

Keeping Cool.

By David Baldock

Last year's events in Denmark are now weeks below the horizon but Copenhagen continues to command attention from the grave. With so much political theatre laid out before the media, billed in advance as the gateway to a new era, it is not surprising that the temptation to look back rather than forward at the less delineated future has been so strong. News coverage of climate policy has dwindled. Yet, we are at a critical stage. There is every need to maintain impetus and for Europe to be clear about its ambitions and the means of attaining them. This is even more the case since the Massachusetts election, which has raised questions about the future of the US cap and trade legislation.

By the end of January industrialised countries need to make formal commitments on future action on climate policy within an annex of the Copenhagen accord. Some Member States would prefer to do this individually rather than collectively under the umbrella of the EU. This would be to sacrifice a large slice of the leverage on the wider world that Europe has achieved by actively negotiating and agreeing one position and taking account of this in internal policies. It would symbolise the reluctance to compromise for the common good that undermined progress on several fronts in Copenhagen. However, the very fact that this debate is occurring at all - and that there is considerable resistance within Europe to moving from a 20 per cent to a 30 per cent commitment on reducing emissions - indicates that a greater political effort to bridge the gap between more committed and more sceptical governments is essential. This may mean more use of financial aid for key investments, as it has at a global level.

Too much uncertainty about European policy goals and the level of commitment to measures to secure them could be highly damaging at this stage, and will be accompanied by continued weakness in the carbon price. National leaders should avoid the lure of individual excursions on the world stage and prioritise negotiations on a robust European position that offers some of the discipline so often absent in Copenhagen.



David Baldock
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1. Prospects for EU Environmental Policy Under the New European Commission

In November, re-appointed Commission President José Manuel Barroso announced his proposed College of Commissioners and their respective portfolios. The proposed restructuring of the Commission with the creation of a new Directorate General (DG) for Climate Action, a separate DG for Energy, and a significant reduction in the scope of DG Environment's remit indicate that Barroso's main environmental priorities for the coming years will be climate change and energy issues.



An ambitious and broad agenda has been set for the new DG for Climate Action. While the Directorate will have a strong head in the form of Connie Hedegaard - the Danish Minister for Climate and Energy since 2007 who has received much praise for her work to raise the profile of climate change and environment issues both within Denmark and internationally - the extent to which she is able to effectively fulfil her remit will in part depend on the resources available to her.

The nomination of Janez Potočnik (Slovenia), a relatively low-profile candidate with limited previous experience in the area, to the environment portfolio reflects the weakened role of DG Environment within the new Commission. DG Environment will not only lose its responsibilities for climate change but also those related to industrial emissions and civil protection, and potentially those related to biotechnology, pesticides and health.

The new Energy Title in the Lisbon Treaty and the creation of a separate Directorate for Energy to be headed by Günther Oettinger (Germany) appears to indicate a strengthening of EU activity in this area; however the transfer to DG Competition of competence for state aid decisions relating to energy implies that the new Directorate will not have a central role in some of the core economic decisions made in this policy area.

The personalities and priorities of the Commissioners-designate for Agriculture and Rural Development (Dacian Cioloș, Romania), Regional Policy (Johannes Hahn, Austria), and Budget and Financial Programming (Janusz Lewandowski, Poland) will also have important implications for discussions on the future EU budget and the possibility of its reorientation to meet new challenges such as climate change.

The final structure of the DGs is still under discussion and will be finalised once the Parliament has approved the new College of Commissioners, which is expected by the end of January. The proposed restructuring of the Commission services along with the personalities and priorities of the Commissioners-designate in charge of environment related portfolios will no doubt have significant implications for the future ambition and direction of environmental policy in the EU.

Contact: Sirini Withana

2. EU Budget and Climate Change – a New Publication

IEEP has contributed to a new publication on the EU budget launched in early January – 'Unlocking a Low Carbon Europe – Perspectives on EU Budget Reform'. The publication is edited by Green Alliance and contains independent articles from a range of stakeholders and think tanks including E3G, Business for New Europe, CEE Bankwatch and FOEE, Notre Europe, WWF European Office, and the Heinrich Böll Foundation.



IEEP's article 'Delivering EU Action on Climate Change', written by David Baldock and Camilla Adelle, discusses why and how the EU budget should contribute to the challenge of financing a dynamic climate and energy policy. It discusses the need for financing of both adaptation and mitigation activities within Europe, considering in particular the 2008 Climate Action and Renewable Energy (CARE) package of European legislation. The article argues that the EU budget needs to support the overall vision of building a low-carbon economy, providing positive impetus for investments and actions where individual Member States are unlikely to move fast enough or far enough on their own.

Contact: Camilla Adelle

3. Modulation Delivers Environmental Benefits

Reducing CAP Pillar One payments by up to 20 per cent appears to have a negligible impact on agricultural commodity production and the viability of farm businesses at the EU level, although the impact is greater on grazing and mixed farms. In contrast, redirecting these funds to Pillar Two leads to significant additional beneficial impacts, particularly for the environment, although these benefits are less easy to quantify.



This is the key message to come out of a study, carried out by LEI and IEEP for DG Agriculture, on the economic, social and environmental impacts of various rates of compulsory modulation - past, present and future. Drawing on modelling results and national case studies, the results show that modulation acts as a conduit for securing increased funding for rural areas, both to the agricultural sector and beyond.

The study found that the increase in the Pillar Two budget - augmented by national co-financing - tends to compensate for any negative impacts resulting from reductions in Pillar One at the EU level. However these impacts vary depending on farm type and size, as well as the design, implementation and targeting of Rural Development schemes in different parts of Europe.

The environment gains most from compulsory modulation, with positive impacts on the farmland bird index, High Nature Value (HNV) farmland, nutrient surpluses and the production of renewable energy all anticipated. These positive impacts result from the availability of additional funds for a range of measures across all Axes, but particularly for the agri-environment measure. The benefits would be likely to increase with higher rates of modulation.

The report can be found at http://ec.europa.eu/agriculture/analysis/external/index_en.htm

Contact: Kaley Hart

4. Regulating Intensive Pig Farms

Intensive pig farms can cause many problems for the environment. The animal houses, manure storage and manure spreading on land can result in emissions of ammonia (which damages vegetation) and odour problems (a nuisance for local communities), and spreading of manure can impact on local water quality. These farms are regulated under the EU's Integrated Pollution Prevention and Control (IPPC) Directive, and IEEP worked with the EU's network of environmental regulators (IMPEL) to examine the challenges that these regulators face.

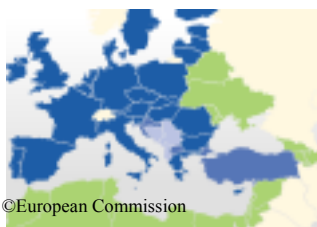


Unlike traditional industry, it is not easy to set 'emission limits' for intensive pig farms. Instead, conditions need to be considered for the construction of animal housing, how manure is moved and stored and how landspreading is undertaken. Inspecting the farms can also be difficult. This is partly because they are so numerous, but also there may be restrictions to prevent the spread of disease.

However, it is clear that there is good practice in a number of Member States, and it is important for the regulators to share this good practice. The EU is currently reviewing its technical guidance on the application of IPPC to this type of farm and the IEEP report is timely in making recommendations for a number of technical issues that need to be considered. The report was adopted by IMPEL's General Assembly in December and is available on IEEP's website.

Contact: Andrew Farmer

5. The Benefits of Improving the Environment in European Neighbourhood Policy (ENP) Countries



A number of 'benefit studies' conducted by IEEP (with others) in former acceding countries (e.g. Croatia, FYR Macedonia, Serbia etc) revealed that much could be gained from aligning regulation to the EU environmental acquis. Positive impacts include health benefits, ecosystems benefits, and broader advantages such as benefits to natural resources (e.g. fisheries and agriculture) and economic gains (e.g. from tourism).

Countries neighbouring the EU are now facing similar environmental challenges, although the scale and priorities may differ. Industrial pollution, air and water quality, waste management, biodiversity loss, floods, droughts and desertification and, more broadly, climate change, are significant threats also outside the EU borders. Ensuring that environmental issues are tackled as effectively abroad as they are within the EU will have local and global benefits. Cooperation agreements established with our neighbours, such as the European Neighbourhood Policy (ENP), can stimulate this. However, it is important that the benefits of improving the environment are well understood on both sides of the border, so that the right commitments and financial investments are made.

Building on the earlier benefit studies approach, IEEP further developed a methodology to be applied to the ENP countries, assessing the effects of bringing their environmental regulation closer to European or international standards.

Moving from theory to practice, IEEP will soon engage in a major 18-month study to apply such a methodology to Russia and the 16 ENP countries, namely the northern African, western Mediterranean and western former Soviet Union countries. The

project, led by Arcadis Belgium and also involving Ecologic, ERM and Metroeconomica, will identify, quantify and where possible monetise the economic and social benefits of improved environmental legislation in these countries. It will also investigate challenges and needs for capacity building. The findings of the project are expected to be made available in mid 2011.

Contact: **Samuela Bassi, Andrew Farmer**

New! IEEP relaunches 'the Manual' in 2010

The IEEP Manual for European Environmental Policy is a comprehensive source on EU environmental policy, well known to many in the environmental policy field. Many of the long-standing users will be happy to know that this comprehensive guide is evolving with the times and will be available online in 2010.

The relaunch will give the Manual a new form and structure, additional features, regular updates by an interdisciplinary team of experts, and direct links to relevant EU legislation and communications.

IEEP and the new publisher, Earthscan, plan to take the Manual to new heights in both quality and recognition.

More details and subscription can be found at <http://www.ieep.eu/publications/manual.php>

For more information on the IEEP Manual please contact: **Camilla Adelle**

IEEP conferences and events

In the coming months IEEP will organise or participate in the following meetings and events. If you would like to find out more, do not hesitate to contact us.

Launch of Public Goods Report – Brussels (Belgium), 25 January 2010

This event will launch a high-level report on the 'Provision of Public Goods through Agriculture in the European Union', prepared by IEEP for DG Agriculture. The final report is available at http://ec.europa.eu/agriculture/analysis/external/public-goods/report_en.pdf

Contact: [Tamsin Cooper](#)

The Future of the Common Agriculture Policy - The Hague (Netherlands), 26-28 January 2010

David Baldock will attend and moderate a workshop session at the Dutch Ministry of Agriculture's Nature and Food Quality high-level conference on the future of the Common Agriculture Policy.

Contact: [David Baldock](#)

RISE Workshop: Public Goods from Private Land – Brussels (Belgium), 1 February 2010

David Baldock will attend the Rural Investment Support for Europe (RISE) Foundation's Workshop on 'Public Goods from Private Land' in order to respond to a presentation by Professor Allan Buckwell on the RISE Foundation's recent report. The event will focus on the nature and scale of public goods as well as the various means of ensuring their delivery. Jo Swinnen and Corrado Pirzio-Birolo will chair proceedings.

Contact: [David Baldock](#)

Vision and Design: Towards a CAP for the Future – Brussels (Belgium), 9 February 2010

IEEP is holding a conference at Scotland House on 'Vision and Design: Towards a CAP for the Future'. It will provide a platform for the presentation of the results of an IEEP study for DG Agriculture on 'The Public Goods Provided by Agriculture in the EU', along with a presentation of 'A New CAP - Meeting the Environmental and Food Challenges of the Future', written by a coalition of 5 NGOs and currently out for public consultation [available at <http://cap2020.ieep.eu/vision/>]. Invitees include stakeholders, NGOs, Member State representatives, Commission officials, MEPs and academics.

Contact: [Tamsin Cooper](#)

Book Launch 'The New Climate Policies of the European Union: Internal Legislation and Climate Diplomacy' – Brussels (Belgium), 10 February 2010

IEEP and the Institute for European Studies (IES) will launch this latest volume in the IES book series, with a keynote address from Artur Runge-Metzger, Director of Directorate C on Climate Change and Air, DG Environment and head of the EU delegation to the international climate negotiations. The book is the result of a joint IEEP and IES policy forum series in 2009 and is edited by Sebastian Oberthür and Marc Pallemmaerts. A number of chapters are authored by IEEP researchers. To register and read more information on the book visit: <http://www.ies.be/climatebooklaunch>

Contact: [Marc Pallemmaerts](#), [Camilla Adelle](#)

CAP Reform Workshop - Bilthoven (Netherlands), 10-11 February 2010

Tamsin Cooper and Kaley Hart will lead a workshop on the CAP Reform. It will take place in at the premises of PBL, The Netherlands Environmental Assessment Agency.

Contact: [Kaley Hart](#)

'Delivering LUPG's Vision for a Future CAP' – Brussels (Belgium), 17 February 2010

IEEP's Agriculture team are holding an event on 'Delivering LUPG's Vision for a Future CAP', to which DG Agriculture and key experts are invited. The team will present three papers: 'Achieving a Transition Away from Income Support Payments' (Kaley Hart), 'Towards an Environmentally Sustainable Production Agenda' (David Baldock) and 'The Case for EU Intervention in the Environment' (Tamsin Cooper). The papers will be available on IEEP's website at the end of March.

Contact: [Tamsin Cooper](#)

Launch of Foresight Land Use Futures Study - London (UK), 25 February 2010

David Baldock has been invited by the UK Government Office for Science to the launch of the findings of the Land Use Futures Foresight project, taking place at the Royal Society, Carlton House Terrace. IEEP undertook one of the studies culminating in a paper in a special edition of Land Use Policy on 'International Perspectives on Future Land Use'.

Contact: [David Baldock](#)

Agra Europe's 29th Annual Outlook for Agriculture 2010 Conference - London (UK), 16-17 March 2010

David Baldock will speak at Agra Europe's 2010 annual conference. His presentation will discuss 'Agriculture's Dual Challenge of Delivering Food and Protecting the Environment'.

Contact: [David Baldock](#)

IEEP books and publications

IEEP contributes with its publications to disseminate information and insights on environmental policy and environmental related topics. Recent releases include:

Derivation and Use of Environmental Quality and Human Health Standards for Chemical Substances in Water and Soil



Derivation and Use of Environmental Quality and Human Health Standards for Chemical Substances in Water and Soil. Editors: Mark Crane, Peter Matthiessen, Graham Merrington, and Paul Whitehouse. CRC Press.

This new publication includes a chapter authored by IEEP Senior Fellow Andrew Farmer, examining the economic and social contexts for the adoption and use of different types of environmental standards, and proposing a framework for the development of new standards.

The book is available at:

<http://www.crcpress.com/product/isbn/9781439803448>



The New Climate Policies of the European Union - Internal Legislation and Climate Diplomacy. Editors: Marc Pallemmaerts and Sebastian Oberthür. Institute for European Studies Press, 340 pages.

The book, edited by IEEP Senior Fellow Marc Pallemmaerts and Sebastian Oberthür, Academic Director of the Institute for European Studies of the Vrije Universiteit Brussel, provides a timely overview and assessment of the development of the new EU climate policies, with a focus on the new climate and energy package. Several chapters were authored by IEEP staff.

Further details and ordering information can be found at:

http://www.aspeditions.be/article.aspx?article_id=THENEW602M



Unlocking a Low Carbon Europe – Perspectives on EU Budget Reform. Editor: Chris Littlecott. Green Alliance, London.

This publication, edited by Green Alliance, includes an article by IEEP Director David Baldock and Policy Analyst Camilla Adelle) on 'Delivering EU Action on Climate Change'. The article discusses why and how the EU budget should contribute to the challenge of financing a dynamic climate and energy policy.

The publication will be available at the Green Alliance website:

<http://www.green-alliance.org.uk/grea1.aspx?id=192>