Memo to the commissioner responsible for environment policy

The link between economic sustainability and the environment should be obvious, but in practice environmental policy continues to face pushback because of short-term economic concerns, and failure to account for the longer-term costs of environmental degradation. You will have to plan for this pushback in promoting policy in crucial areas including safeguarding biodiversity, water security, resource e f ciency and pollution reduction.

Your best strategy may be to create stronger links between the environment and the EU's major policy goals – especially economic security and competitiveness – and to show how environmental policies are enablers of other policies. Improving environmental metrics will be important to make the case.

Propose a green economic security strategy

Develop detailed sustainable competitiveness policies

Foster long-term thinking, especially on agriculture

State of a f airs

e environment portfolio lingered for many years in the shadow of others as political leaders prioritised economic policies. Since 2019 however, the European Green Deal has brought more attention and resources to environmental policymaking. A more robust legislative framework has resulted for biodiversity protection, incentives and regulation to bring more resource circularity into the European economy, and some reductions in pollution. However, progress on the environment has been modest compared to the decarbonisation of energy systems, for which the transition has accelerated since Putin's 2022 invasion of Ukraine.

Biodiversity and functioning ecosystems provide essentials for life including fresh water, soil fertility and pollination. Economic systems do not account for these 'ecosystem services' as having monetary value, yet economic activity cannot happen without them, and many of them cannot be substituted by human-made technology. ey are still largely discounted as invisible and silent externalities, rather than as assets that have value and carry depreciation costs. Annual species loss from land-use change will exceed the international target by 35 times in 2024 (UNEP, 2024).

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In addition, there are close links between decarbonisation and healthy environments. Energy accounts for about three-quarters of greenhouse-gas emissions, but nearly a fth comes from agriculture and could be reduced by more sustainable practices. Climate change meanwhile puts more pressure on nature, as plants, animals and other forms of life struggle to adapt to sudden temperature rises, changing rainfall patterns and extreme weather. Europe is already warming at twice the global average (C3S and WMO, 2024), resulting in water stress, storms and wild res that will recur every summer.

Many of these environmental impacts have already severely transgressed planetary boundaries, creating a high risk to the natural systems that have maintained the stable and favourable conditions in which human civilisations have developed. Although climate policy is the responsibility of your fellow commissioner, most of the other planetary boundaries (from water to biodiversity) are in your portfolio. Di erent forms of environmental damage

Even if carbon emissions stop, the predominant linear 'take-make-waste' economic model is causing over-extraction from nature

– on land, in the seas, in the ice-caps and in the atmosphere – have non-linear interactions, meaning that larger risks are building up from the aggregate e ects of ecosystem degradation. is will have damaging and volatile impacts on economies. Even if carbon emissions stop, the predominant linear 'take-make-waste' economic model is causing over-extraction from nature that damages biodiversity, water cycles and other essentials for human life and health.

Your predecessor made signi cant progress in areas including the circular economy (sustainable products, right to repair), nature restoration and a biodiversity strategy for 2030, material consumption and waste targets, and pollution reduction. Your focus will be on implementation of these policy frameworks in a di cult political environment, while introducing new measures on water security (including oceans), the circular single market, and chemicals. You must also build environmental risks and bene ts into other policies.

Challenges

Your biggest challenge is the " "

e tragedy of the horizon is the deeply embedded human tendency to discount the costs and bene ts of distant events (Carney, 2015). e reality that human activity cannot survive without nature is quickly forgotten in policy debates about priorities that have a time-horizon of just one to ve years.

To overcome the tragedy of the horizon, you will need to do a lot of outreach, both on the framing of existing measures to make sure they get implemented at national level, and in the form of political communication on why environmental measures go hand-in-hand with long-term economic and security goals. is is a daunting task. erefore, you would do well to link your portfolio to the EU's major policy objectives, because that is where the power, money and political attention lie.

Political pushback and 'greenhushing'

You face a risk that environmental goals will be eclipsed by other priorities, including defence procurement and fears of de-industrialisation. Moreover, the Commission is tempted make the environment portfolio less visible to try to prevent pushback by keeping it below the political radar

is might work in the short term but it will not build support for EU measures and it keeps environmental risks out of the public eye. To sustain implementation of EU-level policies and laws, you need to explain the scienti c realities over and over. is is important for the environment, but also for the economy, given the investments already made in sustainable products, services and technology by both the private and public sectors. After the di culty and delay in the adoption of the Nature Restoration Law[1], it will be hard to get attention for the other elements of the Biodiversity Strategy for 2030, such as the Soil Monitoring Law and the EU forest monitoring framework.

Environmental stresses and disasters could have a perverse impact on politics; voters may turn inwards

e increasingly obvious physical e ects of nature degradation will reinforce your case, but environmental stresses and disasters could have a perverse impact on politics. Voters may turn inwards, encouraged by populists who argue that their interests are threatened by moves away from the linear, brown economy. Instead of favouring systemic solutions, people may seek to hold on to what resources and assets they have. To widen mental horizons and combat disinformation, you will need to work with a wide range of politicians across many parties.

The impact of water stress and climate change on nature

Biodiversity loss is likely to increase over the next years because of the stresses of climate change. Water stress will also worsen as evaporation increases because of higher temperatures and rainfall decreases around the Mediterranean basin. Elsewhere in the EU, extreme rains and oods are becoming more frequent, endangering lives and leading to heavy economic losses, releases of pollutants and harms to biodiversity.

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1 Finally approved in June 2024; see Council of the EU, 'Environment Council, 17 June 2024, main results', https://www.consilium.europa.eu/en/meetings/env/2024/06/17/.

The economic and human costs of pollution

Air pollution kills 300,000 Europeans per year according to the European Environment Agency, while reducing worker productivity, agricultural yields and carbon sequestration by plants – and there is clear evidence that productivity improves when air pollution declines (Dechezleprêtre *et al*, 2019). Water pollution and soil degradation also reduce agricultural productivity over time. Full implementation of EU environmental laws could save tens of billions of euros every year in health and other costs, so going slow on implementation is costly.

Agriculture and nature

Pushback by the agro-chemical industry against green measures is likely to continue for as long as the EU continues to subsidise large-scale, industrial farming. The next major opportunity to re-think agricultural policy will come with the negotiations for the next EU budget (multiannual financial framework, MFF). Agricultural sustainability measures will be vital to reduce emissions, but also to maintain biodiversity and reduce water and air pollution from nitrates and fertiliser use. However, the Common Agricultural Policy is arguably the EU's most reform-resistant policy.

Transition to a circular economy

The focus of the EU's circular economy strategy has broadened from waste management – recycling and end-of-life disposal – to a wider economic paradigm that includes product design and empowering consumers to choose more sustainable options. Much greater gains can be made by designing products and buildings at the start of life for durability, resource efficiency and ease of re-purposing and re-use.

However, achieving EU goals relies on countries adopting their own circular-economy strategies, most of which remain generic, without binding measures or solid timeframes (EEA, 2024).

Lack of metrics for cost-bene f t calculations

regulations that often set global norms. Other countries are also moving towards encouraging circularity because of the rising costs of managing waste, and many European companies have solutions and technology to export.

Focus on the Circular Economy Act

You can make a major contribution by developing the policy framework to enhance Europe's comparative advantage in producing the most energy and resource-e cient products and services. Commission President von der Leyen has committed to a new Circular Economy Act, helping to create market demand for secondary materials and a single market for waste, notably in relation to critical raw materials, with the aim of a creating more sustainable pattern of production and consumption and retaining the value of resources in the economy for longer. is Act should be a centrepiece of your mandate.

e EU sets global norms for eco-design, repairability, durability and recyclability through its rules on sustainable products, soon to be enhanced by the rollout of digital product passports. If the move to circularity stimulates innovation to make products that are more durable and resource-e cient, it will create lead markets and European companies will have the edge in designing products that meet the highest global standards, and in building supply chains for recyclates and recycled materials.

Work with central banks and regulators to reduce environmental risks to f nancial stability

If ecosystems continue to be degraded, crises such as water shortages or collapse of pollination will occur, with drastic and long-lasting e ects on business continuity and wider society. e risks of environmental degradation need to be built into prudential supervision of the nancial sector, given that three-quarters of euro-area bank loans are to companies that are highly dependent on at least one ecosystem service.

ese risks are important to central banks because they can cause supply-chain disruptions that a ect prices and ultimately in ation. However, central banks, nancial regulators and credit agencies cannot intdβ ed bankenot wgeeses and3dβ e.09000.50900.355 sc

these risks. Your role will be important in guiding the creation of new policy frameworks for valuing nature to complement the risk-based approaches of your colleagues responsible for economic portfolios.

Establish climate adaptation planning

President von der Leyen has proposed a European Climate Adaptation Plan to support countries notably on preparedness and planning and to ensure regular science-based risk assessments, including a new European Water Resilience Strategy.

For this, a cross-portfolio approach will be needed, working with your colleagues with responsibilities for the Mediterranean, climate and humanitarian response. Your role will be to look for solutions that work with nature rather than against it. For example, transfer of water from one place to another causes harm to ecosystems. Pressure could come for emergency measures that cause longer-term harm, such as ood protection walls that destroy more nature or uncontrolled proliferation of private wells. You need to put forward green infrastructure solutions, such as restored wetlands and tree cover.

Improve environmental metrics

e case for environmental measures will be much more powerful if you are able to improve methods of measurement and means of showing the value of nature, as well as the risks of losing it. Cost-bene t calculations for circularity measures, such as eco-design, would help to motivate deeper and faster implementation. More precise measurement of hidden ine ciencies would show the value of greater resource e ciency. For example, in the area of 'waste as resources', estimates of the value of bio-waste when turned into a high-quality fertiliser and soil improver, as well as biogas (a renewable fuel), would help to encourage collection of all discarded organic material. You need to take natural capital accounting to the next level by including monetary accounts for ecosystem services.

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Green external policies

Other commissioners responsible for various aspects of external relations will need help to integrate environmental objectives more systematically into their priorities, focusing on energy security and independence, resilience in the face of climate-related disasters, and the value of ecosystem services – starting with the Mediterranean and enlargement countries.

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