

THE RELEVANCE OF HABITAT BANKING TO EU POLICIES

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This paper offers a brief overview of the relevance of habitat banking to selected EU policies. It suggests that habitat banking can make a significant contribution to the Europe 2020 strategy, the EU's Sustainable Development Strategy, and a range of sector policies. Habitat banking offers a powerful tool to mobilise the market for a more 'resource efficient' economy, for the reduction of carbon emissions, and for the integration of biodiversity and ecosystem services considerations across sectors. In so doing, habitat banking supports achievement of the EU's economic, social and environmental objectives.

Europe 2020 policy

The Commission's proposal for a Europe 2020 strategyⁱ calls for 'sustainable growth' – 'promoting a more resource efficient, greener and more competitive economy', and includes a proposal for a flagship initiative, 'Resource efficient Europe', which will, *inter alia*, allow Europe 'to achieve its emissions reduction and biodiversity targets.'

The European Council of 26 March agreedⁱⁱ that 'a more sustainable economy' should be a key area of the Europe 2020 Strategy. The Council specified that all common policies, including the CAP and cohesion policy, will need to support the strategy. The 2020 Strategy will be finalised at the European Council meeting of June 2010.

The Environment Commissioner, Janez Potočnik, has recently made clear that 'resource efficiency' in the context of Europe 2020 must include efficient use of 'natural resources which provide services, including clean air, land and water.' He highlights the findings of the study on The Economics of Ecosystems and Biodiversity (TEEB)ⁱⁱⁱ 'that each year, the world is losing land-based ecosystem services that provide us with roughly \$50 billion of services and goods annually' and that business-as-usual could result in cumulative welfare losses of 7% of global GDP by 2050, 'with the EU suffering most.' He suggests that such resource efficiency may only be achieved through a multi-level government strategy (i.e. at European, national, regional and local levels), with the involvement of the private sector, and with 'prices that reflect the real costs and consequences of our actions, in the short, medium and long terms.'^{iv}

- *Habitat banking can make a significant contribution to a more resource efficient economy, in particular by conserving and restoring natural capital and the flow of ecosystem services (including carbon retention by soils). Habitat banking helps put a price on damages to ecosystems, and engages multiple levels of government – from European to local – and the private sector, in securing efficiency in the use of natural resources. Habitat banking can also directly create growth and jobs, in habitat conservation and restoration.*

Sustainable development policy

The Presidency Report on the 2009 Review of the SDS^v states that:

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‘the EU must give higher priority to tackling current unsustainable trends in the use of natural resources and the loss of biodiversity. Better integration of biodiversity into other policy areas such as climate change, transport, agriculture and fishery is crucial, as well as considering better the value of ecosystem services.’

- ***Habitat banking can help meet these requirements, providing as it does an efficient market-based instrument to ensure no net loss of biodiversity resulting from developmental activities including housing, industrial and commercial developments and infrastructure developments.***

Agricultural policy

In line with the European Council’s requirement that the CAP support ‘a more sustainable economy’ under the EU 2020 strategy, the post-2013 CAP is expected to give greater emphasis to supporting the provision of ‘public goods’, including environmental benefits such as carbon retention and sequestration, clean water, and biodiversity, by agriculture.^{vi} This is likely to involve a greater balance of funds to Pillar II of the CAP, and may even eventually lead to a ‘Common Agricultural and Environmental Policy’ as recently suggested by Commissioner Potočník.^{vii}

- ***Habitat banking can compliment the use of public funds from the CAP to enhance the provision of public goods by agriculture, by capturing the value of lost public goods resulting from developmental activities (on both green- and brown-field sites), and investing the proceeds to enhance the natural capital of, and flow of ecosystem services from, agricultural lands.***

Regional policy

In line with the European Council’s requirement that cohesion policy support ‘a more sustainable economy’ under the EU 2020 strategy, post-2013 cohesion policy may be expected to place greater emphasis on resource efficiency across Europe’s territories. This should be interpreted to ensure not just efficient use of material resources throughout the production chain, but also the conservation of natural resources – of natural capital and of the flow of ecosystem services. This is also consistent with proposed ‘territorial cohesion’^{viii}, which implicitly supports more balanced and sustainable development. One possible approach might be for the structural funds to make greater investment, post-2013, in ‘green infrastructure’.^{ix}

- ***Market resources mobilised through habitat banking can compliment the use of public funds under cohesion policy to enhance the development of green infrastructure and environmental ‘territorial cohesion’.***

Climate change policy

Climate change policy^x includes a target to reduce greenhouse gas emissions by 20% by 2020. Climate change policy also highlights the fundamental role played by healthy ecosystems in both mitigating greenhouse gas emissions (e.g. by fixing carbon in plants and soils) and adaptation to climate change (e.g. by mitigating natural disasters).

- ***Habitat banking can mobilise market resources to significantly enhance the area, in the EU, of carbon-rich ecosystems (thereby reducing greenhouse gas emissions) and of biodiverse, change-resilient ecosystems (thereby facilitating adaptation).***

Biodiversity and ecosystem services policy

In its Conclusions of 26 March 2010, the European Council confirmed its commitment to the long-term biodiversity 2050 vision and 2020 target set out by the Environment Council on 15 March^{xi}. These are:

‘a long-term vision that by 2050 European Union biodiversity and the ecosystem services it provides – its natural capital – are protected, valued and appropriately restored for biodiversity’s intrinsic value and for their essential contribution to human wellbeing and economic prosperity, and so that catastrophic changes caused by the loss of biodiversity are avoided’; and

‘a headline target of halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss.’

The European Commission is expected to propose a new biodiversity strategy by end 2010, consistent with the 2050 vision and 2020 headline target, and specifying a number of sub-targets.^{xii}

- *Habitat banking can help the EU meet its 2020 headline target, by making a significant contribution toward ensuring ‘no net loss’ of biodiversity and ecosystem services from developmental activities, in particular in the ‘wider countryside’ outside of the Natura 2000 network of protected areas. Habitat banking can contribute in particular to help combat the cumulative fragmentation of Europe’s habitats, by helping to restore, enlarge and reconnect high-nature value habitats.*

Water and marine policy

The Water Framework Directive^{xiii} and the Marine Strategy Framework Directive^{xiv} aim to enhance the ecological/environmental condition of fresh and marine waters. A key determinant in the quality of fresh and marine waters is the level of pollutants in run-off.

- *Habitat banking can mobilise market resources to significantly enhance the ecological/environmental condition of fresh and marine waters, by reducing the levels of pollutants in run-off, in particular through significantly extending the area of agricultural land under low-nitrogen and low-chemical input regimes and through improving the nutrient retention capacities of soils (reducing eutrophication of downstream water bodies).*

Air quality policy

The Thematic Strategy on Air Pollution^{xv} highlights the fact that intensive cattle, pig and poultry farming and the use of mineral fertilisers are responsible for the vast majority of ammonia emissions. Ammonia emissions are a key contributor to the widespread eutrophication of land, freshwater and marine environments – one of the key causes of ecosystem damage in the EU.

- *Habitat banking can mobilise market resources to significantly expand the area of agricultural land under less intensive, low-fertiliser input regimes, thereby reducing ammonia emissions.*

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- ⁱ COM(2010)2020, 3.3.2010 *Communication from the Commission. Europe 2020. A strategy for smart, sustainable and inclusive growth.* (See: http://ec.europa.eu/europe2020/pdf/complet_en_barroso_europe_2020_en.pdf)
- ⁱⁱ EUCO 7/10, Brussels, 26.03.10. *European Council 25/26 March 2010 Conclusions.* (see: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/113591.pdf)
- ⁱⁱⁱ See: www.teebweb.org
- ^{iv} Speech/10/118 – Janez Potočnik European Commissioner for Environment – *Resource efficiency as a driver for growth and jobs 2010* – Jean Jacques Rousseau Lecture, The Lisbon Council, Silken Berlaymont Hotel, 23rd March 2010 (See: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/118>)
- ^v Doc 16818/09, 1.12.09. 2009 review of the EU Sustainable Development Strategy – Presidency Report (See: <http://register.consilium.europa.eu/pdf/en/09/st16/st16818.en09.pdf>)
- ^{vi} http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm
- ^{vii} Speech/10/99 - Janez Potočnik European Commissioner for Environment - *Can the CAP bring considerable benefits to our environment? 3rd Forum for the Future of Agriculture – The Economics and Politics of Food Security vs. Climate Change*, Brussels, 16 March 2010 (See: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/10/99&format=HTML&aged=0&language=EN&guiLanguage=en>)
- ^{viii} See ec.europa.eu - territorial cohesion web pages (http://ec.europa.eu/regional_policy/consultation/terco/index_en.htm)
- ^{ix} See: *Towards a Green Infrastructure for Europe website* (<http://www.green-infrastructure-europe.org/>)
- ^x See: ec.europa.eu – climate change and energy webpages (http://ec.europa.eu/environment/climat/climate_action.htm)
- ^{xi} 7522/10 (presse 67), Brussels, 15.03.2010. *Press Release 3002nd Council Meeting, Environment* (See: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/envir/113373.pdf) and *Annex 7536/10 Biodiversity: Post-2010. EU and global vision and targets and international ABS regime – Council conclusions.* (See: <http://register.consilium.europa.eu/pdf/en/10/st07/st07536.en10.pdf>)
- ^{xii} COM(2010) 4 final, Brussels, 19.1.2010. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Options for an EU vision and target for biodiversity beyond 2010* (See: http://ec.europa.eu/environment/nature/biodiversity/policy/pdf/communication_2010_0004.pdf)
- ^{xiii} *Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy* (See: http://ec.europa.eu/environment/water/water-framework/index_en.html)
- ^{xiv} *Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive)* (See: http://ec.europa.eu/environment/water/marine/index_en.htm)
- ^{xv} COM(2005) 446 final, Brussels, 21.9.2005 – *Communication from the Commission to the Council and the European Parliament - Thematic Strategy on Air Pollution* (See: http://europa.eu/legislation_summaries/environment/air_pollution/128159_en.htm)