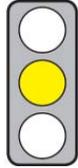


MAIN ISSUES

Objective of the White Paper: The Commission prepares a comprehensive strategy to deal with the allegedly unavoidable impacts of climate change through adaptation action at an early stage.

Parties Affected: Almost all economic sectors.



Pros: (1) The foresighted adaptation to the impacts of climate change is economically necessary.

(2) The development of knowledge regarding climate change is necessary in order to be able to take meaningful adaptation action.

Cons: (1) The introduction of compulsory insurance against climate-related damage is problematic and should be decided by Member States.

(2) The "climate impact assessment" should not be made a condition for private investments; neither should it be incorporated into the environmental impact assessment, nor into harmonised standards for construction.

CONTENT

Title

White Paper COM(2009) 147 of 1. April 2009:

Adapting to climate change: Towards a European framework for action

Brief Summary

► Objective and establishment of the framework for action

- According to the Commission, climate change alters precipitation quantity and intensity, raises the sea level and increases the danger of weather-related natural disasters. This affects health, ecosystems, agriculture and infrastructure (buildings, transport, energy and water supply). The framework for action is to improve the ability of the EU and its Member States to deal with the unavoidable impact of climate change.
- The framework for action consists of a two-phased strategy supporting and complementing national adaptation action through coordination at EU level. Phase one (2009-2012) comprises four pillars of action at national and/or EU level, on the basis of which in phase 2 (as of 2013) a comprehensive adaptation strategy is to be worked out.

► First pillar of action: developing knowledge

- Knowledge of the impact of climate change and of the costs and benefits of different adaptation options is to be improved in order to be able to take "appropriate" policy decisions (p. 7).
- Therefore, by 2011:
 - a central Clearing House Mechanism is to be established in order to exchange existing data and research outcomes between Member States,
 - methods, models, data sets and prediction tools are to be developed to forecast the impacts of climate change,
 - indicators are to be developed to better monitor the impact of climate change and progress on adaptation,
 - the costs and benefits of different adaptation options are to be assessed.

► Second pillar of action: adaptation in policy areas

In key policy sectors early adaptation action is to be taken that would generate "net social and/or economic benefits", irrespective of the projected impact of climate change ("no-regret measures", p. 8).

– Health and social policies

- By 2011 surveillance mechanisms on the health impacts of climate change (e.g. through epidemics and weather-related natural disasters) are to be developed.
- The impacts of climate change on the well-being and employment of "vulnerable social groups" (the elderly, disabled and poor people) are to be "distributed equitably" (p. 10).

– Agriculture

- It is to be assessed how adaptation measures can be embedded in an EU strategy to improve competition, the environment and the quality of life in rural areas for 2007-2013.
- In particular the efficient use of water in agriculture is to be examined

Biodiversity, ecosystems and water

- Measures against the loss of biodiversity are to be developed.
- By 2010 the Commission wants to set up guidelines for how to factor climate change into "Natura 2000" in accordance with the Fauna-Flora-Habitats Directive (92/43/EEC).
- By the end of 2009, the Commission wants to set up guidelines for how to integrate adaptation measures for river basins according to the Water Framework Directive (2000/60/EC).

Coastal and marine areas

- Adaptation measures are to be integrated into the common marine policy, the implementation of the Marine Strategy Framework Directive (2008/56/EC) and the reformed Common Fisheries Policy.
- The Commission wants to develop guidelines for adaptation measures in coastal and marine areas.

Production systems and physical infrastructure

- The Commission acknowledges that the protection of infrastructures against "extreme weather events", e.g. in the area of traffic, is "predominantly" a Member State responsibility. Notwithstanding, the EU plays an "important role in promoting best practice" here (p. 12).
- Adaptation measures are also to be integrated into the guidelines for the trans-European transport network (TEN-T) [Green Paper COM(2009) 44, cp. [CEP Policy Brief](#)] and the trans-European Energy Network (TEN-E) [Green Paper COM(2008) 782], as well as into the EU cohesion policy.
- Whether or not the impact of climate change ("climate impact assessment") is to become "a condition for public and private investment" is to be explored.
- The incorporation of climate-related sustainability criteria into EU construction standards is to be explored.
- The Commission wishes to develop guidelines by 2011 for the impact of climate change in the scope of the Environmental Impact Assessment (EIA Directive 85/337/EEC) and the Strategic Environmental Assessment (SEA Directive 2001/42/EC).

► Third pillar of action: instruments and financing

- In order to supplement the expenses of Member States and to share the financial burdens of adaptation, adaptation measures can be financed through EU spending programmes such as cohesion, social fund and agriculture [SEC(2009) 387, p. 21 sqq.].
- In order to share the investment, risk and reward of adaptation measures between the public and the private sector, "Market Based Instruments (MBI)" and "Public Private Partnerships" are to be applied. MBIs include incentive schemes in the form of "Payments for Ecosystem Services", which are to be made by the beneficiaries of eco-systems to their providers (e.g. high water protection through wetlands).
- Costs for adaptation action in the relevant sectors and policy areas are to be estimated in order to be able to take them into account in the financial decision process
- Revenues generated from auctioning greenhouse gas emission allowances are to be utilised for adaptation purposes.
- "Innovative" funding measures are to be examined (p. 14).
 - It is to be evaluated whether private providers of "public services" and "critical infrastructure" (e.g. airports, railway network, freeways) need to be covered by "compulsory standard weather-related insurance" (p. 13 sqq.).
 - In cases where insurance is not available for certain risks (e.g. buildings in flood plains), "publicly supported insurance schemes may be required" (S. 13).
 - Due to the cross-border impact of climate change, the benefits in promoting EU-wide insurance as opposed to national or regional schemes are to be examined.

► Fourth pillar of action: international cooperation

The Commission proposes integrating the measures for adapting to climate change into all areas of Common foreign policy.

- Adaptation measures are to be taken account in agreements on the liberalisation of trade in environmental goods and services and in Free Trade Agreements.
- When negotiating the follow-up agreement of the Kyoto Protocol, which will expire in 2012, the EU should further pursue its "ambitious proposals" to foster adaptation measures [Communication COM(2009) 39 of 28. January 2009, cp. [CEP Policy Brief](#)] (p. 15).
- The EU is to support developing countries through the "Global Climate Change Alliance" (GCCA) and other programmes.

► Impact and Adaptation Steering Group (IASG)

- By 1. September 2009 the Commission wants to establish an Impact and Adaptation Steering Group (IASG).
- It is to be composed of representatives from the Member States involved in the development of national and regional adaptation programmes. It is to be supported by several technical working groups (e.g. agriculture and forestry, biodiversity, water, energy).
- The Steering Group is to play a key role in developing adaptation measures in line with the four pillars of action and consider the appropriate level – either Community or national – at which action is to be taken.

Changes Compared to the Status Quo

To date, programmes for the adaptation to climate change have only been developed by single Member States (e.g. Germany, France, United Kingdom, Spain, Netherlands). With the action framework the Commission wishes to develop an EU-wide strategy.

Statement on Subsidiarity

The Commission finds that due to the very different regional impacts of climate change, most adaptation measures need to be addressed at a national, regional or local level. However, these measures could be “supported and strengthened by an integrated and coordinated approach at EU level”. This is particularly true where impacts of climate change are of cross-border relevance (e.g. in cross-border river basins). Moreover, adaptation would require “solidarity among EU Member States” to ensure that disadvantaged regions and regions most affected by climate change would be capable of taking the measures to adapt. (p. 6)

Political Context

The contracting states of the UN Framework Convention on Climate Change (UNFCCC) are obliged to develop national, and “where appropriate, regional” programmes containing measures “to facilitate adequate adaptation to climate change” and to cooperate in so doing (Art. 4 lit. b and e).

The present White Paper is based on the Green Paper “Adapting to climate change in Europe – options for EU action” [COM(2007) 354 of 29. June 2007, cp. [CEP Policy Brief](#) in German only] and the subsequent consultation. Along with the White Paper the Commission has published working documents for adaptation action in the fields of “Water, coasts and marine” [SEC(2009) 386], “Health” [SEC(2009) 416] as well as “Agriculture” [SEC(2009) 417].

Options for Influencing the Political Context

Leading Directorate General:	DG Environment
Consultation procedure:	Is not planned.

ASSESSMENT

Economic Impact Assessment

Ordoliberal Assessment

Early adaptation to climate change is an economic necessity if it means that greater damage can be avoided. **However, the uncertainty inherent in climate change projections does limit** somewhat **the assessment of foresighted adaptation**. Therefore, it is to be welcomed that the Commission mainly envisages measures which are likely to generate benefits irrespective of the forecast quality.

It is particularly due to this uncertainty and the fact that the impact of climate change will affect **Member States** in a very different manner that the part of adaptation which is not accomplished through private action – as the Commission states correctly – is to be designed by Member States predominantly. They **can best estimate which foresighted adaptation actions are economically reasonable**. In opposition to the Commission’s plans, this estimation should not be distorted through financial means from the EU budget, since otherwise there is a risk that Member States mainly adapt to the EU subsidies and support policy instead of adapting to the expected impact of climate change. Also, **the establishment of a “Steering Group” desired by the Commission is likely to result in too much central regulation**.

It makes sense to explore whether new, long-term construction plans are adapted to the expected impact of climate change. But as this question is in the interest of the constructor and potential creditors it is doubtful whether it is really necessary to incorporate it into the environmental impact assessment or into harmonised standards for construction. **Making climate impact assessments a condition for private investments is therefore to be clearly rejected**.

The Commission’s considerations on the possibility of compulsory insurance against climate-related damage being possibly publicly supported **are problematic**. Although for many affected parties there is already a false incentive not to take out any insurance at all, as they are justified in relying on the state to cover at least a part of the damage, the subsidisation of insurance premiums should not lead, however, to false incentives being systematically set which would, for instance, encourage settlement in flood plains. **The introduction of compulsory insurance should be subject to the Member States’ decision**, as in the case of damage occurring, it is predominantly the Member States which provide financial aid to parties affected.

Impact on Efficiency and Individual Freedom of Choice

The White Paper is rather general and dispenses to a large extent with any description of concrete action. A detailed evaluation is therefore not possible. The development of a knowledge base for the necessary adaptation to climate change is to be welcomed, since adequate adaptation action cannot be designed in a sensible manner without any empirical data on the extent of the expected changes.

Impact on Growth and Employment

The adaptation to climate change involves additional costs. However, these are offset by damage avoided as a result of adaptation. **If, however, adaptation to climate change would be used as an excuse for a comprehensive distribution policy to the benefit of “vulnerable social groups”, a negative impact on growth and employment would be likely.**

Impact on Europe as a Business Location

In the short and medium term, an increase in the cost burden for companies is to be expected and therefore in the disadvantages to Europe as a business location. In the long run, however, adequate early adaptation actions will have a positive impact on the quality of the business location, since they help to avoid higher future costs.

Legal Assessment

Legislative Competence

The legislative competence for most proposals regarding adaptation measures to climate change is laid down in Art. 175 TEC, which entitles the Community to act in the area of environmental policy. Social policy action by the EU can be based on Art. 137 TEC, health policy action on Art. 152 TEC, provided that such action merely supports the policy of Member States. The distribution of EU financial means for poverty alleviation would, however, be unlawful.

Subsidiarity

Currently, compliance with the principle of subsidiarity cannot be finally assessed for most adaptation proposals as they have not yet been sufficiently concretised and, besides, the still to be established Steering Group IASG is to advise which action is to be taken at EU level.

In contradiction to the Commission's opinion, it is important to assess, also in the case of the cross-border impacts of climate change, whether EU action is really required in each individual case. In the case of flood control in water basins, for instance, international structures are available, such as the International Commission for the Protection of the Rhine. They could carry out the coordination function claimed by the EU, all the more so as they facilitate a cooperation of EU Member States and Non-Member States.

Proportionality

The action proposals are currently too unspecific as to be finally assessed in terms of proportionality.

Compatibility with EU Law

Unproblematic.

Compatibility with German Law

On 17. December 2008, the German government adopted the “German adaptation strategy to climate change” to identify climate change risks step-wise, formulate action needed, define targets and develop and implement adapting action. At federal and state level, by March 2011 an action plan is to be prepared which consists of basic principles and criteria for the definition of priority measures, statements on financing and proposals for performance control.

Alternative Policy Options

“Climate impact assessment” should not be made a condition for private investments; neither should it be incorporated into the environmental impact assessment, nor into harmonised standards for construction.

Possible Future EU Action

See content above.

Conclusion

From an economic standpoint, the foresighted adaptation to climate change basically makes economic sense. However, Member States are affected by climate change to a different extent and thus can better decide on adequate adaptation measures than the EU – as the Commission claims correctly. The introduction of compulsory insurance against weather-related damage is problematic and should be subject to the Member States' decision. The social impacts of climate change should not be used as an excuse for a comprehensive distribution policy at EU level, since this would have a negative impact on growth and employment. “Climate impact assessment” should not be made a condition for private investment and should not be incorporated into the environmental impact assessment, nor into harmonised standards for construction.