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**Keynote speech in conference dinner:
"Resource Efficient Bio-economy"**

**Belgian Presidency Conference:
Knowledge Based BioEconomy towards 2020 Conference
Turning Challenges into opportunities**

13 September 2010

Conference dinner at the Royal Flemish Academy of Belgium for
Science and the Arts (Brussels)

SPEECH

Ladies and Gentlemen

Does being richer reduce our environmental footprint?

I wish it were true. But it is not. We only have to look at the latest report of the International Panel for Sustainable Resource Management – a joint UNEP and EU initiative - to see it in black and white. The report shows a wealth of evidence to prove just the opposite. Prosperity and environmental harm grow at the same pace. Perhaps we are losing our sense of responsibility as we grow more comfortable and become more wealthy.

Agriculture and food consumption are identified as two of the most important drivers of environmental pressures worldwide, especially biodiversity loss, climate change, water use and toxic emissions.

The use of fossil energy carriers for heating, transportation and the production of manufactured goods is equally damaging. This is responsible for the depletion of fossil energy resources, climate change, and many, many emissions-related impacts.

As if these were not enough, growing cities are adding to this toxic combination. Extended transport networks and the clearing of land to make way for agriculture are carving up and destroying natural habitats. Pollution from many different sources is degrading ecosystems. We are stripping the goods and services that nature provides for us. That would be bad enough in itself, but we are even threatening the capacity of species to regenerate. And then there is climate change, which is already affecting species and ecosystems and will continue to do so in the decades to come – with unpredictable and potentially devastating consequences.

And although our European populations have more or less stabilised, we continue to consume about twice as much as our land and seas produce. There are worryingly few signs that these trends are going to change in the near future.

We are not even only using our natural capital. Europe is increasingly dependent on the natural capital of other countries and continents. But theirs, just like ours, is a finite resource. The developing world is exploding in terms of population, economic activity and resource growth. Rising incomes are pulling millions out of poverty. And while this is obviously a good thing, it doesn't help the planet. New dynamic economies need resources and have a growing footprint. A footprint that threatens to squash our precious planet.

Global excess and dependence is untenable. We already need more than what Earth can give us to if we want to maintain our 21st century lifestyles. And please note that I say MAINTAIN. We are overdrawn at the eco-bank and are deeply in the red!

I don't suppose many of us realised that just under a month ago, on the 21st of August, as many of us were sunning ourselves on beaches or reading a holiday novel, we experienced a 'tipping point'. According to the Global Footprint Network, August 21st 2010 was "Earth Overshoot Day": the day in which we exhausted the planet's ecological budget for the year. It was the end of our natural capital for the year.

I guess that natural capital is a difficult thing for people to grasp. I mean it's always been there, hasn't it? It's natural...it's free!

But until we start seeing this loss of our Natural Capital for what it is, we are heading for a really messed up planet where our well-being becomes seriously compromised. It is a fundamental indicator of the unsustainability of our societies, rather just unfortunate collateral damage from our development process.

Once we go beyond these "tipping points", fish stocks and forests disappear. Forever!

I have deliberately given this worrying reality to you straight. But I do not want you to think that we are just sitting back and watching this unfold. We are using our own policies and strategies to fight back. The new Europe 2020 Strategy is meant to be that. It is designed to hasten the exit from the crisis, but it is also a 10 year strategy, which aims to put the building blocks for growth that will be sustainable in the future and which will put less pressure on energy and resources.

The EU2020's socio-economic agenda puts the environment where it should be: as an integral component and policy driver, not only to protect the environment but also to give it value and worth in a structured way.

It looks at the environment, not as a niche policy area, but like a seam running through our whole policy panoply. Issues like the taxation or elimination of harmful subsidies would not – quite rightly – sit only in any Environment commissioner's portfolio but they are nevertheless crucial for the environment.

We have no choice but to radically change our production and consumption patterns if we want to keep our planet in good shape for future generations. And for the reasons mentioned in the UNEP report (and elsewhere) a view that promotes a 'resource efficient' Europe makes environmental, economic, business and geo-political sense.

Promoting that view means we have to mainstream environmental concerns into other policies. This is not a new idea. It's really nothing more than common sense. And we have been discussing, and trying to implement, sustainable development for the past 20 years.

But something is different today. We now have a much better scientific and economic idea of the complex interlinkages and the drivers for environmental degradation. The very fact that we can

understand better the enormous jigsaw puzzle that makes up our world means we can design our policies to match it – they need to be not only coherent but also mutually supportive.

We have some of the tools needed to develop environmental legislation and ensure people comply with it, but resource efficiency is what we really need. It is a truly cross-cutting affair. When we talk about using resources, we talk about all forms of economic activity; and therefore about the many policy areas that touch on them.

At European level I will have to work closely with my colleagues – Commissioners responsible for energy, transport, industry, trade, agriculture, fisheries, research and others. We need structured discussion and initiatives that will guide and motivate all the relevant Commission services.

But even this coordinated and cross-cutting Community level approach will need help. And this is where you come in, both during the Presidency and beyond it. Because we also need Member States to buy-into the concept. We are going to have to use subsidiarity as a lever for action, which when we talk about resource efficiency frequently also means in regions and municipalities.

Resource efficiency will only be achieved through a multi-level government strategy. This is implicit in the EU2020 structure: whilst Integrated Guidelines will cover the scope of EU priorities and targets, country-specific recommendations will be addressed to Member States and monitored. We have to make sure that every Member State understands clearly what they are expected to achieve.

And just as the EU will signal a 'red light' against countries that go into excessive budgetary deficit or public debt, we might also develop the same kind of warnings for countries which do not sufficiently respect the guidelines on resource efficiency and low carbon economy. I don't say this as a means of admonishing or stigmatising member states, more of a way to develop a positive agenda with environment and other ministers. And let's face it: these serious times demand that we think creatively about how we can achieve what we need.

This means we will also have to think carefully exactly what makes a 'green policy'. When the green economy is increasingly seen as the way out of the economic (and maybe systemic) crisis, and where other policies want to be blessed with the 'green' label, we should be in a position to say for each policy what the conditions are for meriting that label.

But what is resource efficiency? – I've called it 'half common sense and half pragmatism'. It involves using less of what we have to achieve the same, or even more. It means managing our resources sustainably, throughout their life cycle, so as to reduce the environmental impact of their use. It means living, producing and consuming within the physical and biological limits of this Planet.

This means that it is much more than energy efficiency, more than low carbon growth, more than promoting the growth of a relatively small number of specialist eco-innovation companies. These

are just components of a resource efficiency policy. It has the broadest of all ambitions: we need to green the whole economy.

We need to change our behaviour, as consumers and as producers. And that means using our markets to work in ways which put the proper value on the resources we use. This is one important part of building a resource efficient economy.

Reducing stress on natural resources means changing relative prices of different inputs in the economy to reflect the real value of those resources. The alternative is more regulation, which would not be so efficient and would be certainly more conflicting. Who would sign up to that? Not me, for sure.

Individuals and businesses need incentives - and that often means prices that reflect the real costs and consequences of our actions, in the short, medium and long terms. Taking a life-cycle approach to the products and services we buy.

And if we are going to send the right economic signals we will certainly have to persuade fiscal policy makers to think beyond only revenue question; to think of other means to achieve economic development. Of course this is an issue where subsidiarity will be thrown back at us; but it is also one where many Member States already have excellent experience. So why not use it?

Of course developing the best indicators for resource efficiency will be one of the ways in which we can make sure that it becomes an enduring, rather than fleeting policy. We must measure what we want to achieve. Indicators and targets are the life blood of policy makers. That is no different for resource efficiency.

So we need to carry on the work on "Beyond GDP" and on the development of convincing resource-efficiency indicators. We will never get a perfect indicator, but also widely accepted GDP is not one.

We need something new - we need practical and pragmatic indicators that will motivate policy changes.

I've spoken about resource efficiency and green growth – both which are central to EU 2020. But none of this will happen if we don't take care of our natural assets.

Biodiversity...our ecosystems, species and genes, contribute massively to many sectors of our economy and to our citizens' well-being. It is the ultimate natural resource.

Ecosystems provide all kinds of goods and services, from fresh water, food and materials needed for construction, protection from natural hazards, erosion and flood control, to climate regulation and recreation. But ecosystem goods and services are determined by the energy and material flows within it. It is these flows man has changed. And in doing so, we have undermined the ability of ecosystems to continue delivering these goods and services.

There is also increasing evidence that the more diversity there is within an ecosystem, the more efficient and resilient it is.

So if we don't help our ecosystems function properly, we lose the resources they provide, at a very costly price....and even when we can find artificial solutions, they don't come cheap.

UNEP has estimated that the annual production of natural services (freshwater, food production, protection against natural catastrophes etc) equals or even exceeds the world's annual GDP.

For example, the work done by Pavan Sukhdev and his team on the Economics of Ecosystems and Biodiversity (TEEB) tell us that each year the world is losing land-based ecosystem services that provided us with roughly € 50 billion of services and goods annually. Their "business as usual" scenario shows that the cumulative welfare losses from the loss of ecosystem services could reach 7 % of global GDP by 2050, with the EU.

All of this makes using our resources carefully not only a moral but an economic imperative.

But until we fully factor the costs of biodiversity loss and benefits of conservation and restoration efforts into our economic models, and treat biodiversity and ecosystem services just as other economic considerations, we will continue to lose biodiversity and, with it, the goods and services we depend on.

The recent Commission Communication and the endorsement by the European Council of our ambitious EU post-2010 vision and target are significant. But we also need a broader 'green vision' which includes eco-innovation. I said earlier that niche technologies are just part of the resource solution. That is true, but here we could exploit some of those technologies more deeply. I could here use the example of waste – which now has a greater value than ever – we need new ways of reducing it, using it, disposing of it and recycling it – this means new business models - not just new recycling technologies.

With this in mind I intend to work this year and next on an initiative supporting the development and uptake of green technologies, services and new green business models. It will include new ideas for Green Public Procurement to create markets for eco-innovation, supporting business networking, reinforced actions to open global markets and the use of environmental policy to drive eco-innovation.

However to use fully the potential of green growth in future will be highly dependent on a strong knowledge base. The answer is in the topic of today's conference, Knowledge-Based Bio-Economy, or KBBE.

The KBBE of today is based on recent advances in Life Sciences and Biotechnology. It is a key emerging area, recognized as having great potential in establishing environmentally sustainable and compatible industries utilizing renewable new materials, reducing 'greenhouse gas' production and dependence on fossil fuels. This is the power of knowledge and research and through the KBBE it can contribute to addressing the increasingly broad and global societal issues that affect all of us.

The KBBE is taking shape and becoming a reality in Europe. It is one of the most exciting arms of the knowledge economy and it will be making important contribution to sustainable management, production and use of natural resources in the future; it will provide new, safe, affordable and eco-efficient products; and support competitiveness and sustainability of European industry.

Ladies and Gentlemen,

Sometimes, when I look around me, it feels like we are running backwards to make up for lost environmental ground.

The picture can look bleak if you think about our previous biodiversity targets and the continuing degradation of our natural capital.

But we are gradually turning around the super tanker of ideas and policies towards a new way of looking at the world around us. It is a view based on sustainable, resource efficiency practice. I wouldn't be standing here today if I thought these were just sticking plaster policies. We are starting to look at the world we can live in it fundamentally new ways. And it is about time.

I hope you agree!

Thank you.