

## EU 2020 STRATEGY

The Resource Efficiency Alliance Contribution to the Commission Consultation on the future "EU2020" Strategy.

*Summary.*

*Part one. A Transformational agenda and the Strategy Governance. The Commission working document makes the right analysis but doesn't address the implications of an "empowering people" priority. The REA advocates in favor of policy systemic innovation and a European societal contract. The note identifies the main issues to be addressed by a European Convention 2010-2011- not to review the Treaty- but to adopt an EU 2020 'tripartite framework agreement'.*

*Part two. The Strategy after Copenhagen. The note addresses three points, three mistakes to avoid and three opportunities to grasp to be highlighted as regards the EU 2020 Strategy. The European Convention content is detailed. The Convention should be followed by a Conference in 2011 between Europeans and the other Regions of the World about "partnerships for a green economy" with a view to a "Global Green New Deal"<sup>1</sup>. This meeting will prepare the 2012 United Nations Conference on Sustainable Development in Brazil.*

### Part One – December 2009

#### A Transformational agenda and the EU 2020 Strategy Governance

*"This is not the time for business as usual or for routine – what we need is a transformational agenda (...). J.M. Barroso<sup>2</sup>.*

*"This is a time of deep transformation for Europe"<sup>3</sup>.*

We support the Objective. After the Lisbon Strategy 2010, the EU needs a new strategy offering a new vision and "**transformational agenda**"<sup>4</sup> to secure a European flourishing and competitive economy and a well being society in a globalised world, while protecting the natural resource base.

The Commission working document makes the right analysis: "The challenge of becoming a smarter, greener economy will require increased policy coordination to make the economy more competitive. Our social, economic and environmental objectives must go hand in hand if we are to deliver on our thematic priorities for 2020"

Today the European Union stands at a crossroads. Facing low growth, increased public debt and structural unemployment in a new global framework, EU Member States need to transform the present crisis into opportunities for a new Renaissance and have an economy more based on skills

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<sup>1</sup> "Global Green New Deal" – Environmentally-Focused Investment Historic Opportunity for 21<sup>st</sup>-Century Prosperity and Job Generation. *UNEP Launches Green Economy Initiative to Get the Global Markets Back to Work.*

<sup>2</sup> Political Guidelines for the next Commission. J.M. Barroso

<sup>3</sup> Commission working document. Consultation on the future of the EU 2020 strategy. COM(2009)647/3

<sup>4</sup> Political Guidelines for the next Commission

and talents. Humanity stands at a crossroads as well and the top challenges for humanity require new solutions, many of which can only be implemented through an energy revolution, new materials and substances, new services and new lifestyles to secure high life satisfaction, high life expectancy and one-planet living. By addressing these issues and offering to the world innovative solutions, European Member States will establish their citizens' prosperity and wellbeing and contribute to EU competitiveness, global security and peace.

The European Union will be faithful to its vocation, and it will remain a "major" actor if it adopts a "transformational agenda"<sup>5</sup> and "system Innovation" to make Europe more resilient, shape globalisation in the emerging new world and the direction of technological and societal change within the carrying capacity of ecosystems.

The Commission working document doesn't address the implications of an "empowering people" priority. Rightly, one of the three priorities proposed by the Commission working paper is "empowering people in inclusive societies". Indeed, we are reaching a tipping civilizational point, as noted by Lester Brown, as the risk is that "the accumulating problems and their consequences will overwhelm more and more governments, leading to widespread state failure and eventually the failure of civilization. (...) We have the technologies to restore the earth's natural support systems, to eradicate poverty, to stabilize population, and to restructure the world energy economy and stabilize climate. The challenge now is to build the political will to do so. Saving civilization is not a spectator sport. Each of us has a leading role to play"<sup>6</sup>.

We need a new era of "political innovation" resulting from an "open innovation process", in a knowledge society, involving the State, the Market and Civil Society. But citizens' empowerment requires a clear message regarding what is asked and what is expected from Citizens.

#### 1. The EU 2020 should shape a new societal contract.

Sixty five years after the second world war, one has to accelerate change "at war time speed"<sup>7</sup> to make the European Union more resilient to address global challenges: climate change, biodiversity, scarcity of some natural resources, energy, finance and to make her prosperous for all. Therefore, major political innovations are needed for which we need y leadership. One of the most important political innovations in Europe is due to a Trade Union, to Churches and groups of intellectuals in Poland, East Germany and Czechoslovakia. History has already paid tribute to their immense role. They succeeded in building an alliance with political leaders in West and East Europe, in particular Hungary, the USA and the USSR, which made the reunification of the European continent possible. Today, twenty years after the falling down of the Berlin Wall, **we need a similar alliance** in order to increase the "resilience" of our political, economic, social and ecological systems and make them ready to address new global crisis and their impact on the Union.

The transformation of our economies towards a sustainable low-carbon and globally competitive economy and a well-being society for all is technically and financially achievable, but it will require a "**new societal contract**" and a "**multi-stakeholder joint agenda for action**".

It should

- Address a "pro-active" message able to "mobilize" efforts, transform fears into energy to act, anxiety into solidarity, and greed into shared responsibility.
- Propose a vision of our **interdependence, common goods and responsibilities** in the European Union as leverage for innovation and equity.
- Lead to an "**intergenerational pact**" with pillars such as eco-growth, a skills pact and inclusiveness.

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<sup>5</sup> Political Guidelines for the next Commission

<sup>6</sup> Plan B. Lester Brown.

## 2. The EU 2020 adoption procedure should be participatory

The future does not exclusively depend on changes in production and consumption patterns and clean technologies but also on new forms of solidarity and social relations. "Social changes are required to achieve the most attractive future. Technical changes will not be enough. We need to invest in new governance schemes, new business models, new lifestyles and culture. More changes in terms of goals- attitudes – habits have to be expected in the next 2-3 decades than there have been in the past 100 years<sup>8</sup>". This is why a "new societal pact" and a "multi-stakeholder joint agenda for action, inspired by the Compacts and Covenants already adopted at Member State level (UK, Estonia, France, the Netherlands) and/or at regional level (Scotland, Northern Ireland, Wales), should be an important component of such a European Compact.

To meet these challenges, the EU needs political innovation and structural reforms relating to its internal management and its common external policies. **Political leadership is needed to convene by 2010 a new European Convention called "Europe 2020"**. This Convention would not aim to amend the EU Treaties. Its purpose would be to adopt a "tripartite framework agreement"<sup>9</sup> for the "EU 2020 " to accelerate change towards a Prosperous and Well-Being Europe, re-boosting the European Dream. The Convention will be the place of a multi-stakeholder negotiation involving Public Authorities (EU Council, Parliament, Commission, MS Parliaments, Committee of Regions, Covenant of Mayors, Business, Trade Unions and Civil Society) They will agree on the new narrative of progress which is required for the 21st century and fix the terms of the EU 2020.

## 3. The EU should encourage political innovation by shaping a Tripartite Framework Agreement.

The scope of innovation may go beyond the conventional organizational boundaries of the innovating organization and involve broader social arrangements that trigger changes in existing socio-cultural norms and institutional structures. This is why it is necessary to convene such a Convention: Europe's transformation agenda can only be realized by combining a wide range of innovation drivers and mechanisms, and both technological and non-technological changes. This is often referred to as **system innovation**. Indeed, Europe's competitiveness in a globalised economy and in line with the EU Treaty's sustainable development objective requires a paradigm change in the way we approach economic and social development, environmental protection, trade and our cooperation with other parts of the world, public services, self-sufficiency and the social economy. The framework agreement will lead to one single Strategy and specific coordinated action programmes.

European Convention - work areas<sup>10</sup>:

- (1) Introduction. Vision.
- (2) Finance as a lever for change.
  - a) Revise Stability & Growth Pact
  - b) Economic Guidelines
  - c) Review Fiscal Incentives and harmful subsidies, the ecological subprimes <sup>11</sup>
  - d) Banks Guidelines (E.S.G. and 5 years agreement Objectives 2020 )
- (3) Knowledge-based society and participatory democracy as levers for innovation.
- (4) Inclusiveness. Societal and Intergenerational Pact.
- (5) Smart eco-efficient and low-carbon economy.
- (6) New macro-economic indicators

<sup>8</sup> Dennis Meadow at the World Resource Forum. Davos September 2009.

<sup>9</sup> Un Grenelle de l'Environnement à la puissance 27. Michel Barnier, MEP. 23 March 2009.

<sup>10</sup> A full report is available on EPE's website "The Transformational Agenda".

<sup>11</sup> "Dirty" subsidies have been estimated at \$250 billion or (0.5 per cent of world gross product) in 2005. Redirecting these to clean energy sources—but not at the expense of access to energy services in developing countries—would boost the transition to low-emissions high growth.

No one entity alone can address the sustainability issue we face, no one has sufficient resources, no one has sufficient understanding and no one has sufficient credibility and authority to connect the large networks of people and organizations that real change must engage. In a Networking Europe, a European Convention could mobilize and federate the efforts needed, and as an open innovation method, contribute to systemic changes. A first phase should be devoted to debates in Member States with the involvement of front-runners and champion and using Internet tools.

4. The EU 2020 should have a "Europe's Global Agenda for Partnership".

In view of the UN celebration of the 20th anniversary of the UN Conference on Environment and Development (Rio 1992) and the 40th anniversary of the UN Conference on the Human Environment (Stockholm 1972), the EU needs to be ready with a new architecture of global and regional partnerships. The European Global agenda for Partnerships will require a fundamental review of current EU-arrangements and agreements with (groups) of third countries. "Policy Coherence for Development" (PCD) represents a current EU-policy area of great relevance to the global agenda and global partnerships. It should be debated with our partners.

Following the adoption of the EU 2020 Strategy, an international conference should prepare "Rio + 20 " and should be focused on EU Partnerships.

## **Part Two – January 2010**

### **EU-2020 post-Copenhagen Strategy**

The Copenhagen meeting was a Conference of the Parties to the United Nations Convention on climate change to address global threats. Public opinion was observed as virtually "hemming in" its political leaders called to reorganize the economy and contribute to a mutation of society (where the common good is considered as superior to the good of the States) in the face of a global change threatening security, the environment, the economy and human health. The results of the Conference did not meet the expectations of some. History will tell whether it was merely a relative, temporary failure.

Three points, three mistakes to avoid and three opportunities to grasp should be highlighted as regards the EU strategy for 2020.

#### **1. The Copenhagen Conference was perceived as a failure for Europe**

A Conference in Copenhagen – a showcase of ecology – and a Danish presidency, a Convention secretariat set up in Germany, a host of preparatory meetings at EU level, meetings with other regions of the world organized by France (countries from the Amazonian region, Brazil-France) and Great-Britain (Commonwealth) in particular, a Swedish EU Presidency focused on this subject – what is there to show for it?

- Europeans (the EU, its Member States, its companies) must critically assess their objectives, strategies and tactics under the new Lisbon Treaty.
- Europeans must not exclusively focus on the COP 16,17, etc. which are not safe from a similar future to that of the Doha Round.

- The European Union 2020 Strategy must relaunch European leadership with a view to the United Nations Conference on Sustainable Development in 2012<sup>12</sup>.

## 2. The Earth Race<sup>13</sup> and Father Greed

A major mistake would be to consider that the climate issue is not taken seriously in China and in the United States. It is not because the method (proposed by the Europeans) or the timetable did not suit them that they did not regard the issue as an important one. These two countries – although not just them – will make adapting their economy (technological shift, low-carbon circular economy, etc.) a major feature of their economic development and their competitiveness.

- Europeans have know-how in terms of the "green economy", "green mobility", "green cities" and "green buildings", but their leadership will be attacked on all fronts. Our competitiveness must be reviewed in each green sector<sup>14</sup> and the strategy for Lead Markets strengthened. We are also lacking leadership as regards financing the development of clean technologies<sup>15</sup> and eco-innovation.
- Europeans must put forward their champions, good practices and new business model while proposing the revolution of the "positive economy" which will "repair the planet"<sup>16</sup>, offer "new services" and new societal innovations for more well-being for all.
- The EU 2020 Strategy must accelerate the shift to an innovative, low-carbon, non-pollutant, energy-efficient and resource-efficient economy. It must be the strategy of the "great transition"<sup>17</sup>.

## 3. Resource Efficiency and Value Chain Management

Another major mistake to avoid is to believe that the ongoing "planetary mutation" only has to do with climate issues. The Resource Efficiency Alliance would like to point out that the issues at stake about the security of Europe concern the climate, energy, water, soils, natural resources and raw materials on a planet which will host an additional three billion people who will not be Europeans.

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<sup>12</sup> The Summit shall focus on the implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21 and the outcomes of the World Summit on Sustainable Development, including other relevant sustainable development issues. A decision of the UN General Assembly 2009. The Conference will take place in Brazil.

<sup>13</sup> Thomas L. Friedmann NYT. 19/12/2009. *The only engine big enough to impact Mother Nature is Father Greed: the Market.*

<sup>14</sup> *Filières Vertes. Les filières industrielles stratégiques de la croissance verte.* General Commissariat for Sustainable Development – France. October 2009.

<sup>15</sup> FUNDETEC report. See EPE website.

<sup>16</sup> Maximilien Rouer & Anne Gouyon. *Réparer la Planète. La révolution de l'économie positive.* Ed. JC Lattès, 2007.

<sup>17</sup> *The Great Transition. A tale of how it turned out right.* New Economics Foundation, 2009.

CO2 + Methane	Financing low carbon transition
Energy	Energy saving and Renewable energy Smart grids Making of every building a power station
Natural resources	Resource efficiency and value chain management.
Stop loss of Biodiversity 2010.	The Economics of Ecosystems and Biodiversity (TEEB) Sustainable trade and biodiversity conservation
Health	Less toxicity Health in City improvement.

- Europeans will only remain "the indispensable ally" if they can demonstrate their openness to cooperation within the management of the value chain. This management questions a number of traditional concepts such as competitiveness. Europeans will be faithful to their ambitions if they can conduct a societal mutation characterized by more "sharing" (of knowledge, resources, services) and "justice".
- The management of the value chain (from cradle to cradle<sup>18</sup>) must aim at achieving more "well-being for all". It calls for societal innovation, implementing a novel approach to territorial management (Covenant of Mayors) and mobilizing the market and all the actors of the economic chain<sup>19</sup> (manufacturing industry, large public and private buyers and investors, State, Regions, Cities, the retailing and distribution industry, banks, civil society). Europeans must be the "strong link" of the chain.

<b>Leverages for a</b>	<b>Circular economy</b>
Banks	Roadmap Financing Objectives 2020. Mobilising Private Capital. <sup>20</sup>
Retailors,	Sustainable Supply Chain Guidelines
State, Region, City,	New Tools to help to manage the value chain <sup>21</sup> . Regulation, Tax and Fiscal Incentives, Sustainable Procurement,

<sup>18</sup> W. McDonough & M. Braungart. *Cradle to cradle. Remaking the way we make things*. Ed. North Point Press, 2002.

<sup>19</sup> "The Balance Sheet", EPE Conference, 2008. With the support of the French Ministry for Ecology.

<sup>20</sup> See Eurosif, GLOBE, TBLI-CG -, EPE report *Financing Objectives 2020. Mobilising Private Capital* proposing a 5 years Framework agreement.

<sup>21</sup> Dutch Ministry of the Environment, Wuppertal Institute and EPE workprogramme on the value chain management. See EPE website.

	Green budget, Green cities,
Citizens	Responsible Buyers, Investors, Users

- The 2020 strategy must be structured on the basis of a framework agreement negotiated between stakeholders. The agreement needs to focus on the systemic problems and blocking factors affecting the great transition. It would be the subject of the 2010-2011 Convention proposed by EPE<sup>22</sup>. The framework agreement would be adopted by co-decision of the Council and Parliament. As from 2012, the EU would thus have a new framework.

<b>Outcomes of the Convention EU 2020</b>	<b>Convention Framework agreements</b>
Rethink systemic management	Empower in an Inclusive Society. Interdependence Declaration, Societal and Intergenerational Pact. Cooperation and competitiveness
Reform indicators	Beyond GDP. New EU Well-Being macro-indicators and Stability and Growth Pact
Reevaluate market prices	Agreement on phasing out a list of harmful subsidies, the ecological subprimes . Phasing out as a matter of urgency of harmful subsidies and with a view to liberating scarce public financial resources. Carbon Tax and fiscal incentives
Rebalance money flows	EU Budget 2014-2020  Private Banks , 5 years framework agreement : Financing Objectives 2020 and a Global Green New Deal
Redistribute roles	Broader definition of common goods and collective responsibilities and co-production of well being as health and education
Reskill	Empower citizens in an inclusive society. Knowledge-based society and participatory democracy as levers for innovation
Reward	The Balance Sheet <sup>23</sup> Registering,

<sup>22</sup> The Transformation Strategy. EU 2020 – EPE 2009 Contribution to the Commission consultation in the wake of a seminar on the Post-Lisbon Strategy with the support of the French Ministry of Ecology.

<sup>23</sup> Voir conférence EPE 2008 Mobilising Markets and Economic Actors.

	monitoring and rewarding bottom up initiatives to accelerate the implementation of EU Objectives 2020
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The Convention must be followed by a Conference in 2011 between Europeans and the other Regions of the World about partnerships for a green economy with a view to a "Global Green New Deal"<sup>24</sup>. This meeting will prepare the United Nations Conference on Sustainable Development in 2012.

Forests	The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme)
Energy	Smart Grid and Renewable Energy Partnership with Africa Project Euro-Med
Food and Biofuels	
Energy and Water	A Community between the EU and the Neighboring countries
Recycling Society	EU-Asia <sup>25</sup> partnership
Poverty alleviation, climate change and biodiversity	Transformation of the EU-policies and instruments of global cooperation in the 21 <sup>st</sup> century <sup>26</sup>
Sustainable Consumption and Production	EU input in Marrakech process.

<sup>24</sup> "Global Green New Deal" – Environmentally-Focused Investment Historic Opportunity for 21<sup>st</sup>-Century Prosperity and Job Generation. *UNEP Launches Green Economy Initiative to Get the Global Markets Back to Work.*

<sup>25</sup> For submission at the 2010 ASEM-EU Summit.

<sup>26</sup> "A Global Sustainable New Deal and the EU-"post-Lisbon-strategy" by Gertjan Storm.

## CONTACT

European Partners for the Environment ID number for the Interest Representative Register is 54109452255-29

European Partners for the Environment (EPE) acts as the facilitator of the Resource Efficiency Alliance, a group of "economic actors" developing synergies to accelerate the implementation of the EU Objectives 2020 (climate change, renewable energy, energy and resource efficiency) by leveraging their market forces. This is not a "business" initiative but an initiative of public and private market players, including non-governmental organisations and public authorities. Each alliance member which belongs to sectors as different as: metals, cement, banks, retail, procurement, construction, water, buildings offers an input based on its own mandate, skills, means and priorities. On this basis, the Alliance explores how to contribute to a European Economic Recovery Action Plan in response to a "four big crunch" - the financial and economical crisis, the climate change crisis, the security & resource scarcity crisis (energy, water, food, raw material) and the trust in Banks crisis. The Alliance objective is to explore how innovation might be used to assist the shift towards a less resource-dependent society, while maintaining levels of prosperity.



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