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## EEB 2016 Annual Conference

Stepping Up EU Action on  
Climate, Biodiversity and Circular Economy



EUROPEAN ENVIRONMENTAL BUREAU  
2016 Annual Conference



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Vielen Dank! Ihr EU-Umweltbüro Team.



Andrä Rupprechter  
Federal Minister of Agriculture, Forestry,  
Environment and Water Management

## Dear Participants,

the times we live in are challenging. Ecological threats, social and economic imbalances are highly interlinked and require an immense effort from the world community to minimize their negative impacts on global society. It is vital that global political leadership provides an adequate political and societal framework to enable equal access to education, healthy food and natural resources for all.

However, in these uncertain times recent events give grounds for optimism, especially the Paris Agreement of the COP21 Climate Conference and the adoption of the Agenda 2030 for Sustainable Development in New York.

Following the Paris Agreement, the decarbonisation of our industry and economy until 2050 must now be implemented. Let me emphasize that every sector has to contribute. One particularly important concern is sustainable farming. In this context I am proud of the Austrian Programme for rural development and its emphasis on climate change mitigation and adaptation, soil protection and the strengthening of biodiversity. Austria has the highest share of organic farming (20%) within the European Union.

I wish you a fruitful discussion!

Andrä Rupprechter

The Sustainable Development Goals are a game changer, a mirror for all countries. They should enable a better life for all within the ecological limits of our planet.

The key task for us now is implementation – at the national, European and international level. A matter of great concern to me is the active commitment of civil society and citizens at large. Participation of stakeholders in decision making processes has been a central principle of the Sustainable Agenda concept since it emerged. Especially young people have a fundamental right to be part of the deliberations that will have an impact upon their lives.

The conference focuses on climate change, biodiversity and circular economy as the most important issues from a sustainable point of view. I am convinced that the European Environmental Bureau will continue to work on improving the environment in our continent.



Jeremy Wates  
Secretary General  
European Environmental Bureau

## Navigating the Anthropocene

The world is entering a critical period which stands out from the normal fluctuations that have characterised the evolution of human history. This is underlined by the debate among experts on whether to designate the times we live in as a new geological epoch, the Anthropocene, in recognition of the profound impact that humanity has had on the Earth. High levels of nitrogen and phosphate in the soil from the use of artificial fertilisers, plastic pollution and soot from power stations as well as radioactive fallout from atomic bombs are listed as some of the markers that distinguish the Anthropocene from the previous epoch, the Holocene, that began 12,000 years ago after the last ice age and has been marked by a stable climate. The world must now decide whether to opt for the more sustainable future sketched out in the 2030 Agenda for Sustainable Development or continue on the current path of degradation and pollution.

Europe's role in facing that global challenge will be crucial. The EU has, to a certain degree, tried to limit the impact of environmental pollution over the last 40 years by creating an increasingly sophisticated body of legislation. While, in many cases, this legislation has not, in our view, gone far enough to protect nature and human health, it can nevertheless be seen as one of the EU's success stories. However, the recent vote by the UK public to leave the EU, despite polls indicating strong support from a majority of British people for European environmental laws, could put this success in jeopardy. The UK Brexit vote is being used by certain EU leaders and in particular by populist far-right politicians to suggest that the EU has got too powerful and that its influence on national politics should be scaled back.

However, to take such an approach would be to ignore one of the key strengths of the EU, namely that certain legislation agreed in Brussels provides a safety net designed to protect workers, citizens and the environment and has improved standards of living across Europe. In the wake of the Brexit vote and given the social and environmental challenges facing the world, this safety net needs to be strengthened, not weakened. Turning the EU into a regional inter-governmental organisation with a European Commission that only implements consensus decisions taken by Member States, as has recently been suggested by some politicians, would be a recipe for paralysis.

Instead of paralysis the EU needs focussed action. Indeed, this is what leaders signed up to when they adopted in 2015 the global 2030 Agenda for Sustainable Development and the historic Paris climate deal. At today's EEB Annual Conference, we will debate how these commitments can be delivered. Central to this delivery are more ambitious EU climate and energy policies and greater focus on agreeing and implementing policies that mainstream sustainability and reduce Europe's environmental footprint. This should include a deep and rigorous overhaul of one of the EU's oldest and most controversial common policies, the Common Agricultural Policy, starting with submitting it to a Fitness Check.

This is not about a blind pursuit of „more Europe“; it is rather about recognising that the increase in environmental decision-making at EU level has on the whole been good for nature and human health. But greater power also brings greater responsibility. While the failure of national politicians to give credit to the EU when it is due is partly to blame for the growth of Euroscepticism, the EU institutions must also shoulder some responsibility for the sense of disempowerment and alienation felt by many European citizens and look for ways to restore public confidence through greater transparency and accountability. A good start would be responding to the Aarhus Convention Compliance Committee's preliminary finding of EU non-compliance by ending the situation where citizens and NGOs are denied, in almost all cases, meaningful access to the EU Court of Justice to defend violations of environmental law.

In short, the EU needs to now embark on an agenda of transformational change that puts the interests of people and planet first in everything that it does. The EEB conference will be one of the first opportunities for those concerned about the environment to come together and take stock of how this ambitious vision can be turned into reality.

I am looking forward to discussing and debating with conference attendees.

Jeremy Wates



Michael Proschek-Hauptmann  
Managing Director  
Umweltdachverband

## The Way Forward

We are currently facing troubled times and those of transformational character. It is evident that people genuinely seek a new meaning of what European integration could actually be like. Multiple crises have haunted us for many years – may it be the various economic changes or the financial dilemmas or the current refugee catastrophe –. These developments openly manifest that the current economic model is not suitable to provide resilient solutions for us as European citizens. Instead of solving these crises according to our common values, an element representing Europe's backbone, we rather notice ongoing attempts of diluting common standards; be it in the human rights domain or and especially in the field of environmental achievements. Cutting red tape is on top of the current commission's agenda. However, we do not only detect the dilution of environmental standards on a European level, but we very much feel it on a national scale as well. The latter reflects the questionable result of the current economic narrative that implies the theory that high standards hinder economic development, which naturally is wrong.

Continuing these erosion processes without listening to European civil society will only deepen the crisis even further and, consequently, the European project will continuously lose backing. Even amongst one of European integration's former strongest

supporters – the environmental movement – credibility for its intention is at stake. Europe – and Austria as an integral part of it – has to be committed to the Sustainable Development Goals. However, with regard to this commitment, not only the goals and targets matter but also the process itself and the ways leading to reaching the targets. The way forward would aim at committing to a more inclusive idea of policy making, to be guided by the needs of European society, to continue a long and laborious path towards steadily trying to improve the course of policy making and to enable the potentials in civil society helping Europe to cope with its crises.

I am very proud that we have the honour to host this important European event in Vienna, the first time outside of Brussels, and I hope that this conference will be able to contribute to further and foster the European idea while providing outlines and confidence for a resilient and lasting future.

I wish our participants inspiration and fruitful discussions at this year's EEB Annual conference in Vienna.

Michael Proschek-Hauptmann





# Making Europe more sustainable and modernising our economy: two sides of the same coin



*European Commission President Jean-Claude Juncker has repeatedly addressed the „polycrises“ facing Europe. Today, anxiety around the pace of change and uncertainty about the future is feeding into the politics of fear and division. Whether it is on migration, terrorism, debt, Brexit or public disenchantment with traditional politics, the European Union and its Member States face many complex and cross-cutting challenges.*

By **Ann Mettler**

The management of these crises requires extraordinary efforts on the side of the European Commission to find common ground and bring everybody on board. It absorbs a lot of energy and, rightly so, also attracts significant attention in the media and from the public. At the same time, we need to prepare for the future and Europe cannot stand idle while an energy and climate crisis unfolds that threatens to engulf the entire planet. That is why this Commission is committed to modernising Europe's economic model, making it more resilient, sustainable and better prepared to address future shocks. The current growth

model is environmentally unsustainable, and increasingly unsuited to the global and demographic realities of the 21st century.

Last year was a game-changer. All 193 United Nations Member States adopted the Sustainable Development Goals in

*Europe cannot stand idle while an energy and climate crisis unfolds that threatens to engulf the entire planet.*

September 2015, marking a remarkable success for a model espousing European values and beliefs. These goals should guide the actions of governments for the

next 15 years and help humankind to develop sustainably. For Europeans this concept is nothing new. More than others, we have always made efforts to integrate economic, social and environmental goals in a mutually reinforcing way, leading to globally admired economic success models like those of the Nordic region.

The year culminated in the Paris COP21, where the EU made a real difference in coalition-building and bringing nations together, paving the way for the adoption of a global deal, that is ambitious, robust and binding. Thanks to the EU and other pioneering global partners and non-state

actors, climate action is now universally acknowledged as a strategic policy concern with implications on a vast number of interrelated issues, ranging from economic growth and development aid to trade and security.

The EU committed itself already in 2014 to collectively reducing greenhouse gas emissions of at least 40 % by 2030 compared to 1990 levels across all sectors of the economy. As a result the Emission Trading Scheme is being reformed. On 20 July 2016, the Commission proposed a package of measures with binding annual GHG targets for Member States from 2021-2030, applying to transport, buildings, agriculture, waste, land use and forestry sectors. A strategy on low-emission mobility should guide our transport policies for the years to come. In the meantime, the EU's energy consumption decreased substantially between 2000 and 2014 with savings equivalent to the energy consumption of Finland in 2014. This is below the indicative targets for 2020.

*This twin commitment, making Europe more sustainable and modernising our economy to create jobs and growth, will remain the EU's top priority for the years to come.*

In addition, the Commission is currently reviewing ways to improve investment in energy efficiency and in particular in the energy efficiency of buildings, reforming the electricity market to take account of a more decentralised energy system, while pushing the sector of renewable energies even further.

In parallel, the Commission adopted, in December 2015, the Circular Economy Package to help businesses and consumers to make the transition to a stronger economy where resources are used in a more sustainable way. The circular economy is about reducing waste and protecting the environment, but it is also about a profound transformation of the way our entire economy works.

These changes are inevitable if we want to make our economy more sustainable. They are also an opportunity to create new competitive advantages for Europe; we cannot compete on low wages and therefore, we need to be more efficient and innovative. This implies being at the frontier of science and technology and embracing new business models to bring about benefits for European citizens today and in the future. This twin commitment, making Europe more sustainable and modernising our economy to create jobs and growth, will remain the EU's top priority for the years to come.

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*Ann Mettler*

*Head of the European Political Strategy  
Centre (EPSC), the European Commission's  
in-house think tank  
1049 Brussels / Belgium*

*E: [ann.mettler@ec.europa.eu](mailto:ann.mettler@ec.europa.eu)  
<http://ec.europa.eu/epsc/>*

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# From sustainability talk to policy walk – overcoming policy obstacles to a sustainable Europe

*I am not selling a pig in a poke – sustainability has myriad of aspects and thus achieving it poses multiple challenges on Europe. It requires on the one hand a clear and comprehensive vision together with credible and robust commitments. In the light of recent developments, first of all, Member States of the EU have to decide whether they want to walk together and at what pace.*

By **Benedek Jávor**



It requires on the one hand a clear and comprehensive vision together with credible and robust commitments. In the light of recent developments, first of all, Member States of the EU have to decide whether they want to walk together and at what pace. I firmly argue for joint and urgent action towards a sustainable future. This implies raising the ambition level and

upgrading existing targets in many policy areas (e.g. to bring them in line with the the global climate agreement achieved in Paris) and filling in potential gaps.

Nevertheless, I believe that ambitious targets and goals are not the main policy obstacles for a sustainable Europe, these rather lie in inadequate enforcement of ex-

isting legislation (and international agreements) as well as in unsustainable investments and the misuse of funds.

Let us have a closer look at the aspects of enforcement and compliance first. The number of on-going infringements, inter alia in the areas of waste and water management, access to environmen-



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tal information and energy efficiency, are astonishing. Even more disappointing is the fact that these investigations are only rare cases, mainly conducted upon whistle-blower complaints.

The European Commission in general has very limited possibility – or will – to check compliance, it lacks a comprehensive set of tools for monitoring implementation and progress on the ground. In case of detection of non-compliance its enforcement tools are relatively weak. Besides, the relevant national or regional authorities in various Member States of the EU are insufficiently equipped and resourced, resulting in huge inspection deficiencies – and continuously growing pressure on the environment. What is more, we can observe alarming tendencies in terms of access to justice and information, as well as transparency.

Let me add a remark here. The previous Commission initiated steps to address the above-mentioned deficits, yet these proposals were all withdrawn. The recently launched Environmental Implementation Review with country specific reports may provide a new tool for screening and problem detection – yet what we crucially need is real improvement in implementation – including via better guidelines and

The current pattern of inappropriate use of EU funds and wrong investments is impeding a shift towards a more sustainable future.

stronger enforcement tools as well as engaged and enabled local actors.

This leads me to my next point on the current pattern of inappropriate use of EU funds and wrong investments impeding a shift towards a more sustainable future. E.g. a recent study from Bankwatch showed how new member states' misguided use of EU funds is holding back Europe's clean energy transition.

Current funds' spending plans – and investments in a broader sense – are regretably not embedded into longer-term environmental and climate strategies and we often end up spending (public) money for restoring damages or tackling problems caused by other sources of investments.

The energy infrastructure developments are a clear example of decisions based on biased assessments and bad prioritisation – with detrimental environmental impacts and a lock-in in technologies non-compatible with sustainable development.

As for the EU funds themselves, I do believe that current project selection criteria

The recently launched Environmental implementation Review with country specific reports may provide a new tool for screening and problem detection.

in most of the funds are too vague to steer investments in the right direction. I advocate for a much stricter, comprehensive set of sustainability criteria to be applied to all investments, for large-scale infrastructure projects in particular, in order to ensure that all sustainability concerns along the whole life-cycle of these investments are fully considered. This implies a strong conditionality and improved selection methods applied to all projects as well as ending all harmful subsidies.

All in all, I believe that Members of the European Parliament and decision makers at all levels can and should enable the shift towards a sustainable future by providing the right framework with ambitious policies and their proper enforcement, by adequate allocation and better use of financial resources, ensuring a fully democratic and transparent perspective in project and policy design.

In other words, it is time for a change in mindsets and attitudes.

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*Benedek Javor*  
European Parliament  
1047 Brussels / Belgium

*E: benedek.javor@ep.europa.eu*  
*<http://www.greens-efa.eu/de/36-details/javor-benedek-386.html>*

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# Overcoming the obstacles to a sustainable Europe

*Since 1992 and the first Rio conference, the general public has become more aware of the term „sustainable“ and of the fact that our way of living will secure decent living conditions for future generations. In Europe, and most notably in Central and Eastern Europe however, there are still two major misconceptions, namely that sustainability is something additional after all major economic and social problems have been resolved and that sustainability is primarily an environmental issue.*

By **Gabriela Fischerova**

The Millennium Development Goals set in 2000 significantly changed the understanding of what is sustainable and how putting it into practice can improve the lives of millions of people. The UN Sustainable Development Goals (SDGs) adopted in 2015 are a logical step further towards the future we want. Whereas some of the SDGs are considered as not so critical for Europe as for some other parts of the world (poverty eradication, access to education, eradication of famine), most of the SDGs are

highly relevant for all countries whether developed, developing, or economies in transition.

While every European country has sus-

Europe is not homogeneous in terms of quality of live, wealth, political and democratic conditions.

tainable development encompassed in its strategic development documents, the practical implementation of sustainability tends to be rather formalistic and lacking

a truly holistic approach. Indeed, it is often added as an afterthought or a finishing touch.

Europe is not homogeneous in terms of quality of live, wealth, political and democratic conditions. As such, sustainable development can have different meanings and may pose different challenges in different countries. Countries with lower incomes are less willing to consider sustainability on a political and a community level. This is most notable in countries struggling with one or more pressing problems, such

as armed conflicts or a sudden economic crisis or where the vast majority of the population is living on the breadline. Under such pressing conditions, sustainability is not seen as an opportunity but rather as a burden added to the traditional ways of coping with everyday problems.

That sustainable development is an environmental issue is another misconception widely spread, in particular, in Central and Eastern European countries. Here it is usually the Ministry of the Environment that deals with the SDGs, Rio conventions or the Rio+20 process. And in many countries, sustainable development agenda is often addressed by many sectors without any formal internal connections.

To change this attitude, the full meaning of sustainable development must be made

clear and be used as a new way of setting priorities, principle and strategies. This will not happen overnight and will not be cheap to put into action. Decision makers need to understand the benefits of sustainable development and to have the courage to push for it. They need to work tirelessly on

Decision makers need to understand the benefits of sustainable development and to have the courage to push for it.

public awareness raising, education and on explaining how countries, communities

and individuals can profit from development which is sustainable not only in terms of economic development, but also in terms of social and environmental development.

This cannot be done through some tight regulatory framework, but through more subtle and sophisticated ways, in particular by learning from positive examples. From the highest political levels down to neighbourhoods and families, sustainable de-

velopment should be explained and demonstrated as a better way of doing things.

Gabriela Fischerova  
Acting Director General  
Division of Climate Change and  
Air Protection  
Ministry of the Environment of  
the Slovak Republic

812 35 Bratislava / Slovakia  
E: [gabriela.fischerova@enviro.gov.sk](mailto:gabriela.fischerova@enviro.gov.sk)  
<https://www.minzp.sk/en/>

# Taking stock of Europe's energy and Climate Union



*Two years ago EU heads of state and government declared „a resilient Energy Union with a forward looking climate policy“ as one of the EU's five strategic priorities for the 2014-2019 period. Ambition for the Energy Union was high and its framing a cause for hope, signalling a potential end to false tradeoffs between security, economy and climate action. However, progress has been mixed on turning this vision into reality.*

By **Jonathan Gaventa**

The European Commission's Energy Union strategy spoke of a „fundamental transformation of Europe's energy system“, in which „we have to move away from an economy driven by fossil fuels ... and outdated business models“. The Energy Union will be „climate friendly“ and place „energy efficiency first“, with the EU becoming „the world leader in renewable energy“.

These were strong, welcome commitments that are important both for improv-

ing the lives of European citizens, as well as securing Europe's global competitiveness on clean energy. The reality on the ground in Europe, however, has been more mixed so far. Two years on from the launch of the Energy Union as an EU priority, energy initiatives are still conflicted between support for clean energy and deepening dependence on fossil fuels.

To fully judge the success of the Energy Union project, we need to look beyond the

strategies and communications, and instead at investments and changes to legislation. Bloomberg New Energy Finance figures show that while global investment in clean energy has risen in recent years, in Europe it has fallen, and is now less than half of what it was at its peak in 2011.

In this context, a key priority for the Energy Union should be boosting clean investment, but the signals here are not always great. The European Commission's Con-



necting Europe Facility, which gives funds to network infrastructure, has spent 70% of its budget so far on gas pipelines and liquefied natural gas (LNG) projects, with only 30% going on electricity infrastructure.

By contrast, the European Fund for Strategic Investment – which operates through financial guarantees rather than grants – has been more successful in catalysing clean energy investment. € 4 billion of the € 21 billion of available funding has been channelled into the energy sector, with renewables and energy efficiency projects gaining the largest share of investment.

Initial signs on legislation have also not always been promising for the clean energy and climate agenda. The first piece of Energy Union legislation published was not on clean energy but on security of gas supply. This includes emergency response procedures in case of disruption to gas imports. While there is nothing wrong with the proposals per se, the legislation is a missed opportunity for a more integrated approach that recognises the value of demand-side and energy efficiency measures for energy security.

Legislation has also been published to implement the EU's greenhouse gas targets of „at least 40%“ reductions by 2030. The Paris Agreement was seen by many as a reason to go further on climate change to help strengthen global climate commitments ahead of the next big round of talks in 2018. In reality, however, the opposite has occurred. Rather than fulfilling the „at least“ 40% part of the target, the proposals include a number of „flexibilities“ that weaken it in practice.

Despite this picture of mixed progress, there is still time for the Energy Union to get back on track. A major new legislative package is set to be published before the end of the year, covering electricity market design, renewable energy and energy efficiency. This is a key opportunity to return to the basics on the energy transition.

A clear exit ramp is needed for closing high-carbon generation (particularly coal) to make space for new clean generation.

Two years on from the launch of the Energy Union as an EU priority, energy initiatives are still conflicted between support for clean energy and deepening dependence on fossil fuels.

Incentives are needed for demand-side flexibility, storage and interconnection to make the market fit for renewables. Demand-side and energy efficiency investments need to take priority over supply side investments, and key barriers (e.g. accounting rules) that stand in the way of energy efficiency investments need to be addressed.

If the upcoming legislative package can deliver these core elements, the initial hopes for the Energy Union can still be met. If it fails, however, then the Energy Union project will be seen as little more than business as usual.

Jonathan Gaventa  
Director  
E3G, Third Generation Environmentalism  
London, SE1 0ES / United Kingdom

E: [info@e3g.org](mailto:info@e3g.org)  
[www.e3g.org](http://www.e3g.org)



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# The 2030 Climate & Energy Package: a once-in-a-decade-opportunity likely to be lost



*The 2030 climate and energy package is supposed to implement the Paris climate agreement in the EU and make EU climate and energy law fit for an energy transition based on renewable energy and more efficient energy use.*

By **Matthias Buck**

The 2030 package includes a review of most pieces of EU climate and energy legislation and puts almost everything on the table, including the EU Emissions Trading System, emission reductions in sectors outside the ETS, legislation on energy efficiency, on renewable energy, on power market design, and on climate and energy planning and reporting.

The 2030 package is therefore a major opportunity to decisively move the European energy transition forward. Unfortunately,

it seems that the Juncker Commission is committed to keeping a low EU profile on everything except economic and financial

*The 2030 package is a major opportunity to decisively move the European energy transition forward.*

policy-making, meaning that a once-in-a-decade opportunity might be lost right from the start.

In October 2014, EU heads of state set climate and energy targets for 2030 that included the target to reduce domestic

greenhouse gas emissions by at least 40%, to have at least 27% of renewable energy in gross domestic energy consumption and to enhance energy efficiency by at least 27%. These targets are clearly too low – the EU had already reached its 2020 target of reducing greenhouse gas emissions by 20% in 2014. Furthermore, the 2030 targets only set Europe on a pathway to reduce emissions by 80% by 2050, not the 95% reduction needed to keep climate change „well below 2 degrees Celsius above pre-industrial levels“.

Now is the time to change this. If low ambition is maintained, not only will emissions



We need a real gear-shift in the approach to the EU's 2030 climate and energy package as soon as possible.

remain too high, but the EU Emissions Trading System will not incentivise investments in less polluting energy sources from 2020-2030, and the overall costs of the transition will be unnecessarily high.

In order to avoid this scenario, the following is needed:

- an initiative early on in the legislative process on the 2030 package to raise overall ambition levels.
- a shift in the public debate on the energy transition away from the few incumbents that will lose out to the multiple opportunities that will be created through the transition.
- a shift in the public debate from focusing on costs to focusing on investments and lasting value created

through the energy transition. The Commission for example has calculated that a 1% improvement in energy efficiency reduces EU gas imports by 2.6%, saving money and reducing energy dependency.

- the 2030 climate and energy framework should encourage national initiatives to phase-out coal.
- greenhouse gas savings resulting from national initiatives to phase out coal, to deploy renewable energies or to enhance energy efficiency to be automatically cancelled from the ETS.
- EU citizens given an explicit right to participate in and contribute to the energy transition, be it as consumers or producers of energy.
- the Commission to exercise its powers under state aid rules in line with the EU's long-term decarbonisation

goals and to avoid micro-managing national energy policy through state aid decisions.

We need a real gear-shift in the approach to the EU's 2030 climate and energy package as soon as possible.

This gear shift needs to come from the national level. As a minimum the 2030 climate and energy package must enable progressive Member States to move ahead more quickly. At best, it will become a signpost for decisive European action on an issue that matters to its citizens.

Matthias Buck  
Senior Associate EU Energy Policy  
Agora Energiewende  
10178 Berlin / Germany

E: [Buck@Agora-Energiewende.de](mailto:Buck@Agora-Energiewende.de)  
[www.agora-energiewende.de](http://www.agora-energiewende.de)



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# Using the EU system of own resources as one pillar of EU action on climate



*The current EU system of own resources to finance the EU budget does not contribute at all to central EU sustainable development goals as anchored, for example, in the EU 2020 Strategy or in the EU Sustainable Development Strategy. The midterm review of the EU Multiannual Financial Framework, scheduled for the end of 2016, provides an excellent opportunity to identify the cornerstones required for the strengthening of the sustainability orientation of the EU system of own resources, in particular by examining options for sustainability-oriented EU taxes as an alternative revenue source for the EU budget.*

By **Margit Schratzenstaller**

The EU system of own resources that finances the EU budget has been criticised for several decades. Within the H2020 EU project „FairTax“, the central point of criticism and the starting point of our work is that the current EU revenue sources do not support central EU policies in general and are in particular not connected to neither the Europe 2020 strategy aiming at making the EU a „smart, sustainable and inclusive economy“ nor to the EU's Sustainable Development Strategy.

Therefore we are working on alternative, sustainability-oriented revenue sources

*We are working on alternative, sustainability-oriented revenue sources for the EU budget. Our focus are EU taxes as instruments for closing existing sustainability gaps in EU tax systems.*

for the EU budget. Our focus are EU taxes as a genuine own resource, which may serve as instruments for closing existing

sustainability gaps in EU tax systems<sup>1</sup> – an idea that has hardly attracted any attention in the EU system of own resources reform debate until now. Among these sustainability gaps, the diminishing importance of so-called Pigouvian corrective taxes aimed at the internalisation of external costs, for example in the form of environmental damage, should be emphasized.

EU taxes can strengthen the sustainability-orientation of the EU tax systems via

various channels. In the form of corrective environmental taxes they can create a double dividend:

- If introduced within a revenue-neutral tax shift corrective, EU taxes contribute to environmental sustainability.
- By allowing the reduction of national contributions to the EU budget, they create leeway for national governments to cut taxes harmful to employment and growth, particularly labour taxes.

In addition, the fiscal sustainability of taxation can be improved by assigning those taxes to the EU level, which are increasingly difficult to enforce at the national level because tax subjects and/or tax bases are highly mobile. Again, certain corrective environmental taxes are of particular relevance in this context. If tax rates due to cross-country negative external effects

are fixed at a sub-optimal low level by national governments, the case for assigning these taxes to the EU level would be strengthened further.

One example for such a potential EU tax we have examined in detail is a carbon-based European flight ticket tax.

One example for such a potential EU tax we have examined in detail in the „Fair-Tax“ project is a carbon-based European flight ticket tax.<sup>2</sup> The failed attempts of several EU Member States to introduce a flight ticket tax and the pressure on those EU Member States still levying such a tax clearly demonstrate the limits of national aviation taxation. Assigning any kind of taxes on air travel to the EU level would greatly reduce the tax enforcement problems inherent to mobile tax bases and put a stop to harmful tax competition between EU Member States. A carbon-based flight ticket tax, which takes into account the

individual carbon footprint per passenger per route, is the most efficient and (with regard to its chances of implementation) realistic market-based mechanism to internalise the social cost of emitting CO<sub>2</sub> into the atmosphere. In particular, if one considers that the EU Emission Trading System has not and will not deliver in the near or medium-term future.

.....  
**Margit Schratzenstaller**  
*Deputy Director of the Austrian Institute  
of Economic Research and member of the  
FairTax consortium*  
1030 Wien / Austria

E: [margit.schratenstaller@wifo.ac.at](mailto:margit.schratenstaller@wifo.ac.at)  
[www.fair-tax.eu](http://www.fair-tax.eu)  
.....

<sup>1</sup> Margit Schratzenstaller, Alexander Krenek, Danuse Nerudová, Marian Dobranschi, *EU Taxes as Genuine Own Resource to Finance the Pros, Cons and Sustainability-oriented Criteria to Evaluate Potential Tax Candidates*, FairTax Working Paper 3, 2016, <http://umu.diva-portal.org/smash/record.jsf?pid=diva2%3A934128&dswid=325>.

<sup>2</sup> Alexander Krenek, Margit Schratzenstaller, *Sustainability-oriented EU Taxes: The Example of a European Carbon-based Flight Ticket Tax* <http://umu.diva-portal.org/smash/record.jsf?pid=diva2%3A930270&dswid=325>.







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## Getting Europe on track to meet its 2020 biodiversity targets



*Despite significant efforts, Europe's biodiversity continues to be dangerously eroded through habitat loss, pollution, the overexploitation of resources, invasive alien species and climate change. While, in principle the EU was meant to address these various pressures through the implementation of its Biodiversity Strategy (adopted in 2011), the 2015 Mid-Term Review of this strategy is giving a rather mixed picture.*

By **Pieter de Pous**

The review warned that the EU's target of halting biodiversity loss by 2020 will not be met unless action, in particular by Member States, is stepped up. The report highlights that biodiversity continues to be lost at an alarming rate and that there has only been very limited progress in restoring ecosystems. It also found that biodiversity loss is being driven by insufficient implementation and enforcement of existing EU nature laws (the Birds and Habitats Directives). The biggest problem by far however is increasing pressure from unsustainable farming.

This conclusion was echoed by research supporting the Commission's in-depth evaluation (Fitness Check) of EU na-

ture laws which concluded that the two Directives must be fully implemented and enforced if the EU is to stand any chance of halting biodiversity loss by 2020. This report also stated that the EU

**Biodiversity loss is being driven by insufficient implementation and enforcement of existing EU nature laws.**

risks undermining its nature laws if adverse impacts from other sectors such as industrial farming are not addressed.

The Fitness Check research findings, which were published in July 2016, are conclusive evidence that the benefits of the laws' implementation far outweigh the costs – in other words, they are „fit for

purpose“ and up to the job of protecting Europe's natural heritage. The research finds that the laws are balanced and workable as they take into account the interests of different stakeholders while respecting nature conservation objectives, and that when these laws are implemented properly they provide natural sites with effective protection from damaging activities.

Unfortunately, although the Commission has had the Fitness Check research findings since early 2016, it still has not managed to come to a follow-up decision. Both Commissioner Vella and Commission Vice-President Timmermans told Member States and MEPs shortly before the summer that it would return to the matter in the autumn.



At this year's EEB's annual conference there will be a session focused on what measures are needed to turn things around. Speakers and panellists will have the opportunity to debate what concrete steps the EU should take to bring about better enforcement and implementation of EU nature laws and scale up financing for Natura 2000 management and restoration. How the EU can better integrate nature protection into other

The Fitness Check research findings are conclusive evidence that the benefits of the EU nature laws' implementation far outweigh the costs – in other words, they are „fit for purpose“.

policies such as the Common Agricultural Policy (CAP) will also be discussed. This session is particularly timely as it takes place just a few weeks after the EEB's conference „Actions for Nature“ (14 September, Brussels) where NGO proposals for how to get Europe back on track to meet its biodiversity objectives will be discussed with representatives from the European Commission, Member States, and the private sector.

The final word of course on this will be for the European Commission. What is certain however is that any decision that would not respect the views of an overwhelming majority of MEPs, Member States and well over 500,000 EU citizens would further alienate the EU from its citizens.

Pieter de Pous  
EU Policy Director  
EEB European Environmental Bureau

1000 Brussels / Belgium  
E: [pieter.depous@eeb.org](mailto:pieter.depous@eeb.org)  
[www.eeb.org](http://www.eeb.org)

## Towards a new EU biodiversity policy agenda

*When the news broke that the Birds and Habitats Directives would undergo a Fitness Check, the WWF Danube-Carpathian Programme was particularly alarmed because in countries it covers such as Romania or Bulgaria, more biodiversity rich landscapes are at stake than in others.*

By **Irene Lucius**



Bees, farm birds and rare plants still profit from small-scale extensive farming approaches, some of Europe's last remaining virgin forests continue to provide habitats for bears, wolves and lynx, and the connectivity between natural areas has not yet been cut through by dense road networks or sprouting settlements. Today, these valuable habitats, most of them Natura 2000 sites, are increasingly falling prey to badly planned development projects and the Nature Directives are one of the few instruments preventing the worst from happening. Governance structures in these countries are weak and so the European Commission's role as the guardian of EU legislation is of critical importance.

While the Commission has yet to publish the final results of the Birds and Habitats

Directives Fitness Check, the recently published Evaluation Study concluded that the Directives are fit for purpose and that they clearly demonstrate an EU added value. Now challenges of enforcement and

Greater enforcement capacity is needed for the Commission to build strong factual evidence capable of sustaining the scrutiny of the EU Court of Justice.

integration need to be tackled if Member States are to achieve their biodiversity targets and implement the Sustainable Development Goals. So, what should this entail?

At present, destructive development projects are rarely stopped or mitigated –

NGOs do not have and DG Environment does not allocate sufficient resources to follow law infringement cases. Hence, greater enforcement capacity is needed for the Commission to build strong factual evidence capable of sustaining the scrutiny of the EU Court of Justice. Members of the concerned public should be given the opportunity to directly challenge any violation of environmental law in courts across the

EU. The Commission should also propose a legally binding framework on environmental inspections in Member States. Remote sensing tools and the involvement of citizens in monitoring activities can reduce costs. A minimum level of penalties is needed to deter against environmental offences and the Environmental Crime

Directive should make explicit the possibility of imposing higher sanctions in the context of organised crime. More guidance on how to apply the Environmental Liability Directive would also help.

Member States should step up their efforts to fully and more effectively implement the Birds and Habitats Directives, in particular by completing the designation of Natura 2000 sites and by setting specific conservation objectives. The next EU Multiannual Financial Framework should earmark and rigorously trace funding for biodiversity conservation, and create a dedicated funding stream for the protection of flora and fauna.

The Common Agricultural Policy needs to undergo a Fitness Check to inform a revision post 2020 that would turn EU agricultural policy into an instrument supporting full implementation of EU nature and other environmental laws rather than undermining them. NGOs are also calling for an EU

framework to protect Europe's declining bees and pollinators that are especially affected by intensive farming practices and climate change. And we expect the Commission to come forward with an integrat-

*The Common Agricultural Policy needs to undergo a Fitness Check to inform a revision post 2020 that would turn EU agricultural policy into an instrument supporting full implementation of EU nature and other environmental laws rather than undermining them.*

ed approach to manage nitrogen, which would, for example, ensure cost recovery from nitrogen polluters of water ecosystems, improve nutrient use efficiency and tackle over-consumption.

In many parts of the EU, the challenge is not only to protect intact habitats, but restore the green infrastructure that has deteriorated during recent decades. Rivers should be de-dammed, bogs rewetted, forest landscapes brought back to good

conservation status, and agro-biodiversity revived. We would furthermore expect the Commission to present a TEN-G initiative for ecosystem connectivity and sustainable land use. For it to be effective it would need to be supported by dedicated EU funding and ensure the integration of 'exclusion zones' into national and local spatial planning tools.

Last but not least, robust nature conservation safeguards are needed in the EU's new 2030 energy and climate policies to ensure that mitigation measures and renewable energy and grid development do not undermine ecosystems and the services they provide, including climate adaptation.

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*Irene Lucius*

*Regional Conservation Director of WWF  
Danube-Carpathian Programme  
1160 Vienna / Austria*

*E: [ilucius@wwfdcp.org](mailto:ilucius@wwfdcp.org)  
[www.wwf.at](http://www.wwf.at)*

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# New tools to ensure deforestation-free-supply-chains



*Increasing biomass production for food, feed, energy and industrial purposes is one driver of climate change, biodiversity loss and deforestation as total agricultural land expands and moves into ecologically sensitive areas that should not be used for agricultural production.*

By **Jan Henke** and **Pascal Ripplinger**



In recent years, this trend has gained increasing attention from policy makers, NGOs and consumers and pressure has grown on companies producing, trading and processing agricultural raw materials to ensure transparency throughout their supply chains. Indeed, many companies that deal directly with consumers have made sustainability and no-deforestation commitments in recent years a way of protecting their brand name and reputation.

In turn, it is now important that the authorities step up law enforcement and strictly monitor protection areas to check that

these claims are more than greenwashing. However, this is not an easy task. First, it is difficult to trace back supply chains to their

*Many companies have made sustainability and no-deforestation commitments in recent years a way of protecting their brand name and reputation. It is now important to check that these claims are more than greenwashing.*

origin and find out, for example, where the small amounts of palm oil in ice cream or pizza originally came from. Secondly, it is hard to identify and monitor deforestation and loss of biodiversity over time.

One way of managing this task is to use satellite images to determine land use change over time, to identify hot spots and to manage land use change risks. Until now this use has been limited because of a lack of experts able to process, analyse and deal with such large data volumes and make them understandable for users.

However, this is changing thanks to the development of new tools to help companies, authorities and NGOs better monitor supply chains and to stop deforestation and biodiversity loss.



One such tool is **GRAS – Global Risk Assessment Services**. Companies that use agricultural commodities such as palm oil, soy, sugar and corn for food, feed, industrial and energy purposes can use GRAS to verifiably reduce their impact on deforestation, grassland conversion and biodiversity loss. It can also be used to put into

sustainability-related geo-referenced data on biodiversity, land use change, carbon stock and social indices. It also offers an innovative solution to identify the conversion of forests and grassland to cropland over time by using processed satellite images. Likewise, the project has developed a method to automatically detect and dis-

In the future, remote sensing data made available with tools like GRAS will play an important role in protecting the climate and biodiversity and in helping companies and authorities live up to their promises and commitments and successfully enforce legislation.

## Example: Protection of grassland in Europe

The identification of grassland conversion is a major challenge for many stakeholders due to a lack of data and monitoring capacities. GRAS has for example developed a new application to automatically detect the conversion from grassland to cropland. GRAS is able to identify grassland conversion on areas smaller than 1ha in Europe but also grassland and Cerrado conversions for example in South America.

## Example: Monitoring palm oil production

Palm oil is one of the most critical crops causing deforestation and biodiversity loss. GRAS can verify if new plantations have been set up on former forest areas, if peat lands were converted or if a plantation is located within protected areas. GRAS is also able to distinguish between-cutting of palm that is followed by replanting and real deforestation. GRAS helps to objectively verify if a plantation fulfills certain land use change cut-off dates and certification requirements and can be used to monitor sustainability risks.

The GRAS development has been supported by the German Federal Ministry of Food and Agriculture through its Agency for Renewable Resources (FNR).

Jan Henke  
Managing Director

Pascal Riplinger  
Consultant  
GRAS Global Risk Assessment Services  
GmbH

50672 Cologne / Germany  
E: [henke@gras-system.org](mailto:henke@gras-system.org)  
E: [riplinger@gras-system.org](mailto:riplinger@gras-system.org)  
[www.gras-system.org](http://www.gras-system.org)



Fig. 1: Example of GRAS applications

practice at company level the UN Sustainable Development Goals and the Paris Climate Agreement.

GRAS is accessible via an easy-to-use web tool that provides comprehensive

play any kind of land use change over time by using a simple to interpret greenness index (EVI). This approach is more practical, easy to use and efficient than existing methods that demand the analysis of long time series of individual satellite images.

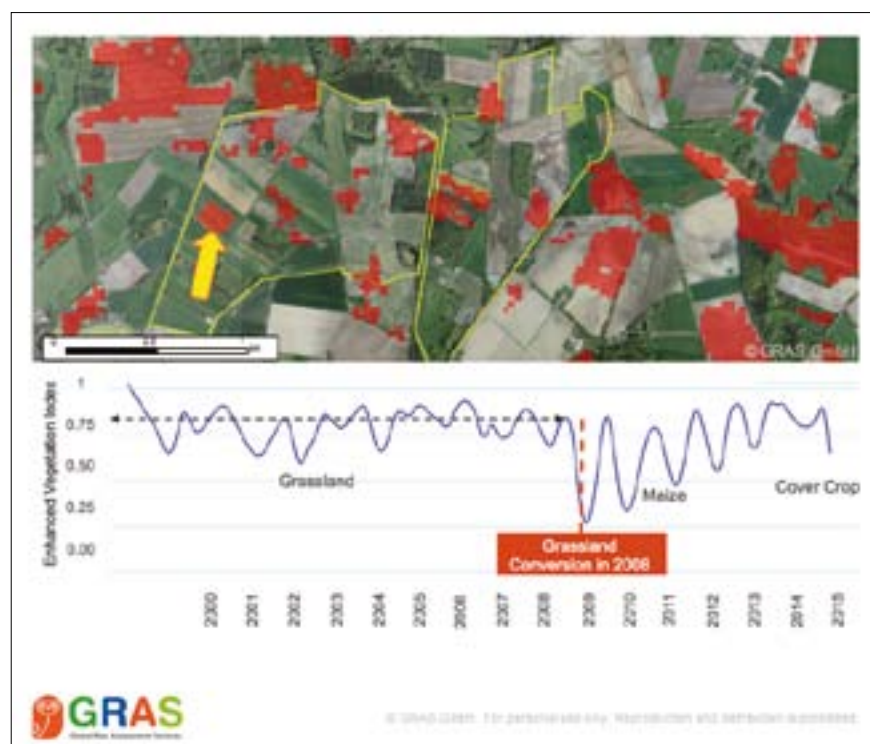


Fig. 2: Example of GRAS applications





# Policymakers need to rise above the circular economy buzz

*The „circular economy“ has become something of a buzzword of late, with many public and private initiatives persistently referring to the idea. Yet the concept itself embraces many long-standing approaches to conserving naturally occurring substances, managing waste and promoting sustainable consumption and production - with an added economic spin to address possible shortages in natural resources or to stop their prices escalating over time.*

By **Stephane Arditi**



But how can what is said about the circular economy be backed up with concrete measures to quicken the switch to a more prosperous economic model, which respects the planet's limited resources? How can Europe radically overhaul its over-consuming and wasteful business patterns – yet at the same time protect its most vulnerable citizens and resist the lobbying power of greedy, ruthless and out-of-date corporate thinking?

These questions and more are a key topic of the EEB's annual conference in Vienna.

At an EU level, the next step is for the European Commission to honour commitments on ecodesign – the design of products to

*At an EU level, the next step is for the European Commission to honour commitments on ecodesign.*

be reused, repaired and recycled – made in its 2015 Circular Economy Package. European Environment Ministers already warned in June this year that there are

no reasons why measures encouraging ecodesign, planned for introduction in late 2015 and early 2016, should be delayed any further.

Ecodesign legislation is fundamental to the circular economy as it determines what future products will be made of and what qualities they will have, and therefore establishes which materials can be sourced from already existing goods rather than through mining or other less sustainable means.

# Circular Economy

Loud-mouthed anti-regulation and Eurosceptic voices should not hinder the EU's ability to set standardised rules such as this for products entering the single market, which ensure savings for citizens, benefits to the climate and increased business opportunities – not to mention incentivising companies to make smarter products over merely cheaper ones.

The choice to turn today's products into tomorrow's reservoir of materials for building future goods is a no brainer, and should drive us to intensify our efforts to create cleaner, detoxified materials that can be disassembled, repaired and recycled with ease.

With this in mind, revised European waste laws must include a legal impetus to encourage the reuse of more products and

materials, achieve high waste recycling rates and most importantly prevent waste from being created through setting clear reduction targets and economic incentives to produce less rubbish.

The circular economy also provides a unique opportunity to question the impact of our European way of life on the Earth. On average Europeans are eating up re-

The circular economy also provides a unique opportunity to question the impact of our European way of life on the Earth.

sources at twice the speed the planet can

renew

them, yet Europe continues to pass the buck and dump the nasty side-effects of its overconsumption onto other parts of the world.

The good news is that by honouring our international obligations towards the UN Sustainable Development Goals, taking our responsibilities seriously and ceasing

to consider the rest of the world as our garbage can, the jobs and renewed economic prosperity Europe aims for can be realised.

We must be brave. There is no greater risk to our environment and our economy than sticking to business as usual. The circular economy must transcend its current buzzword status, and instead ensure economic prosperity for Europe within the planet's natural boundaries.

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*Stephane Arditi*

*Products & Waste Policy Manager*

*EEB European Environmental Bureau*

*1000 Brussels / Belgium*

*E: [stephane.arditi@eeb.org](mailto:stephane.arditi@eeb.org)*

*[www.eeb.org](http://www.eeb.org)*

---



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# From Sustainability talk to policy walk: stepping up EU action on the circular economy

*If we define sustainability as the well-being or happiness created by synergies between the environment, the economy and society, or nature, money and people, sustainability and the circular economy are two sides of the same coin, one in abstract, the other in material terms.*

By **Walter R. Stahel**



Moving to a more sustainable economy means a shift in focus from today's dominant flow management to a stock or asset management of natural (including biodiversity and – economy), human (people and skills), cultural (both physical and intangible) and manufactured capital. Of these, people are the only resource with a strong qualitative side, which can be increased through education and vocational training, but which is lost rapidly if not used.

Nature operates in cycles in which nothing is wasted, while humans mostly 'make,

use and dispose of' objects, disseminating their material into the environment and allowing abandoned goods without value to become waste. If all waste is man-made, we can prevent it – but how? The success of the industrial economy is based on value added supply chains, economy of scale, material and energy intensive flow processes, trade in global markets and objects without a liable owner at the end, in other words waste.

Actors of the circular economy are managing manufactured capital (stock) by reusing infrastructure, goods and materials in

loops, with the objective of preserving the stocks' economic value, based on a philosophy of caring and stewardship in local markets. Time is a key factor: doubling the service-life of goods halves the resource consumption in manufacturing and halves waste volumes. Conversely, the resources embodied in short-lived goods such as packaging are quickly lost. This gives policymakers a first option for action:

- legislate yearly acceptable resource loss (stock rates) instead of waste (flows, recycling rates).

# Circular Economy

The circular economy is not new, but it is quite, easy to overlook; it has always been

*The Performance Economy, selling goods as services, is the most resource efficient, competitive and entrepreneurial strategy.*

part of human development as a strategy to overcome poverty and scarcity: „use it up, wear it out, make it do or do without“. The challenge now is different: to exploit the opportunities of a circular economy of saturated markets and abundance by upgrading existing stock to scientific and technological progress.

„Green“ policies so far have focused on protecting the health of citizens and the quality of the environment by tackling emissions, reducing toxicity and legislating the management of end-of-life goods („waste“). Now policymakers can promote a competitive circular economy through research on:

- the reuse of goods through innovation on repair and remanufacturing,
- the reuse of pure materials, atoms, through technologies to de-polymerize, de-alloy and de-laminate compound waste, and

- a rapid transfer of the economic and technical knowledge of the circular economy from Small and medium-sized enterprises (SMEs) and fleet managers into academic curricula and vocational training.

Why should they do this? The circular economy is:

- ecologic because its activities are local and low-carbon, use few resources and preserve the water, energy and material resources embodied in goods,
- social because these activities are labour intensive,
- economic because remanufactured goods are a third cheaper than equivalent new goods.

A 2015 Club of Rome study of seven EU countries found that a shift to a circular economy would reduce a nation's greenhouse gas emissions by up to 70% and grow its workforce by about 4% – the ultimate low-carbon social economy. As the circular economy substitutes manpower for energy, policymakers can promote it by adapting the framework conditions accordingly:

- do not tax renewable resources including human labour, but waste and emissions instead,
- levy Value Added Tax (VAT) on value-added activities only; the value preserving activities of the circular economy should be exempt.

The Performance Economy, selling goods as services, is the most resource efficient, competitive and entrepreneurial strategy of the circular economy. By selling „pay-for-performance“ services instead of goods, it retains the ownership of goods and internalises the liability and costs of risk and waste. A shift in policy-making towards this system benefits the environment and ensures the polluters pay in cases such as „diesel gate“.

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*Walter R. Stahel*

*Founder-Director of the Product-Life-Institute (Switzerland)*

*1231 Conches / Switzerland*

*E: [wrstahel2014@gmail.com](mailto:wrstahel2014@gmail.com)*

*[www.product-life.org](http://www.product-life.org)*

---



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# Cradle-to-Cradle

## Moving towards a circular economy

The enabling conditions for a circular economy are already in place. Now it's time for its comprehensive, worldwide implementation.

*On 2 December 2015 the European Commission adopted a Circular-Economy-Package, which constitutes an important basis for the development of a circular economy in Europe. To turn this political initiative into reality, easily understood guidance for all stakeholders is needed. Cradle-to-cradle design is an example of how to put the idea of the circular economy into practice. It combines INNOVATION with SUSTAINABILITY. My personal experience with the full implementation of the Cradle to Cradle model in a company is described below.*

By **Reinhard Backhausen**



The Earth's biosphere cannot sustain a virtually global linear economy. However, the shift from a linear to a circular economy is limited by how governments legislate, how businesses operate and how humans consume today.

Over the past two centuries, the linear economy has raised living standards at the expense of the environment. Due to its simplicity – mainly substituting labour with energy from non-renewable natural

resources – the linear economy has grown exponentially and expanded globally. However, the associated environmental costs have become too high and uncontrolled.

### **Education and information are crucial**

Many top-managers in Europe's industries are sceptical and not ready to initiate the changes and investments that would enable them to participate in the circular economy. They fear it is too complicated,

too expensive and that it may end up risking the profitability of their business.

In this regard, education and information are crucial. In my experience a lack of information about how to approach this „new world“ is a key impediment to change. Entrepreneurs need to be explained and demonstrated the benefits of the circular economy: an increase in quality and profit, added value and better opportunities in the marketplace.



Graphics: Cradle to Cradle

One outstanding example of how a future solution could look like is the cradle-to-cradle model invented by EPEA (Environmental Protection Encouragement Agency):

## What is the cradle to cradle concept?

The cradle-to-cradle (C2C) model is based on the idea that products need not be lost or wasted when the user phase is over. The products are already optimised during the design process to take account of actions required after their use. The EPEA concept is based on the positive definition of materials and material streams, which encourages the implementation of a goal- and quality orientated optimization process, towards an economy without waste and based on the preservation of the status of materials as resources.

My insights are based on my own practical experience with the C2C design concept as an entrepreneur. I implemented the model in my former company, a producer of high-end upholstery-and curtain fabrics. I was interested in a diversification of the market, which would create new opportunities and even more importantly add credibility to our quality-promise. It was also important to me, that our products were certified by an independent institute to prove their quality. At the beginning I

had to convince and motivate my own staff. Following on from this we started a very intensive phase of research in close cooperation with EPEA. After 1 ½ years the results were great. We received a „gold-certificate“ and also established a „take-back-guarantee“.

As a next step we had to implement the new business-model in the market and convince the customers. We educated and trained our sales-people in a way, that they became real „ambassadors of C2C“ and where also personally convinced about this new approach. More and more of our customers turned out to be enthusiastic about it. This also marked the be-

*We educated and trained our sales-people in a way, that they became real ambassadors of the cradle-to-cradle philosophy.*

ginning of a new era for our company. We transformed from a traditional company to a highly innovative and future-oriented company with great environmental visions, which in turn was highly appreciated by its customers.

It was the cradle-to-cradle design concept that gave me the tools to put the theory into the practice of my business. To this day I am convinced, that the circular economy is the right answer if we want to meet the global challenges that we are facing with future limited resources at our disposal.

Cradle-to-cradle is about INNOVATION and SUSTAINABILITY. It is crucial to create products, which are designed in a way

that they can be taken apart after use and can be reused. Furthermore it is important, that all ingredients within the product are environmentally friendly and do not consist of dangerous chemicals.

Positive examples of companies in Austria, that are transforming the circular economy by using C2C include:

- Erdal with their trademark „Frosch“ – cleaning supplies
- Gugler – Offset-print-medias
- Thoma – wooden houses
- Wolford – Textile consortium for ladies underwear

## Conclusion

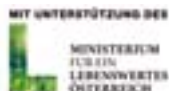
Cradle-to-Cradle design is one of the most innovative concepts to make the Circular Economy work. However, a paradigm-shift is necessary if Europe's industries want to embrace the circular economy by integrating the idea of a circular economy into their business-models.

Within this concept, all substances and materials along the supply chain are considered, from raw materials to the final product. This results in products of unmatched quality. As a result, the continuous use of raw materials is practiced without restrictions.

The European Commission should now start an initiative to help entrepreneurs in Europe to put the Circular Economy into practice. Parallel to this policy-makers at all levels have to establish the right conditions.

Reinhard Backhausen  
Owner of Reinhard Backhausen  
Textile Consulting  
1190 Vienna / Austria

E: reinhard.backhausen@gmail.com  
www.reinhard-backhausen.com  
www.epeaswitzerland.com



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EU-Umweltbüro im Umweltdachverband  
Strozsigasse 10/7-9, 1080 Wien  
E: [office@eu-umweltbuero.at](mailto:office@eu-umweltbuero.at)  
[www.eu-umweltbuero.at](http://www.eu-umweltbuero.at)

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