

WHY EUROPE WILL SOON LOSE ITS SELF- PROCLAIMED GREEN ECONOMY LEADERSHIP

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The Green Race is on all over the world and China's green race is off to a good start¹. In this framework *"it is highly doubtful that the EU will preserve its self-proclaimed green economy leadership with the resource-efficient Europe flagship initiative in its present form. We have just a few months to go, to the Rio + 20 Conference, to complete the Commission's approach with much more ambitious and systemic initiatives"* underlined Mr. Tom Vereijken, on behalf of the Resource Efficiency Alliance² Members, assessing the Commission proposal.

The Resource Efficiency Alliance welcomes and applauds the willingness of the EU to incorporate resource efficiency within all EU policies and take a horizontal view across all sectors of society. Having set a vision for a resource-efficient Europe towards 2050 is also a positive signal.

The Commission rightly addresses resource efficiency in a broad sense (including raw materials such as fuels, minerals and metals but also food, soil, water, air, biomass and ecosystems), but - despite a "flotilla" of 20 initiatives foreseen in 2011 to deliver on the flagship - **the proposal lacks systemic innovation and system approaches in major fields to maintain its leadership in the 'Green Race' :**

¹ World Business Council on Sustainable Development. WBCSD annual review 2009 and newsletter Sustain, November 2010.

² The Resource Efficiency Alliance (REA) is an initiative launched in 2006 and managed by European Partners for the Environment (EPE), European Water Partnership (EWP) and the European Committee of Environmental Technology Suppliers Associations (EUCETSA). The REA devoted several think tanks meetings in the last years on the EU resource efficiency strategy.

- **Governance gaps.** The Resource Efficiency Flagship initiative should become the EU Strategy 2020 'pilot' flagship, much more participatory in its design and implementation than the Lisbon strategy or the other Europe 2020 flagship initiatives. The section Governance and Monitoring of the Commission Communication is very weak and a fundamental flaw!
- The Resource Efficiency Flagship Initiative should have addressed jointly two agenda's : **The scarcity agenda** and the **Well being within the carrying capacity of ecosystems by 2050 in a "Social and Inclusive Europe"** agenda⁴. The second track is not addressed while, on the one hand, 'scarcities' will heavily impact citizens in the years to come and, on the other hand, one of the 5 conditions to succeed in the shift within ecological limits of the planet is to '*redefine success and progress at national, corporate and individual level*'⁵.
- As such, the Resource Efficiency Flagship initiative will impact the three pillars of the *European Societal Pact* built upon the years: peace (security), prosperity and citizenship (democracy and lifestyle). "Empowering consumers" is mentioned as one of the three conditions to be met, but the **sustainable life style agenda, as a source of eco-innovation is not recognized.**
- The EU's "soft power" and diplomatic skills could be much better exploited. The age of quiet diplomacy behind the scenes has gone with high profile environmental demonstrations around the World. The Communication underlines that '*the Rio+20 international conference on sustainable development in 2012 will focus on the 'green economy' and environmental governance and will provide a good opportunity for the EU to address resource efficiency with global partners*'. But **there are no 'pilot resource efficiency partnerships ' to be announced at Rio 2012** such as
 - (i) *Asia-Europe Zero Waste*⁶,
 - (ii) *Africa/Med-Europe Nutrients* or *Africa-Europe Decentralised Energy and Power*⁷,
 - (iii) *Latin America/Caribbean-Europe Bioeconomy*.
- **The Communication fails to address the need for Financial Green leadership.** So far neither the *Europe 2020 Strategy* nor the flagship initiative are addressing critical needs and ways to mobilize private capital in support to EU Objectives. Furthermore, the Financial Stimulus package reform in Member States broadly ignores the green credentials of any proposed infra-structure projects. So the EU needs to demonstrate a leading position.
- **Value Chain and Material Chain in the Global Economy. The Commission paper leaves out the need for 'policy adaptation'**⁸, in particular as far as governance is concerned as, indeed, current instruments are thematic, not designed to either facilitate 'sustainable material management', or to leverage the 'smart power' of the "value chain" stakeholders. Nor do these anticipate the 'rebound effect'.

⁴ State of the Union. J.M. Barroso. September 2010

⁵ China's green race is off to a good start. WBCSD.

⁶ See as well report 'From Waste to Resource', 2006 World waste survey abstract

⁷ See French "*Analyse des marchés 'filières vertes'* 10/2009 as well as '*Roadmap 2050. A practical guide to a prosperous low-carbon Europe*'. ECF

⁸ Though 'innovative partnership' is on the agenda of DG Research and Innovation.

The Resource Efficiency Alliance has developed a series of systemic proposals to mobilize the value chain and the smart power of the economic actors and markets, in the global context i.a.:

- **Once a year, the leaders of the EU Institutions (Council, Parliament, Commission) should meet with the front runners** who are playing a key role in securing Europe's green economy leadership. The first meeting should take place by 2011.
- Set up, by 2011, a **"EU Systemic Resource Efficiency Board"** to tackle the interconnectedness of issues such as water, food, energy, raw materials, biodiversity and job creation. The Board should identify the drivers of resource scarcity and barriers to transition, build scenarios and propose '*systemic innovation and actions*'. It could be one of the 'European Innovation Partnerships'.
- The strategy and the flagship initiative should be the theme of a **EU Financial Conference¹⁰/Convention** and a 'backcasting exercise' on public and private investments 2050 planning, as well as a EU new proposals for a new 'banks risk and reward paradigm' addressing 'responsible investment' with a review of accounting, auditing and reporting rules.
- Design, by 2011 a **"Private Financial Institutions Covenant"** to mobilize private capital in support to the shift to a low carbon and resource-efficient economy through their lending and investment practices (Covenant open to all European banks, including private banks, cooperative banks, saving banks, investment banks, retail banks, asset managers, and pension funds). We need a **Tripartite Forum Commission-Banks-Civil Society** to restore trust in European Banks and secure European "Green Economy Leadership" worldwide.
- Launch, by 2012 a **"European Covenant Sustainable Building"** ¹¹. The Covenant should address *positive nearly zero energy buildings and sustainable material management*, involving *Front Runners Building Professionals, Companies, Financiers, Cities, Owners and Tenants Organisations*.



The Resource Efficiency Alliance (REA)

c/o European Partner for the Environment

Av. de la Toison d'Or, 67 | B-1060 Brussels, Belgium
T: +32 (2) 771 15 34 | F: +32 (2) 539 48 15
info@epe.be | www.epe.be/rea

The REA is a group of public and private economic actors developing synergies and leveraging their market forces to harness resource efficiency for sustainable growth and development in the EU.

⁹ In the same way as there will be a EU Systemic Board for the banking sector.

¹⁰ Proposal of MEP Lamasoure, Chairman of the Budget Committee

¹¹ Value Chain Management. EPE and Wuppertal Institute Report 2010 to the Ministry of the Environment of the Netherlands.