

The EU Transition Towards a Low-Carbon, Resource-Efficient Economy: Policy Objectives and Regulatory Framework

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The last decade has seen a reversal of the trend in resource prices since the industrial revolution. While resource prices and resource use have steadily grown since 2000, as a result of demographic and economic pressures, degradation of ecosystems and global issues such as climate change have aggravated pointing to the collapse of the current model of growth and the urgency to move towards a more sustainable path of development. The EU has responded to the current economic crisis with a policy strategy that aims to transform Europe into a low-carbon, resource efficient economy by 2050. The transition to such an economy requires a combination of new business models, innovation pathways and resource use patterns. This, however, are unlikely to develop on their own without the introduction of a stringent regulatory framework accompanied by public-private investment mechanisms. This paper reviews the current EU strategy to a low-carbon, resource efficient economy, identifying its main objectives and mechanisms for its implementation, pointing to shortcomings and areas that need to be addressed to achieve the ambitious goals laid down by policy documents and as well as the opportunities that such a transition may bring about. The methodology is based on a combination of qualitative and quantitative research methods, including a review of policy documents, regulatory initiatives and statistical data monitoring the progress towards the objectives as well as in-depth interviews with policy-actors, business leaders and NGO's. Initial outcomes from the research point to a mismatch between ambitious targets and less ambitious policy implementation that point to a number of bottlenecks of the policy process. The paper proposes a number of policy initiatives and specific regulatory mechanisms that could contribute to an effective transition towards the 2050 policy vision.