand, in Italy there is significant evidence of positive feedbacks of EU subsidised organic farming in terms of soil quality, carbon sequestration, reduction of fossil energy inputs and greenhouse gas emissions, lessening of soil erosion, increase of biodiversity, and cutback of fertilizer and pesticide use[9].

Other examples of sectors where mainstreaming of environment is a key consideration are: energy (environmental impacts of renewable energy sources); transport (environmental costs and benefits of modal shifts in transport and associated infrastructure); spatial planning (building climate change adaptation into decision making on planning); industry (moving from end of pipe solutions to more sustainable resource use).

A new EAP could provide a focus for re-invigorating action to improve integration of environment into sectoral policy-making. This should include:

- developing the evidence base for the environmental pressures arising in different sectors and how they can be addressed;
- improving the procedures and quality assurance for assessing environmental considerations in policy appraisal and impact assessments;
- producing more accessible tools for assessing and integrating environmental costs and benefits into decision-making; and
- assessing how different planning tools such as Strategic Environmental Assessments, Environmental Impact Assessments and River Basin Plans can help to integrate the environment into other issues at regional and local levels.

4.4 Greening the economy

A new EAP should be an important building-block in creating a greener economy in Europe.

A new EAP should set out an agenda for how measures to protect the environment and to improve the efficiency of resource use can contribute to a greener, more competitive economy and promote sustainable growth. It should identify where and how the policies and instruments in the existing environmental *acquis* contribute to the economy and where additional targeted measures are needed. It should address how different interventions such as regulation, trading, environmental taxation, and charging can be used most effectively to deliver positive outcomes for the economy and the environment.

There is good evidence to support the case that high environmental standards are essential for long-term economic success. Many case studies from different sectors have been documented which demonstrate how good environmental performance

[8] Umweltbundesamt (UBA) 2008: Environmentally harmful subsidies in Germany.
[9] "BIO-The Italian Way to go organic", Annual Technical Publication (Oct.2009), Regional Activity Center for Cleaner Production, UNEP/MAP, pg. 98-104.

can deliver cost savings and enhance competitiveness[10]. High environmental standards can be an important driver for innovation. The EU environmental industries have a combined annual turnover of over 227 billion euros equivalent to about 2.2% of the EU's Gross Domestic Product[11]. These industries already account for 3.4 million jobs. The number of jobs linked to the environment goes well beyond the environmental industries themselves.

The potential for further growth is significant. For example, the United Nations estimate that the global market for environmental products and services will double to 2,740 billion dollars per year by 202012. The Confederation of British Industry calculates that if Governments agree to an international framework to limit carbon emissions, the global market for climate change solutions could be worth around 1 trillion dollars in the first five years[13].

German analyses show that nearly 1.8 million people are employed in the environmental sector in Germany and that the world market for environmental technology is predicted to more than double by 2020. In particular, the renewable energy, resource and energy efficiency, and sustainable water management sectors are of growing importance[14].

The Danish Government's Forum for Growth carried out an investigation of the importance of Danish clean technology for Danish companies. It concluded that clean technology in 2008 represented 16 % of the total Danish export of products compared with 11% in 1999[15]. There has been an increasing number of eco-labelled products in the Danish shops growing from 2330 in 2001 to 4921 in 2009[16].

A recent study on renewable energy sources in Italy[17] highlighted the significant role of the renewable energy market in developing "green-employment" and environmental research. The wind power generating sector alone is envisaged to generate 66,000 new jobs by 2020[18].

Smarter, more coherent environmental regulation can make an important contribution in helping to drive the innovation on which Europe's economic future depends.

Environmental regulation is a key driver in this market. The Network has carried out a review of the links between environmental regulation and competitiveness[19] which

[10] Green Foundations 2009. The path to a vibrant economy, competitive advantage and sustainable prosperity. Report of Aldersgate Group, 2009.
[11] Facts and Figures: the links between EU's economy and environment, European Commission, 2007.
[12] Green Jobs: Towards decent work in a sustainable low carbon world. Report for United Nations Environment Programme, September 2008.
[13] Climate Change: Everyone's Business. Confederation of British Industry, November 2007.
[14] Federal Ministry for the Environment (BMU) / UBA: Report on the Environmental Economy 2009 - Facts & Figures for Germany.
[15] Report from The Danish Government 25 February 2010: "Analyse af dansk cleantech".
[16] ECO-labelling Denmark 2010: http://www.ecolabel.dk/inenglish.
[17] Renewable Energies 2010. Research and Innovation for a low carbon future. ENEA Report, 2010.
[18] The wind energy potential in Italy and employment impacts by 2020, ANEV (Italian Association for Wind Energy)
[19] The contribution of good environmental regulation to competitiveness. Paper by Network of Heads of European Environment Protection Agencies. November 2005.

demonstrates how good regulation can help reduce costs for businesses, create markets for goods and services, create and sustain jobs, and protect the natural resources on which businesses and society depend. The European Commission concludes[20] that environmental policy is a net creator of jobs and that there are no examples of environmental policy causing concentrated job losses or regional difficulties.

4.5 More effective implementation of environmental legislation

A new EAP can make an important contribution to delivering the conditions for smarter, simpler and more coherent regulation that provides certainty and a level playing- field for businesses, secures public confidence in environmental standards, and helps to drive the research and innovation on which Europe's economic future depends. It provides an opportunity for taking stock of the outcomes that have been realised through the existing environmental *acquis* and what remains to be done. This should be informed by an assessment of what has worked well, what has not worked well and what could be done to improve effective implementation of environmental legislation.

The EU Better Regulation Programme has made some welcome progress in the simplification of existing EU legislation. Better regulation initiatives have been mainly concerned with reducing administrative burdens. We believe there is a need to build on the progress in reducing administrative burdens and provide a greater focus on improving the effectiveness of the delivery of environmental and economic outcomes. The Network has published a Vision for improving the effectiveness of EU environmental regulation[21] which proposes a set of principles and actions to support this approach.

A new EAP could provide an opportunity to review how different areas of environmental policy and legislation could be better integrated. For example, a recent review of the effectiveness of the Environmental Impact Assessment Directive[22] concluded that there is a need to look at how to improve the synergy between the EIA Directive and legislation and policy in sectors such as air quality, noise exposure, waste and water management, protection of the marine environment, soil protection, disaster risk prevention, climate change and biodiversity.

The coherence between policy and legislation to address climate change and environmental protection is a key consideration. Many environmental Directives that are being implemented today were agreed before concerted action was being taken on climate change. Measures to protect and improve the environment can have consequences in terms of greenhouse gas generation. On the other hand, initiatives to reduce greenhouse gas emissions such as the promotion of renewable energy sources can also have environmental impacts.

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[20] Facts and Figures: the links between EU's economy and environment, European Commission, 2007.
[21] Improving the effectiveness of EU environmental regulation – a future vision. Paper by Network of Heads of European Environment Protection Agencies. April 2008.
[22] Report from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions. On the application and effectiveness of the EIA Directive (directive 85/337/EEC, as amended by Directives 97/11/EC and 2003/35/EC. COM(2009) 378 final. 23 July 2009.

A recent study carried out with support of members of the Network[23] looked at the delivery of climate and other environmental policy goals and concluded that there are many potential interactions, both positive and negative. A number of common concerns expressed were: that Water Framework Directive requirements could push regulators towards more energy-intensive solutions; that Habitats designations do not take sufficient account of climate change impacts; and that the waste hierarchy can cause potential conflicts with the needs of energy recovery. In all cases there was felt either to be a degree of flexibility in the legislation or a sufficient degree of uncertainty remaining to conclude that there was not a pressing case for immediate legislative reform.

23 Interactions between EU priorities for Climate Action and Environmental Protection. Briefing by Institute for European Environmental Policy (IEEP), August 2010.