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2008 Environment Policy Review

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2008 ENVIRONMENT POLICY REVIEW

Introduction

The EU faces growing challenges from fluctuating commodity, food and energy prices, increasing environmental pressures and an unprecedented economic crisis. These challenges underline the need and opportunities for Europe to move faster towards a resource-efficient, low-carbon economy. This last Environment Policy Review under the current Commission highlights the achievements made in 2008 that prepare for this change. It identifies major policy initiatives underway and the challenges that will require greater effort.

New opportunities and challenges in 2008 and beyond

Environment policy at top of policy agenda

Environment policy has left the sidelines and is now one of the most important policy issues. 96% of Europeans say protecting the environment is important to them¹ and they are very concerned about issues such as climate change and pollution.

Environment policy considerations increasingly spill over into transport, energy, agricultural, cohesion, industrial and research and development policies. Energy policy aims, among others, to move us to a low-carbon economy. Issues of sustainable development underpin decisions on the use of structural funds. Agriculture policy increasingly promotes sustainable land and resource management. The “Health Check” of the Common Agricultural Policy² in November 2008 proposed a further shift of EU funding towards rural development, away from direct payments. Member States are required to spend these Community funds to address among others the challenges of biodiversity and nature protection, renewable energy, waste and water management, clean transport and climate change.

Yet many environmental degradation trends are not being reversed. The effort and investment needed to move to a low-carbon resource-efficient economy will be significant.

The crisis is an opportunity to green the economy

The recent economic crisis has sent shock waves around the globe, reaching all parts of the economic system. In the EU, national governments, the European Central Bank and the Commission have worked closely to restore confidence, protect savings, maintain a flow of affordable credit and improve governance.

The crisis is a crucial opportunity to “green” our economy and lay the foundations for low-carbon and resource-efficient growth. As the downturn influences our policies, a stronger environment policy can help spark economic recovery and lasting EU competitiveness. The European Economic Recovery Plan³ adopted by the Commission in November 2008 includes

¹ Special Eurobarometer 295 (2008)

² Council Regulation (EC) No 72-73-74/2009

³ COM(2008) 800

measures and tools to improve energy efficiency, boost sales of green products, develop ICT Broadband Infrastructure and clean technology for cars and construction.

Climate change — one of the greatest threats facing the planet

The consequences of climate change are already being felt, with rising sea levels and more frequent extreme weather. The Fourth Assessment Report⁴ of the Intergovernmental Panel on Climate Change projected that global average surface temperatures could rise by 1.8 - 4.0°C this century, and if unchecked, would reach the threshold at which catastrophic change becomes far more likely. The Stern Review⁵ on the Economics of Climate Change showed that the costs of *inaction* on climate change significantly outweigh the costs of *action* to tackle it.

In October 2008 the annual progress report⁶ on implementing the Kyoto Protocol showed that the EU and most Member States are on track to meet their commitments. The projections indicate that the EU-15 will achieve its -8% target through existing measures, the purchase of emission credits from third countries and forestry activities that absorb carbon. Measures under discussion could bring more reductions.

Still, the EU accounts for about 10.5% of global emissions⁷ and its efforts will not be enough to mitigate climate change unless further action is taken globally. International negotiations are now taking place on a global climate change agreement to take effective action after 2012 when the Kyoto commitments end. This must involve all big emitters: USA, China, India and other large developing countries, which currently do not have reduction targets under Kyoto.

In December 2008 the UN Climate Conference in Poznan assessed the progress made on the Roadmap agreed at the 2007 Bali conference and provided additional political guidance for the post-Kyoto 2012 negotiations. It launched the UNFCCC⁸ Adaptation Fund and the Poznan Programme on Technology Transfer and made progress on several technical issues, such as reducing emissions from deforestation and forest degradation. Most importantly, Poznan established a negotiation programme to lead to a final agreement at the December 2009 UN Climate Conference in Copenhagen. Given the EU's leadership, decisions reached there will require legislative follow-up and action on several fronts in 2010 and beyond.

The EU climate and energy package

Commission proposals for integrated climate change and energy policy were endorsed by the Council in March 2007⁹. The EU committed to cut its greenhouse gas (GHG) emissions by 30% of 1990 levels by 2020 if other developed countries agreed comparable reductions or by at least 20% if they did not.

⁴ <http://www.ipcc.ch/ipccreports/assessments-reports.htm>

⁵ http://www.hm-treasury.gov.uk/sternreview_index.htm

⁶ COM(2008) 651

⁷ Source: EEA Report No 5/2008. The share is based on the EC Greenhouse Gas Inventory for the European figure (5.2 Gt) in relation to the global estimate for all sources and gases from the latest IPCC Assessment Report (49 Gt). When taking into account only CO₂ emissions from energy the EU share is about 14%.

⁸ United Nations Framework Convention on Climate Change

⁹ Council document 7224/1/07 REV 1

In January 2008 the Commission translated these commitments into concrete action by adopting a Climate and Energy package¹⁰, with proposals to improve the EU Emissions Trading System (ETS) by covering more GHGs and more sectors, and by setting a tighter EU-wide emissions cap and emission reduction targets for sectors not in the ETS, such as road transport, buildings, services and agriculture.

During 2008 the European Council and Parliament reached an agreement on the inclusion of aviation in the EU ETS¹¹. GHG emissions from flights to, from and within the EU will be included in the ETS from 2012.

The package included also a proposal for a Directive with legally binding targets for increasing renewable energy to a 20% share by 2020, with a 10% share of renewable energy in the transport sector; and a regulatory framework for safe, reliable deployment of carbon capture and geological storage technologies. It was adopted by Parliament and Council in December 2008¹².

Other climate change measures in the EU and globally

In December 2008 Parliament and Council agreed future targets on CO₂ emissions from cars with an average emission limit of 130 grams/km to be applied to 65% of new cars in 2012, rising gradually to apply to all cars from 2015¹³. It also sets a 2020 target for average new car emissions of 95 g CO₂/km.

A revised Fuel Quality Directive¹⁴ was also adopted, requiring a life-cycle GHG emission reduction of 6% for transport fuel by 2020. A further reduction of 4% by 2020 will be reviewed in 2012. The Directive also sets the sustainability criteria for biofuels to help achieve this reduction.

CO₂-emissions from shipping, which account for 2-3% of global emissions, are growing by 3-4% annually. The Commission envisages legislation to reduce them.

In November 2008 the Commission proposed its Second Strategic Energy Review¹⁵ which supports the 2020 climate and energy targets and gives a new boost to energy security in the EU. It puts forward proposals to accelerate energy efficiency improvements in key areas such as buildings and products; and also includes a plan to secure sustainable energy supplies.

To engage developing countries and economies in transition, the EU launched under the Environment and Natural Resources Thematic Programme (ENRTP) the Global Energy Efficiency and Renewable Energy Fund (GEEREF) in March 2008. This public-private investment fund will provide risk capital to regional funds that invest in smaller-scale projects. The Commission set aside €80m and additional public and commercial funding are expected. The first investments received preliminary approval in December 2008.

¹⁰ COM(2008) 30

¹¹ Directive 2008/101/EC

¹² Directive 2009/28/EC, Directive 2009/29/EC, Directive 2009/31/EC and EP Resolution of December 2008 in relation to COM(2008) 17

¹³ EP Resolution of December 2008 in relation to COM(2007) 856

¹⁴ Directive 2009/30/EC

¹⁵ COM(2008) 781

Adaptation measures are necessary to deal with the unavoidable impacts of climate change. In Europe some regions, sectors and sections of society are likely to bear greater adverse effects brought about by extreme weather phenomena. In 2009 the Commission came forward with a White Paper¹⁶ setting out a framework covering 2009-2012 to improve the EU's resilience to a changing climate. The framework will complement Member State efforts, while supporting efforts by neighbouring and developing countries. In particular, the EU assists least developed countries and small islands states through the Global Climate Change Alliance initiative under the ENRTP.

Managing environmental emergencies and other disasters

The Civil Protection Mechanism has become a major tool to respond to major disasters. The number of times it has been used has risen from 3 in 2002 to 20 in 2008, including aid for the victims of the earthquake in China and of floods, forest fires and earthquakes in Europe.

As the frequency and intensity of disasters — like extreme weather events — hitting Member States and third countries has risen due to climate change, the Commission proposed in March an integrated approach to disaster management, from prevention to recovery¹⁷. It will evaluate which aspects of the Civil Protection Mechanism need strengthening and explore how to boost the availability of resources for interventions. In 2008 the Commission launched cooperation activities with candidate, potential candidate, other neighbouring and ACP¹⁸ countries. In 2009 the Commission presented a Communication on disaster prevention¹⁹ and will work on proposals to strengthen disaster management training.

Protecting biodiversity: both a moral duty and crucial to the economy

The loss of biological diversity both within Europe and globally, exacerbated by climate change, poses a grave threat to our quality of life, our natural environment and our economy. Nature has an intrinsic value but humans also depend on the goods and services provided by ecosystems for their material survival. If we continue with “business-as-usual” there will be severe economic losses. The first results of ‘The Economics of Ecosystems & Biodiversity’ study²⁰, released at the 9th Conference of the Convention on Biological Diversity in May 2008, estimated that the annual value of the global loss of ecosystem services is €50 billion. Rising temperatures and the acidification of the oceans mean that 60% of coral reefs will be lost by 2030. Some 11% of natural areas will be lost globally by 2050, mainly from conversion to agriculture, expansion of infrastructure and climate change. The cumulated welfare losses could reach 7% of GDP.

In 2001 governments agreed to halt the loss of EU biodiversity by 2010 and to restore habitats. They also committed to help significantly reduce global biodiversity loss by 2010. Since then EU governments have put in place policies and laws to safeguard biodiversity.

The Birds and Habitats Directives provide a solid legislative basis for protecting important species and habitats, especially through Natura 2000. This EU-wide network of protected areas covers 17% of EU land and is being extended to our seas. In the LIFE+ Financial

¹⁶ COM(2009) 147

¹⁷ COM(2008) 130

¹⁸ African, Caribbean and Pacific

¹⁹ COM(2009) 82

²⁰ <http://ec.europa.eu/environment/nature/biodiversity/economics>

Programme at least 50% of funds are for EU biodiversity conservation projects. The EU Biodiversity Action Plan provides a strategic framework. Successive reforms of the Common Agricultural and Common Fisheries Policies have increasingly provided opportunities to preserve biodiversity. The Water Framework Directive (WFD) requires lakes, streams, rivers, estuaries, and coastal waters to be in a good ecological state by 2015. Finally, EU law limits where biofuel crops can be grown to reduce the risk of negative impacts on biodiversity. In 2008 about 115 000 sq. km were added to the Natura 2000 network, including sites in Bulgaria and Romania. The Commission put forward options to deal with harmful invasive species, including a Europe-wide early warning system to report new and spreading species²¹.

However, EU biodiversity continues to be degraded. A 2008 mid-term review of the Biodiversity Action Plan²² found that, despite progress, it is highly unlikely that we will achieve the goal to halt biodiversity loss by 2010 with current efforts.

Stepping up EU efforts to combat global deforestation

At global level, biodiversity loss is even more worrying. Protection of the world's remaining forests is the most pressing challenge. 13 million hectares of tropical forests – an area approximately the size of Greece – disappear every year. This threatens the livelihood of an estimated 1.6 billion poor people who rely heavily on forests for their livelihoods and has major impacts on species loss and climate change. Deforestation is responsible for approximately 20% of global GHG emissions, more than all EU emissions put together.

In 2008 the Commission presented two initiatives to protect global forests: a Regulation²³ obliging timber and timber product traders to seek guarantees that the timber was cut legally in the country of origin; and a Communication²⁴ proposing to halve gross tropical deforestation by 2020 and halt global forest loss by 2030. Beyond spending on targeted actions in 2008, this will require further EU funding; some could come from auctioning allowances in the EU ETS. In addition, the Commission is assessing the possibility of establishing sustainability criteria for biomass, which could also have a positive effect on discouraging deforestation.

In the framework of the EU Forest Law Enforcement Governance and Trade (FLEGT) initiative, which aims at stopping illegal logging, an agreement was reached with Ghana²⁵. This will only allow EU sales of Ghanaian timber products with a licence attesting their legality. Talks continue with other African and Asian tropical timber exporting states.

²¹ COM(2008) 789

²² COM(2008) 864

²³ COM(2008) 644

²⁴ COM(2008) 645

²⁵ A 'FLEGT Voluntary Partnership Agreement '

Reducing the rate of biodiversity loss globally

At the Convention on Biological Diversity meeting²⁶ 191 countries agreed to take far-reaching action to address the current unprecedented loss of global biodiversity. Consensus was reached on decisions to pave the way for sustainable biofuels production and to finalise an international regime on access to and benefit-sharing of genetic resources. The decisions also seek to increase biodiversity protection in the high seas and to ensure that biodiversity and forests are part of ongoing climate change negotiations.

In 2008 the Council agreed to strongly support whale protection²⁷ at the June meeting of the International Whaling Commission (IWC). In July, the Commission proposed legislation²⁸ to keep products from seals killed and skinned in unnecessarily painful ways off the European market. Trade would be allowed where guarantees are provided that hunting met high animal-welfare standards.

Revolutionary chemicals legislation is now operational

After years of preparation, REACH — Registration, Evaluation, Authorisation and Restriction of Chemicals²⁹ — became operational in June. Before December companies submitted over 2 million preliminary information dossiers for over 100 000 chemical substances to the Chemicals Agency — about 15 times more than expected. REACH is replacing 40 legislative texts and creating one EU-wide system to manage chemicals produced in or imported into the EU. Under the new regulation, industry has to prove that chemicals are safe. The new system encourages or sometimes requires some substances to be replaced by less dangerous alternatives. New chemicals must be registered before they are manufactured or marketed. For existing ones, companies can benefit from phased registration deadlines, if pre-registered in 2008.

Other measures for chemicals have been adopted or are under preparation. One regulation³⁰ introduces a new system for classifying, labelling and packaging hazardous substances. Another regulation³¹ will ban all mercury exports from 2011. In December final agreement was reached on the Framework Directive on the sustainable use of pesticides³². Member States must enforce regular inspection of pesticide application equipment and ban aerial spraying. In 2009, the Commission will revise the Biocides Directive, partly to adapt it to REACH.

New initiatives on air pollution

Air quality is important for European citizens, and the EU has been very active.

In June the Directive on ambient air quality and cleaner air came into force, a key measure under the 2005 Thematic Strategy. It demonstrates the EU's commitment to improving air quality by obliging Member States to reduce exposure to fine particles (PM_{2.5}) in urban areas

²⁶ <http://www.cbd.int/cop9>

²⁷ Council document nr. 9818/08

²⁸ COM(2008) 469

²⁹ Regulation (EC) No 1907/2006

³⁰ Regulation (EC) No 1272/2008

³¹ Regulation (EC) No 1102/2008

³² EP Resolution of January 2009, P6_TA(2009)0010

by an average of 20% by 2020 compared to 2010. New vehicle emission standards (Euro 5 and 6) were also formally adopted in 2007, setting tighter limits on emissions of particles from 2009 and of NO_x from 2014. Euro 5 will lead to the introduction of particle filters for diesel cars. In July 2008, the Commission put forward “Greening Transport” initiatives³³ to make transport more sustainable. It includes, for example, a strategy on pricing transport modes to better reflect their real cost to society and a proposal to allow Member States to better internalise these in road tolls for lorries. But more remains to be done, not least for the heavy duty vehicle emissions.

Following the 2005 Thematic Strategy on Air Quality, the Commission and Member States have contributed to the amendment of Annex VI to the MARPOL³⁴ Convention which will significantly reduce SO_x and related PM emissions from international shipping.

In 2008 the adoption procedure continued on the Commission proposal for new legislation on industrial emissions³⁵. It tightens emission limits in industrial sectors, introduces standards for environmental inspections and extends the scope of controls to medium-sized combustion plants. In this context the Commission started assessing the scope for developing EU-wide rules to allow the setting up of NO_x and SO₂ emissions trading at the appropriate geographical level.

Entire water cycle protected by EU legislation

In 2008 the Council approved a Directive on environmental quality standards for surface water³⁶. It specifies concentration limits for over 30 polluting substances, such as pesticides, heavy metals and biocides and is the final major piece of legislation to support the Water Framework Directive (WFD). The legal framework for water management is based on river basin districts instead of administrative boundaries and aims to achieve good water quality for all EU water bodies as a rule by 2015.

The next stage is to develop river basin management plans in 2009. Member States must have introduced water prices that reflect true costs by 2010. Water pricing will stimulate cost-efficient investment in water efficiency, increasingly needed in regions short of water. A study has demonstrated that water efficiency in the EU could improve by nearly 40% through technology alone.³⁷

The Marine Strategy Framework Directive³⁸ completes the legislative coverage of the entire water cycle. Like the WFD it is built on an “ecosystem-based approach”. The Directive requires Member States to develop “marine strategies” with the measures needed to achieve or maintain good environmental status of the EU’s marine waters by 2020. The Marine

³³ COM(2008) 433

³⁴ International Convention for the Prevention of Pollution From Ships

³⁵ COM(2007) 843

³⁶ Directive 2008/105/EC

³⁷ EU Water saving potential, http://ec.europa.eu/environment/water/quantity/pdf/water_saving_1.pdf

³⁸ Directive 2008/56/EC

Strategy Framework Directive is the environmental pillar of EU Integrated Maritime Policy³⁹ and when properly implemented, will help to better integrate environmental needs into sectors such as fisheries, shipping or tourism.

³⁹

COM(2007) 575

More with less: sustainable consumption and production

Preventing pollution and repairing damage is not enough. Sustainable economic growth means we need to change our patterns of consumption and production. We must improve the environmental performance of products over their life cycle, boost demand for greener products and help consumers make informed choices.

In July 2008 the Commission presented an Action Plan on Sustainable Consumption and Production and Sustainable Industrial Policy⁴⁰. At its core is the creation of a dynamic legislative structure to continuously improve the environmental performance of products and foster their uptake by consumers. Minimum requirements and voluntary advanced benchmarks can be set for the environmental performance of ‘energy-related’ products under the proposal of a revised Ecodesign Directive⁴¹. The revised Energy Labelling Directive⁴² proposed in November will set mandatory labelling and harmonised minimum performance product characteristics for public procurement and incentives. A Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles⁴³ was adopted by the Council in March 2009. It requires lifetime energy and environmental aspects to be taken into account when purchasing public transport road vehicles. Products and services with the best environmental performance can be identified by a revised Ecolabel⁴⁴, while initiatives on Green Public Procurement⁴⁵ and lead markets will foster market take-up of green products and services creating conditions to stimulate innovation. Cooperation with the European retail sector will also be stepped up.

The voluntary eco-management and audit scheme ‘EMAS’⁴⁶, which helps companies optimise their production processes, has been revised and a voluntary environmental technology verification scheme planned for 2009 aims to boost the confidence of buyers in the performance of new environmental technologies. Beyond that, the Commission will propose more action on incentives for green products and services, notably building upon the lead market initiatives.

Towards a recycling society

EU waste management policy aims at reducing the environmental and health impacts of waste and improving Europe’s resource efficiency. It applies a “waste hierarchy”: waste prevention is best, followed by re-use, recycling and other recovery, with disposal the last resort. Long-term objectives are laid down in the 2005 Thematic Strategy on waste, which calls for a resource-efficient recycling society: avoiding waste but using unavoidable waste as a resource where possible. It also guides new policy initiatives such as modernising laws, reducing administrative burden and boosting recycling.

The revised Waste Framework Directive⁴⁷, adopted in November, anchors the five-step waste hierarchy in law. It focuses on waste prevention, committing Member States to preparing

⁴⁰ COM(2008) 397

⁴¹ COM(2008) 399

⁴² COM(2008) 778

⁴³ Council document nr. 7534/09

⁴⁴ COM(2008) 401

⁴⁵ COM(2008) 400

⁴⁶ COM(2008) 402

⁴⁷ Directive 2008/98/EC

national waste prevention programmes, and sets targets to recycle waste from households and similar waste streams (50% by 2020) and construction and demolition waste (70% by 2020).

The Commission proposed in November an EU Strategy for better ship dismantling⁴⁸ as part of its Action Plan for an Integrated Maritime Policy. Many ships from Europe end up on beaches in South Asia for their valuable scrap metal, where a lack of environmental protection and safety measures results in accidents, health risks and pollution. The strategy includes measures to implement the future international Convention on safe ship recycling and to better enforce EU waste shipment law.

In December the Commission proposed revised Directives on Waste Electrical and Electronic Equipment⁴⁹ and on Restricting the use of certain Hazardous Substances in such equipment⁵⁰. They aim to increase the environmental benefit and cost-effectiveness of the policies and overcome enforcement problems. They provide new national collection targets, more ambitious recovery and recycling targets and reinforce producer responsibility.

The Commission also adopted a Green Paper on the management of bio-waste⁵¹. This Paper explores options for the future, asking stakeholders for their views on the issue and on the need for a future legislative proposal.

Better regulation and better implementation

For all major Commission policy proposals, impact assessments are produced to analyse which policy option is best. Assessments rely on increasingly large amounts of research and wider consultation of stakeholders to produce more effective policies that avoid unnecessary costs. Simplifying existing laws improves implementation and in 2008 progress has been made to merge, streamline and clarify several of the laws mentioned above. Proportionate analysis of the administrative burden of policies is now a standard part of environment policy-making, and five existing policies were assessed in more depth in 2008. The result shows that the administrative burden of EU environment policy is light compared with other policy areas⁵².

In November, the Commission set out plans to improve implementation of EU environmental laws⁵³. Close cooperation with Member States is crucial as it ensures national implementing rules are adopted on time and correctly applied. To improve its enforcement work, the Commission will focus on fundamental or systematic breaches, including major defects in national implementing rules, tolerance of illegal landfills, serious gaps in permits for industries and failure to designate key natural sites.

⁴⁸ COM(2008) 767

⁴⁹ COM(2008) 810/4

⁵⁰ COM(2008) 809/4

⁵¹ COM(2008) 811

⁵² Results mid 2009 on

http://ec.europa.eu/enterprise/admin-burdens-reduction/priority_environment_en.htm

⁵³ COM(2008) 773/4

Permanent implementation networks involving Commission and Member State staff will be created. The transitional periods for some new Member States to apply some key pieces of environmental laws will come to an end, demanding further attention. The aim of this new approach to implementation and enforcement is to use a broad set of tools to prevent breaches of the law, such as targeted use of EU funds and enhanced pre-accession support for enlargement countries.

Conclusions

2009 is the last year of this Commission and Parliament's mandate. In the last five years, the EU has taken significant steps to improve our environment and enhance the quality of life of European citizens. It has led the global fight against climate change, set new GHG and renewables targets for 2020 and agreed legally binding measures to implement them. Important policies have been introduced, including REACH, the Air Quality Directive and expansion of the Natura 2000 network. But the Commission is fully aware that more needs to be done, not least to improve the implementation of EU laws and to communicate on environmental issues.

2009 is a crucial year for climate change policy and the first priority is to reach agreement at the Copenhagen conference. Implementing and strengthening climate change policies will be important if the EU is to honour its commitments for the post-2012 period. Halting biodiversity loss in the EU and significantly reducing biodiversity loss world-wide is also a priority for the EU. This is an issue of increasing importance where results can only be achieved through additional action. The EU needs to strengthen its capacity to cope with the harmful effects of climate change through new adaptation measures. Creating a low-carbon and resource-efficient economy is also crucial for the EU. The economic crisis presents an historic opportunity to speed up the greening of our economies. Government investment should target environmental infrastructure, energy and resource efficiency and eco-innovation.

The EU has been playing an increasing role in international cooperation on environmental matters. It has also continued to support the candidate countries and potential candidates in the field of environment, notably in aligning with EU legislation. International co-operation has to be stepped up, including through enhancing policy dialogue with partner countries, as many of the challenges are global. The environment is increasingly becoming a key political issue in international relations. Trade in environmental goods and services, access to agricultural products and natural resources, biofuels and international energy security, migration pressures, security and development policies all are linked to environmental issues. Today's international political and economic context highlights the need to improve international environmental governance and to make substantive progress in improving the state of the earth's environment.