DRAFT REPORT

on Eco-innovation - Jobs and Growth through environmental policy
(2012/2294(INI))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Karin Kadenbach
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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Eco-innovation - Jobs and Growth through environmental policy

(2012/2294(INI))

The European Parliament,


– having regard to the Commission communication ‘Innovation for a sustainable Future - The Eco-innovation Action Plan (Eco-AP)’ (COM(2011)0899),


– having regard to the Commission communication ‘A resource-efficient Europe – Flagship Initiative under the Europe 2020 Strategy’ (COM(2011)0021),


– having regard to the Commission communication ‘A strategic vision for a European standard: Moving forward to enhance and accelerate the sustainable growth of the European economy by 2020’ (COM(2011)0311),

– having regard to the Commission communication ‘Rio+20: Towards the green economy and better governance’ (COM(2011)0363),

– having regard to the Commission communication ‘A Roadmap for moving to a competitive low carbon economy in 2050’ (COM(2011)0112),

– having regard to the Commission communication ‘An Agenda for new skills and jobs: A European contribution towards full employment’ (COM(2010)0682),


– having regard to the Commission communication ‘Horizon 2020 - The Framework Programme for Research and Innovation’ (COM(2011)0808),


– having regard to the Commission Green Paper ‘From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation funding’
(COM(2011)0048),

– having regard to its resolution of 11 November 2010 on European Innovation Partnerships within the Innovation Union flagship initiative,1

– having regard to its resolution of 24 May 2012 on a resource-efficient Europe,2

– having regard to its resolution of 29 September 2011 on developing a common EU position ahead of the United Nations Conference on Sustainable Development (Rio+20),3

– having regard to its resolution of 15 March 2012 on a Roadmap for moving to a competitive low carbon economy in 2050,4

– having regard to its resolution of 10 February 2011 on innovative financing at global and European level,5

– having regard to its resolution of 8 June 2011 on ‘Investing in the future: A new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe’,6


– having regard to its resolution of 12 May 2011 on ‘Innovation Union: transforming Europe for a post-crisis world’,7

– having regard to its resolution of 14 June 2012 on ‘Towards a job-rich recovery’,8

– having regard to its resolution of 7 September 2010 on developing the job potential of a new sustainable economy9,

– having regard to its resolution of 11 September 2012 on the role of women in the green economy,10

– having regard to its resolution of 6 May 2010 on the Commission White Paper: ‘Adapting

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3 Texts adopted, P7_TA(2011)0430.
7 Texts adopted, P7_TA(2011)0236.
to climate change: Towards a European framework for action’,\(^1\)

– having regard to its resolution of 27 September 2011 on the Green Paper ‘From challenges to opportunities: towards a common strategic framework for EU research and innovation funding’;\(^2\)

– having regard to the Flash Eurobarometer report No 315 on ‘Attitudes of European entrepreneurs towards eco-innovation, March 2011’,

– having regard to the 2008 UNEP, ILO, IOE and ITUC Green Jobs Initiative entitled ‘Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World’,

– having regard to the 2009 Greenpeace and European Renewable Energy Council (EREC) report ‘Working for the climate: renewable energy and the green job revolution’,

– having regard to the 2007 European Trade Union Confederation (ETUC) and Social Development Agency (SDA) report on ‘Climate Change and Employment: Impact on employment in the European Union-25 of climate change and CO\(_2\) emission reduction measures by 2030’,

– having regard to Rule 48 of its Rules of Procedure,

– having regard to the report of the Committee on the Environment, Public Health and Food Safety and the opinions of the Committee on Employment and Social Affairs and the Committee on Regional Development (A7-0000/2013),

A. whereas a clean and healthy environment is a precondition for maintaining prosperity and a high quality of life in Europe, but so is the strength and competitiveness of the economy;

B. whereas the scale of the crisis presents a unique and historic opportunity to bring forth transformational change in our economies, paving the way for truly sustainable and socially fair long-term development;

C. whereas the growth of GreenTech in the past years has shown that investing in green growth is not a costly duty but a huge economic opportunity; whereas although nearly every sector has suffered big losses as a result of the recession, the green sector has suffered a drop in growth but is still growing;

D. whereas it is necessary to replace the current resource-intensive economy by a resource-efficient one, by transforming established industries into green high value-added industries that create jobs while protecting the environment;

E. whereas environment-friendly solutions will attract a new generation of high-tech manufacturing and services, increase European competitiveness and create new high-skilled jobs;

F. whereas by supporting new processes to clean up production processes, new management

\(^1\) Texts adopted, P7_TA(2010)0154.
\(^2\) Texts adopted, P7_TA(2011)0401.
methods and new technologies, and new services to make business greener, eco-innovation acts to help Europe make the most of its opportunities while addressing current challenges;

G. whereas Europe is a leader in new technology development; whereas there are many barriers to the development and wider use of environmental technologies, such as lock-in to existing technologies, price signals that tend to favour less eco-efficient solutions, difficult access to finance and low consumer awareness; whereas the challenge is therefore to improve the overall environmental performance of products throughout their life-cycle, to boost demand for better products and production technologies, and to help consumers make informed choices;

H. whereas eco-industries today provide 3.4 million jobs and an estimated annual turnover of EUR 319 billion; whereas in many countries, green tech is already or will soon be the biggest employer;

I. whereas the Eco-Innovation Scoreboard 2010 (Eco-IS) shows a favourable eco-innovation performance in several Member States, but despite this no single EU country or group of countries can currently serve as a model for eco-innovation performance in the EU;

J. whereas the Flash Eurobarometer report No 315 of 2011, on attitudes of European entrepreneurs towards eco-innovation, shows that SMEs face an increase in material costs, although the majority have introduced new or significantly improved eco-innovative production processes or methods in order to reduce material costs, and that they also face the problem of insufficient access to existing subsidies and fiscal incentives and uncertain demands from the market;

K. whereas measuring eco-innovation is a key requirement for monitoring and evaluating the performance and progress of EU Member States towards smart and sustainable growth in Europe, but the data availability on eco-innovation is limited and its quality varies significantly between indicators;

L. whereas policymakers and other stakeholders have different understandings of what eco-innovation is and what it should aim at;

M. whereas there are different evaluation criteria used for the definition of ‘smart green jobs’ (e.g. within the ILO, UNEP, CEDEFOP, OECD or Eurostat definitions), which could lead to diverging statistics on green jobs and growth;

N. whereas for the period 2014-2020 the EU’s new Horizon 2020 programme for research and innovation is the financial instrument implementing the Innovation Union; whereas under the next Multiannual Financial Framework (MFF 2014-2020) the Eco-innovation Initiative is also covered through LIFE (Programme for the Environment and Climate Action 2014-2020);

**General policies for creating smart, sustainable growth and jobs**

1. Calls on the Commission to continue working on an EU-wide vision of eco-innovation in the context of the shift to a resource-efficient, low-carbon economy, but also to focus on
concrete targets, priority areas and milestones;

2. Calls on the Commission to develop a European strategy for matching workforce skills with the needs of the Green Tech sector, looking to different subsectors and their needs for qualified workers as well as developing an EU-wide database for highly-skilled green jobs;

3. Believes that it is not only subsidies that innovative European companies need, but also better legislation, better links to the research base and better and more diverse access to funding and financing, ranging from grants to loans and equity financing; calls, therefore, on the Member States and the Commission to create appropriate conditions at national and European level;

4. Stresses that Green Tech job creation should not be limited to renewable energy production, increasing energy efficiency and the transport sector, since green growth is an opportunity for all sectors, which should therefore investigate development options for and raise consumer awareness of the importance of buying ‘green’ products;

5. Believes that a new sustainable economy for the EU must ensure balanced economic and social development; calls for an ambitious sustainable industrial policy with an emphasis on resource efficiency; stresses that the green economy needs to offer prospects for decent, well-paid jobs, with focus on the protection of the environment;

6. Welcomes existing university programmes or work training programmes that focus on ecological, economic and social sustainability, and stresses that there are new educational needs to be fulfilled regarding the development of sustainable jobs;

**The Eco-Innovation concept**

7. Welcomes the Commission communication ‘Innovation for a sustainable Future - The Eco-innovation Action Plan (Eco-AP)’ (COM (2011) 0899);

8. Underlines the broad dimension of the eco-innovation concept, given that it is defined as any form of innovation aiming at progress towards the goal of sustainable development, through reducing environmental impacts and achieving a more efficient and responsible use of resources;

9. Calls on the Commission to map different perceptions of eco-innovation and its related challenges and to build a common understanding on the different strategic opportunities eco-innovation offers for the future;

10. Considers the Eurostat definition of ‘green jobs’ (in the environmental goods and services sector), which for example stipulates that ‘green’ technologies and products must have an environmental protection or resource management purpose as their prime objective, to be useful to avoid diverging statistics, but considers it necessary to further develop an EU-wide uniform definition of green jobs and growth, which would, for example, also include the public transport sector;

11. Highlights the unexploited environmental benefit potential of eco-innovation, given that it
is expected to help reduce greenhouse gas emissions through, inter alia, increased use of recycled materials and production of quality products having less impact on the environment, as well as to facilitate more environment-friendly production processes and services; stresses the need to target actions on the bottlenecks and barriers that constitute obstacles to the commercialisation of eco-innovation and the internationalisation of such products and services;

12. Calls on the Commission to develop a systematic approach to eco-innovation policy, with sound framework conditions enabling a level playing field for eco-innovation in businesses and an infrastructure that allows businesses and consumers to make sustainable choices;

The EU, the Member States and the regions

13. Given that eco-innovation is a cross-cutting policy area which no single ministry or agency can tackle on its own, calls on the Commission and the Member States to encourage cooperation across ministries and policy levels and to monitor the implementation of the policies concerned on a regular basis;

14. Calls on all key actors to work together on growth, innovation and jobs in each sector, and to make use of the existing instruments, namely: technology platforms, skills expert panels, joint technology initiatives, lead markets, clusters and high-level industrial groups;

15. Calls on the Commission and the Member States to draw up new legislation and strengthen the existing legislation in the field of the development and use of renewable energies and increasing energy efficiency, providing legal certainty and a level playing field, and boosting public and private investment;

16. Calls on the Member States to improve the coordination of these policies, and in particular to support regional partnerships for growth, innovation and jobs, as well as crossborder initiatives;

17. Calls on the Commission to provide a platform enabling the Member States to coordinate their efforts in creating new sustainable jobs and growth;

18. Urges the Member States to exchange experience and best practice in the field of employment opportunities when dealing with the economic, social and environmental impact of climate change;

19. Recommends that the regional authorities adopt development strategies in line with the objectives of the EU 2020 Strategy, with the aim of creating new jobs in a sustainable economy;

20. Takes the view that the existing and proposed EU environmental legislation has significant potential to create new jobs in areas such as air, soil and water, energy, public services, agriculture, transport, forestry and environmental management, and calls on the Member States to implement this legislation;

21. Calls for the creation of stronger links between basic research and industrial innovation
and between innovation and the manufacturing process; urges the Commission to initiate research/consultancy case studies on eco-innovation for every Member State;

**Funding eco-innovation**

22. Calls on the Commission and the Member States to eliminate in the medium term all subsidies and financial support for fossil fuels and environmentally unsustainable policies;

23. Welcomes the eco-innovation funding possibilities under the COSME, Horizon 2020 and LIFE programmes;

24. Calls on the Commission to implement the necessary instruments and allocate sufficient budget resources to ensure a smooth transition between the CIP and Horizon 2020 programmes as regards eco-innovation;

25. Points out that, although current priority areas for the CIP Eco-innovation 2012 Call for proposals are limited to a number of focus areas, the eco-innovation initiative is a cross-cutting programme that supports eco-innovative projects in different sectors; reiterates, therefore, that all sectors and business activities should be eligible for funding;

26. Invites the Commission, specifically, to programme clearly-defined, focused and reinforced resources for market replication projects, risk capital, networking and internationalisation for eco-innovations and their commercialisation in the EU by SMEs, conceivably with budgets ring-fenced for eco-innovation as a minimum guarantee;

27. Believes, since new business models are starting to shake up traditional supply chains, that the ability to take account of globalisation and its effects on the EU economy and supply chains over the next funding period should be better reflected in the priorities for the Eco-innovation Initiative;

28. Emphasises that an increase in funds must be coupled with a simplification of funding procedures;

29. Instructs its President to forward this resolution to the Council and Commission.
EXPLANATORY STATEMENT

Introduction

In times of economic crisis, high unemployment rates, high energy prices, scarce raw materials and dependence on imports, sustainable job creation and economic growth is essential to secure social cohesion. Innovation is one of the keys to meet this target and should therefore be fostered. One way is through eco-innovation, which is a concept combining protection of the environment with growth, competitiveness and job creation.

Environmentally friendly innovations are essential to reduce greenhouse gas emissions, to use resources such as water and raw materials more efficiently, to increase the use of recycled materials and to produce quality products with less impact on the environment, just to mention a few examples, as well as to develop more environmentally friendly production processes and services.

Eco-innovation can be many things - a new water filter to clean wastewater, thinner and stronger steel to reduce material waste, or a business model selling repair services instead of products. Examples of eco-innovation are also the bicycle and car share projects in many European cities, such as the Villo Velo Project in Brussels, Belgium.

Current state of play and future challenges

The Commission currently promotes eco-innovation via demonstration and market replication projects, market-based financial instruments and Public-Private Partnership (PPPs) under the Competitiveness and Innovation Framework Programme (CIP). These instruments are also included in the Horizon 2020 proposal to ensure continuity between CIP and Horizon 2020. Logically, eco-innovation policy-targeted measures should be housed in the Horizon 2020 ‘Access to Risk Finance’ equity and debt guarantee financial instruments.

The Commission’s first call for eco-innovation projects was in 2008. The current priority areas for the Eco-innovation 2012 Call are: material recycling, sustainable building products, the food and drink industry, the water sector and green business. For the upcoming calls a broadening to all sectors and business activities should be taken into account.

The growth of GreenTech in the past years has shown that investing in green growth is a huge economic opportunity. While nearly every sector has suffered big losses as a result of the recession, the green sector, despite having suffered a drop in growth, is still increasing. European eco-industries have an estimated annual turnover of € 319 billion (2.5% of EU’s GDP) and currently employ 3.4 million people. Around 600 000 additional jobs in this field were created between 2004 and 2008. The annual growth rate in employment in all subsectors between 2000 and 2008 was roughly 7%. The EU is a strong player within the eco-innovation process with 30% of global turnover and 50% of the global share of water and waste management.

Over the last years, about a million new green jobs have been created, and in many countries...
GreenTech (also known as ‘Clean Tech’) is already one of the largest employers in the European economy. Until 2020, the global turnover in the GreenTech sector is expected to double to €3100 billion. In Germany this sector already contributes 8% to the GDP, which is expected to rise to 14% by 2020. In Austria, for example, 4.8 % of all employees work within the green jobs sector, which, despite the economic crisis, rose by 0.6 % from 2010 to 2011.

Talking about green jobs and growth, there is a wide range of divergent interpretations that are used in the EU. Green jobs used to be considered as those involved with protecting biodiversity and the natural environment; nowadays they include other areas such as low-carbon technologies, energy efficiency and carbon finance. The term ‘green jobs’ is used in different contexts to serve different purposes. This can lead to distortions of statistics on green growth. The European Commission uses a broader definition than EUROSTAT, which stipulates that ‘green’ technologies and products must have an environmental protection or resource management purpose as their prime objective. Therefore, in order to avoid misleading statistics about green jobs and growth development, a clearly formulated and more limited EU wide definition of green jobs and green growth should be elaborated. A first step towards a further clarified and improved definition would be the integration of public transport in the definition of the environmental goods and services sector. An improved definition should also include some minimum standards of working conditions. Furthermore, to ensure significant data, net employment effects for the creation of green jobs and growth should be calculated.

Moreover, by supporting new processes, technologies and services that make businesses more sustainable and create new green jobs, the European legislator as well as the Member States and companies should keep in mind that eco-innovation is not about creating green jobs at any cost. Socially sound and fair working conditions as well as ecological, economical and social sustainability consideration should be guiding principles at any time.

**Funding for eco-innovation**

The EU has developed a range of instruments that focus on environmental innovation and entrepreneurship. For the promotion of eco-innovation, there are currently € 433 million available under the EU’s Competitiveness and Innovation Framework Programme (CIP). At the moment, there are also financing opportunities for environmental services and technologies under the EU’s funding programme LIFE+, which co-finances projects that contribute to the development and demonstration of innovative policy approaches, technologies, methods and instruments, mainly addressed to the public sector. Currently, nearly € 200 million have been earmarked to support market replication projects on eco-innovation, reaching out to the business sector.

Running from 2014 to 2020 the EU’s new Horizon 2020 programme for research and innovation is the financial instrument implementing the Innovation Union. Under the next Multi-annual Financial Framework (MFF 2014-2020) the Eco-innovation Initiative is also covered through LIFE (Programme for the Environment and Climate Action 2014-2020) to the extent that they do not overlap with Horizon 2020.