



**Commissioner Janez POTOČNIK**

**GLOBE EU:  
"Europe in Search of Excellence in Resource Efficiency"**

Thursday, 29<sup>th</sup> April 2010  
12.30-14.30

European Parliament, Brussels

Ladies and Gentlemen,

Thank you for the opportunity to come here today. I am delighted that you, as a group of legislators and representatives from business, are looking to discuss how to achieve greater resource efficiency.

For me, this is one of the most important challenges facing our economies and our societies. That is why I argued strongly for it to be integrated into our principal economic strategy: Europe 2020.

I argued for this because it is now more-clear-than-ever that neither our economic, or environmental goals can be met separately. When the global economy was small, it was reasonable to assume that the economy and environment were independent, or at least could be dealt with separately. Our use of resources seemed not to place any constraints on our future. We could just try to clean up some of the messes we made.

That is no longer the case. As our economies have grown, and as global populations increase to 9 billion by 2050, our resource demands outstrip the capacity of the Earth to supply them. For example, 80 % of the world's fisheries are now overfished, yielding far less than they would if they were well managed. We now see that there are limits to our economies that we did not consider when putting in place our economic structures.

As a result, we need a revolution in our economic activity. A common sense revolution. A way of using what we have to produce more; or even producing the same, but with less. So that we live sustainably; so that we produce and consume within the bounds the planet's resources.

First let me make it clear what I mean by resources. I take this to include all material resources - from food, timber, soil, water to minerals and metals. I also include biodiversity, which is a resource in itself providing clean water, fish, genetic resources, protection from natural hazards, erosion control, and recreation.

Biodiversity is a key input into many sectors of our economy and to our citizens' well-being. For example: New York, Tokyo, Melbourne and Rio all rely on protected natural areas to provide their drinking water, as do one third of the hundred biggest cities in the world.

The good news is that in this revolution, our real economic and environmental interests are almost perfectly aligned. To be successful in creating wealth for our citizens, our future economy will have to be more resource-efficient and carbon-efficient than our competitors, as the prices of resources and carbon will rise. Equally, the achievement of our environmental goals relies on the power of the free-market economy to deliver and spread the innovations that will let us improve our quality of life within our planet's capacity.

We see these synergies already in the eco-industries, which are consistently growing in the EU by around 8 per cent per annum. Those sectors – like clean energy firms, recyclers, water providers - already employ more than 2.2 million Europeans.

Yet, we can only succeed in these joint goals if we create the right policy framework. All business leaders recognise that legislation creates the playing field of opportunities on which firms compete. Our role, as policy makers, is to provide the playing field which delivers the economic conditions where the innovative and the resource-efficient will flourish.

This means creating an integrated economic and environmental policy. Businesses and society needs a level playing field of coherent policy, not a bumpy playing field which trips them up and sends the ball flying off in different directions.

The traditional scope of environment policy is not by itself enough to provide the greater rewards for eco-innovation that will deliver resource-efficiency across the economy.

Environment policy is crucial, of course. Environment policy has frequently been the driver for change by providing the certainty for future markets that allows public and private investment. Just as legislation on catalytic converters gave businesses the market certainty that slashed production costs, we have to design environment policy so that it drives change efficiently, aiming to promote extra innovation in the areas we want. This is certainly not about designing policies aimed at holding back economic activity.

Designing environmental policy to drive this eco-innovation is an area close to my heart. But we all have to recognise that changes in a far wider range of policy areas are essential. So, at the European level I will work closely with my colleagues – particularly the Commissioners responsible for energy, transport, industry, trade, agriculture, fisheries and research.

2010 and 2011 will see the publication of Communications from the Commission which will set out in more detail the future direction of our policies affecting resource efficiency, for example:

- a Research and Innovation Plan,
- a revised Industrial Strategy,
- a revised Energy Efficiency Action Plan, and
- a Communication on the relative benefits of reducing our greenhouse gas emissions by 30 % by 2020.

These must all point in the same direction, and together provide the stimulus that we need to accelerate the change that we have pointed to in the Europe 2020 Strategy. We must also not forget that the EU budget should support our strategic objectives.

We believe that we know broadly what is necessary from this policy framework....

- **We need a policy framework that will adjust the relative prices of resources and labour** to reflect the true value of our resources, because prices are the primary driver of our economic decision making and, if they remain mis-aligned with our strategic goals, we can only fail. For example, we must reform subsidies that still promote the use of fossil fuel energy.
- **We need a policy framework that will create greater market demand for greener products and technologies.** One that will reward investment in eco-innovation, both in changes in the product range and in resource-efficiency through the supply chain. If firms can earn more from greener products, they will do more to supply them.
- **We need a policy framework that will work with businesses** to help them profit from the opportunities that currently exist from greater resource-efficiency in their operations and in their supply

chains, and also to help ease transitions of workers to the skills required for the green economy. Firms welcome this support.

- **We need a policy framework that will promote the investment** that will provide the infrastructure needed for a more efficient economy; to support new business models, for example in transport and energy supply – and so avoid the current lock-in to existing patterns of activity. The need for networks of recharging points for electric cars is a clear example.

The Commission has started work on a Roadmap to the Resource-Efficient Economy, an umbrella initiative which will set out what is needed to achieve our objectives. I would be very interested to work with you, and hear your ideas today, on what policies need reform, expansion or introduction to deliver the right regulatory playing field.

But first, let me deal with one of the other central pillars of sustainability and the economy – **jobs**.

As I said, we are looking for a revolution, for faster change in the structure of our economy. One of the reasons for this is to secure good jobs for Europeans in the future, when the economic conditions for the EU economy have changed.

The transition to resource efficiency will create jobs, as those 2.2m eco-industry jobs show us. Nevertheless, we need to manage the transition. Greater resource efficiency will change the way people work,... and the jobs that they do.

This is nothing to be afraid of. The EU economy is already more dynamic than many scare stories would have us believe. Each year 22 % of EU workers move jobs. The key issue – and our key role - is to make sure people have the right skills for the new jobs. If they don't have the right skills, then they risk being excluded from the labour market, and the costs of transition will be higher for people, business and states.

Managing the transition means anticipating change, and identifying the skills that will be required in a new economy. There is already a mismatch between current skills and the future skills needed and this is a threat to green growth. For example, according to several national trade unions, a shortage of skilled people exists to implement the Directive on Energy Performance of Buildings.

The transition may promote an increase in the skills needed for many jobs. For the new generation of buildings that we need, plumbers, electricians, metal workers, and construction workers will all need to green their day-to-day skill sets. And where jobs are lost, people will need help to retrain and adapt to the changing labour market.

Two other topics that I would like to touch on in our discussion are the role of bio-diversity and how we can best to work with all stakeholders, particularly business and regions of Member States.

**Biodiversity** is a vital resource and frequently the most over-exploited. In itself it provides fresh water, timber, protection from natural hazards, erosion control, and recreation. Biodiversity contributes massively to many sectors of our economy and to our citizens' well-being. If we don't manage our ecosystems we lose these resources....and it costs a lot of money and time to replace them with artificial solutions. Flood defences cost more than leaving areas of natural buffers against storms – a point not lost on New Orleans after Hurricane Katrina.

However, biodiversity loss continues. Climate change, over fishing, agricultural and urban expansion and human population growth are accelerating the extinction of species and degrading natural ecosystems.

The recent Commission Communication, and the endorsement by the European Council, of our EU post-2010 vision and target are significant. They are an important milestone in our renewed efforts to face these challenges, and to prepare for the international negotiations set to be held in Nagoya later this year.

Delivery is key now. I look forward to hearing your views on the practical steps to ensure that delivery, and what we can all do to bring those to reality. I see integration of the value of bio-diversity into key sectoral policies as crucial, together with adequate funding. These are the things we will all need to work hard to ensure over the coming months.

On the broader **questions of delivery** across the resource-efficiency agenda, I am seeking advice. With increasing resource efficiency an essential consideration for future business success, and with an EU private sector bursting with innovation, one of my sources of advice is business. I already know from my work in the previous Commission that a clear, stable regulatory direction is essential for delivering the certitude needed for business to deliver change. Yet I need to hear where the policy can change to drive faster rates of innovation and where it can

remove blocks to business models that would deliver greater efficiency with reduced investment cost. This Project Bee initiative is the kind of flow of information which I believe is essential.

Engagement with business is also necessary in one of the areas that is so far little explored for creating markets for greener goods and services. It is clear – to psychologists, to neuro-scientists, to behavioural economists and most obviously, marketing professionals – that marketing has a profound influence on what people buy.

Science has now confirmed what many of us assumed all along: that what we choose to buy and do is highly dependent on how choices are presented to us, and other factors, such as what everyone else is doing. We are not such rational actors after all. With most products highly marketed, we very rarely make a decision that hasn't been influenced by one company or another, even if we haven't realised it. I would like to explore how we can align the power of marketing with our policy goals for changing consumption patterns to a more sustainable basis.

Finally, I come back to the question of **how we here can work together**. Bringing about the changes needed for a move to a resource-efficient economy is a labour of Hercules; but they are essential to our future prosperity and quality of life. The task will involve all policies that have an effect on economic activities that uses resources. It will also need the thoughts of those people who have the wisdom to look at the longer term. There has to be effective dialogue with Member States, where many of the most important decisions have to be made – for example on tax reform. There must also be discussion within the business community, where there are some excellent examples of leadership, but where there are some who are very slow to realise the extent of the challenge.

This is why I am so happy to speak to you today, as I know that this work must be a joint effort between those of us in the room and many people outside it. The work and scope of GLOBE makes you a key player in driving this agenda. I would be very glad to listen to your ideas on how we can invigorate each other and find the policy solutions to this task that we face.