

Sustainable Europe 2030

Challenges and choices for Europe

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EESC public hearing
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Global Risks:

social & environmental risks on top

Top 10 risks in terms of **Likelihood**

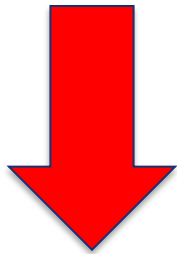
- 1 Extreme weather events
- 2 Natural disasters
- 3 Cyberattacks
- 4 Data fraud or theft
- 5 Failure of climate-change mitigation and adaptation
- 6 Large-scale involuntary migration
- 7 Man-made environmental disasters
- 8 Terrorist attacks
- 9 Illicit trade
- 10 Asset bubbles in a major economy

Top 10 risks in terms of **Impact**

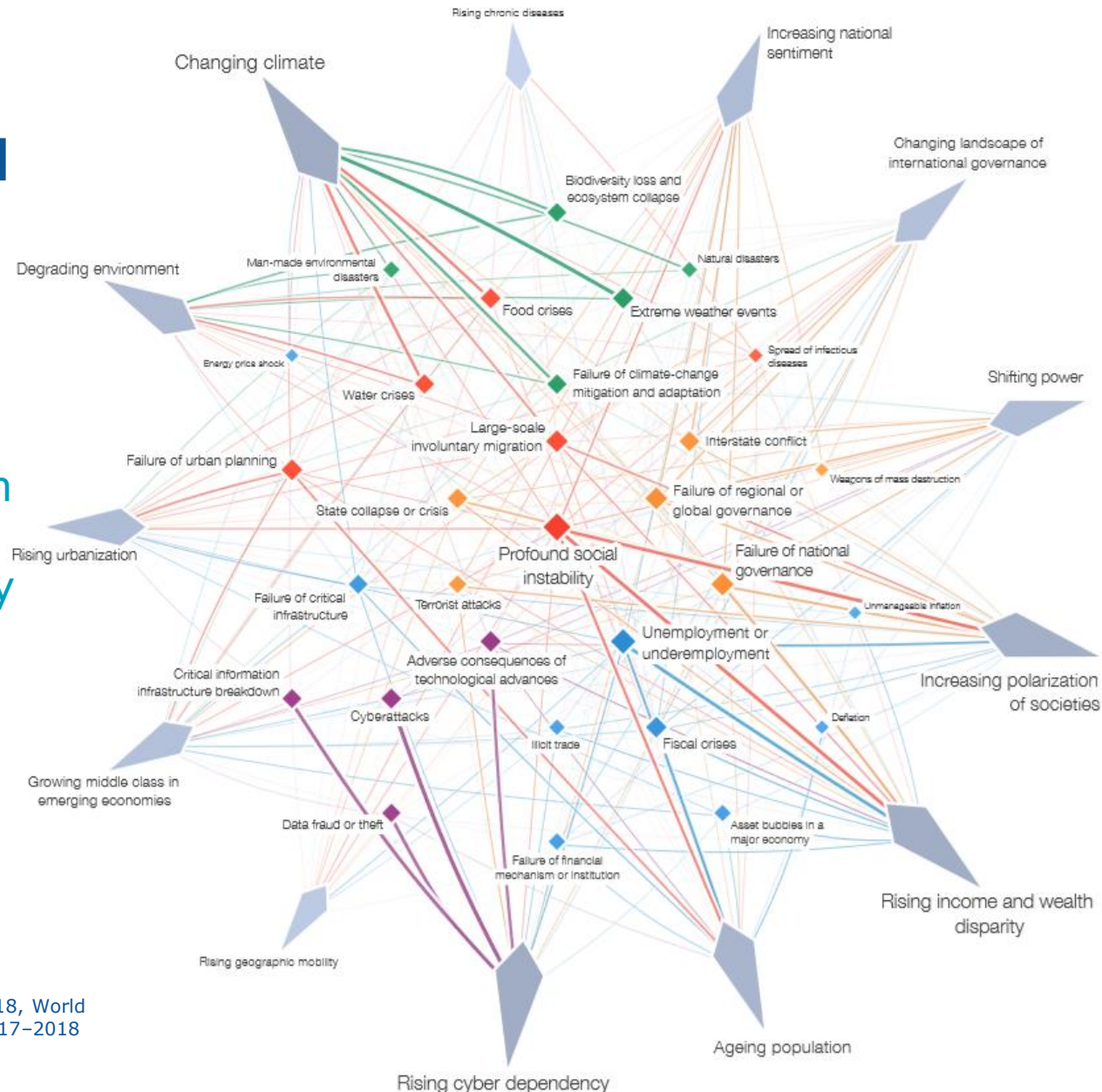
- 1 Weapons of mass destruction
- 2 Extreme weather events
- 3 Natural disasters
- 4 Failure of climate-change mitigation and adaptation
- 5 Water crises
- 6 Cyberattacks
- 7 Food crises
- 8 Biodiversity loss and ecosystem collapse
- 9 Large-scale involuntary migration
- 10 Spread of infectious diseases

Source: World Economic Forum, The Global Risks Report 2019

Issues are very
much **connected**



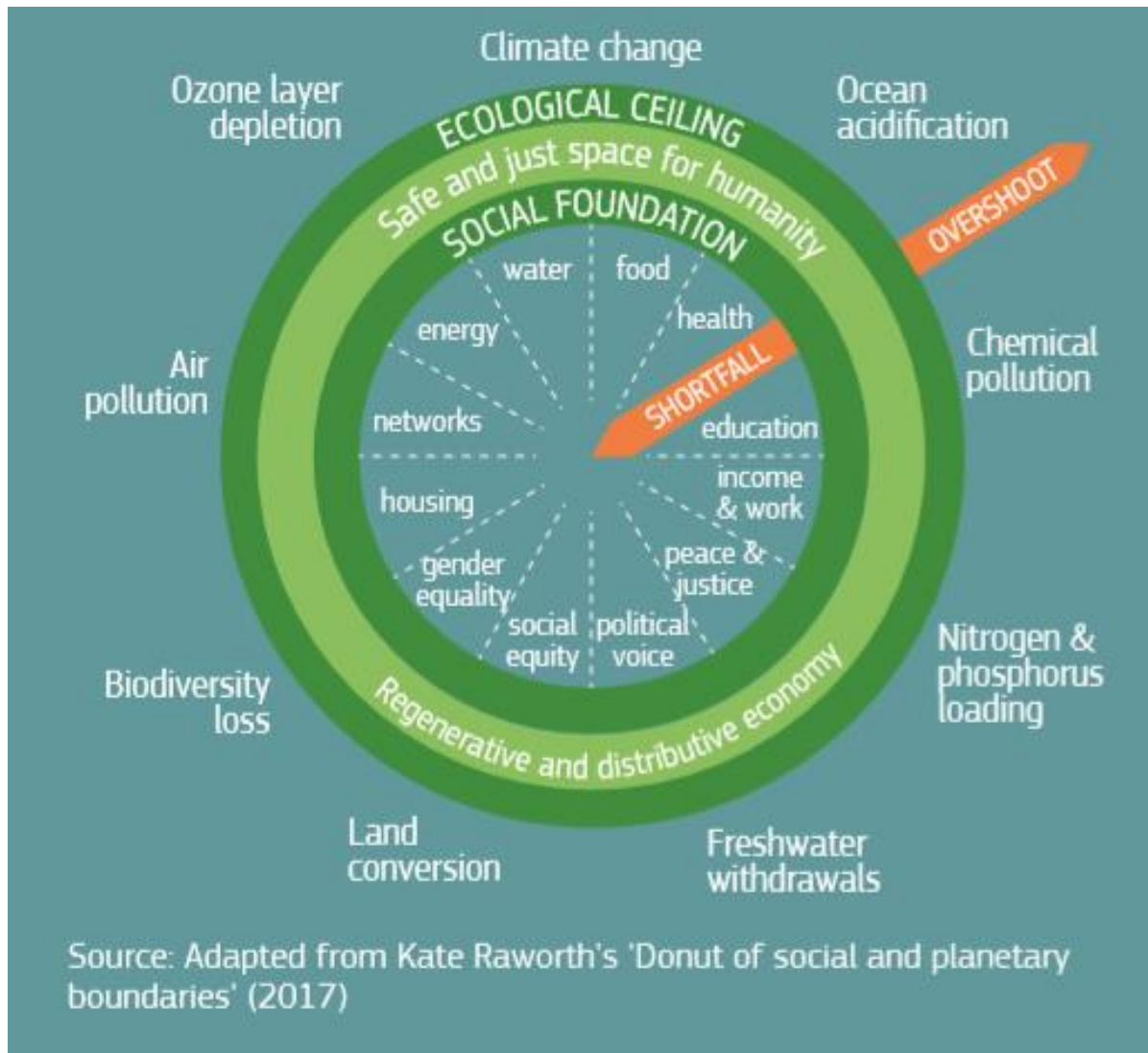
What does this mean in
terms of strategy
development and policy
making?



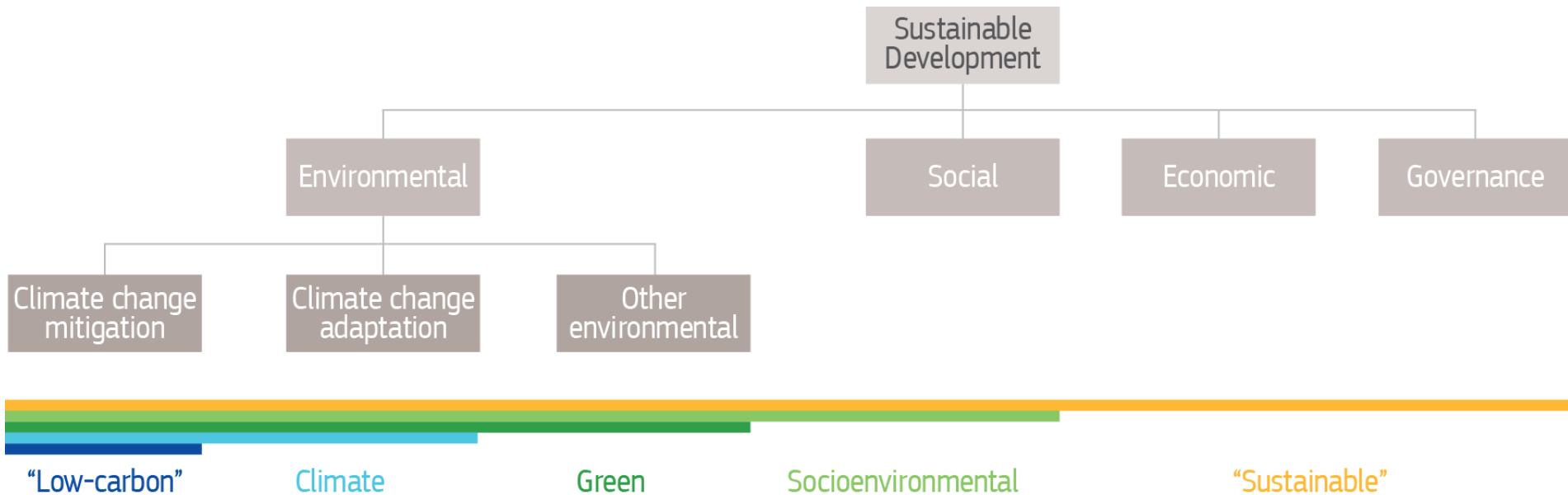
Sustainable Development is therefore **more than ticking the boxes of the 17 SDGs**



In other words: there are **Inextricable Links**

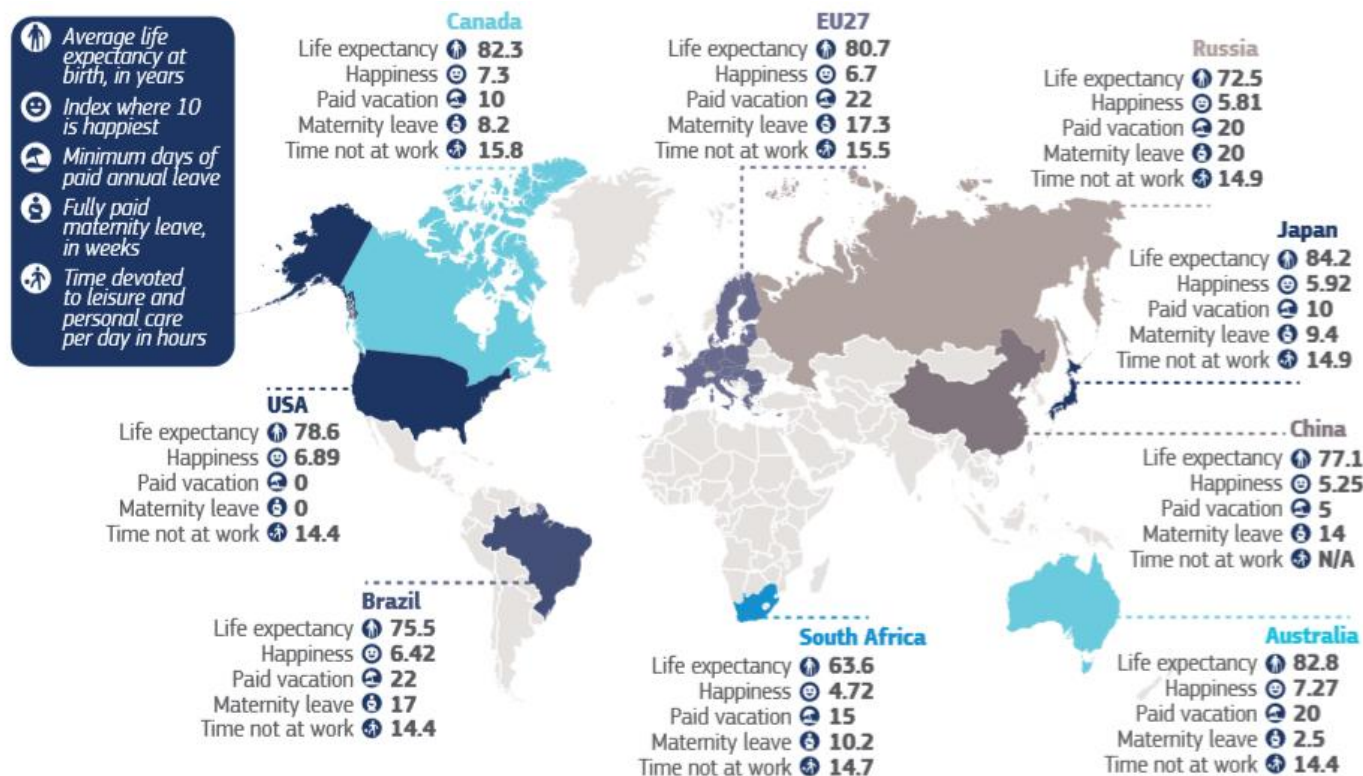


Sustainable Development is **more than climate or 'green'**



Any strategy for the SDGs must reflect Europe's unique characteristics

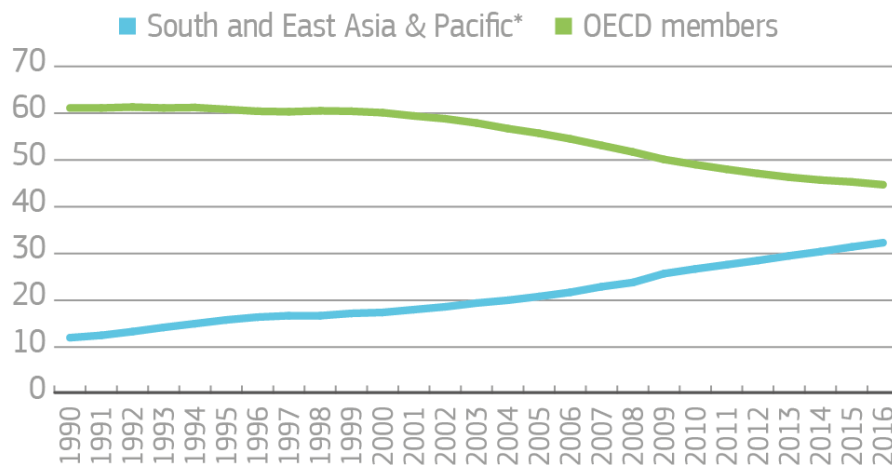
Europe is a world leader in **quality of life**



Source: OECD, UN, European Commission. Visual reproduced from the European Commission's Reflection Paper on The Social Dimension of Europe, 2017

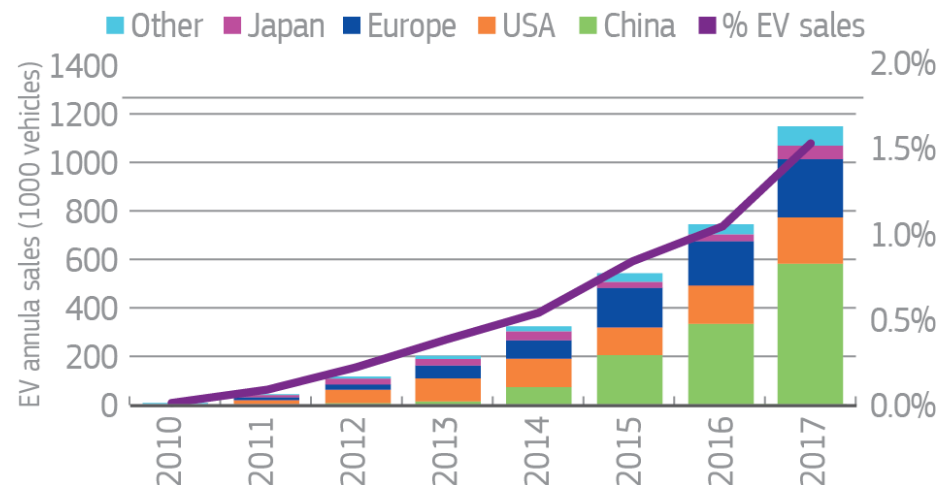
But at the same time the **Global Economy is Shifting East**

*Share of developing Asia in total world GDP
(constant 2011 international \$ PPP)*



Source: World Bank

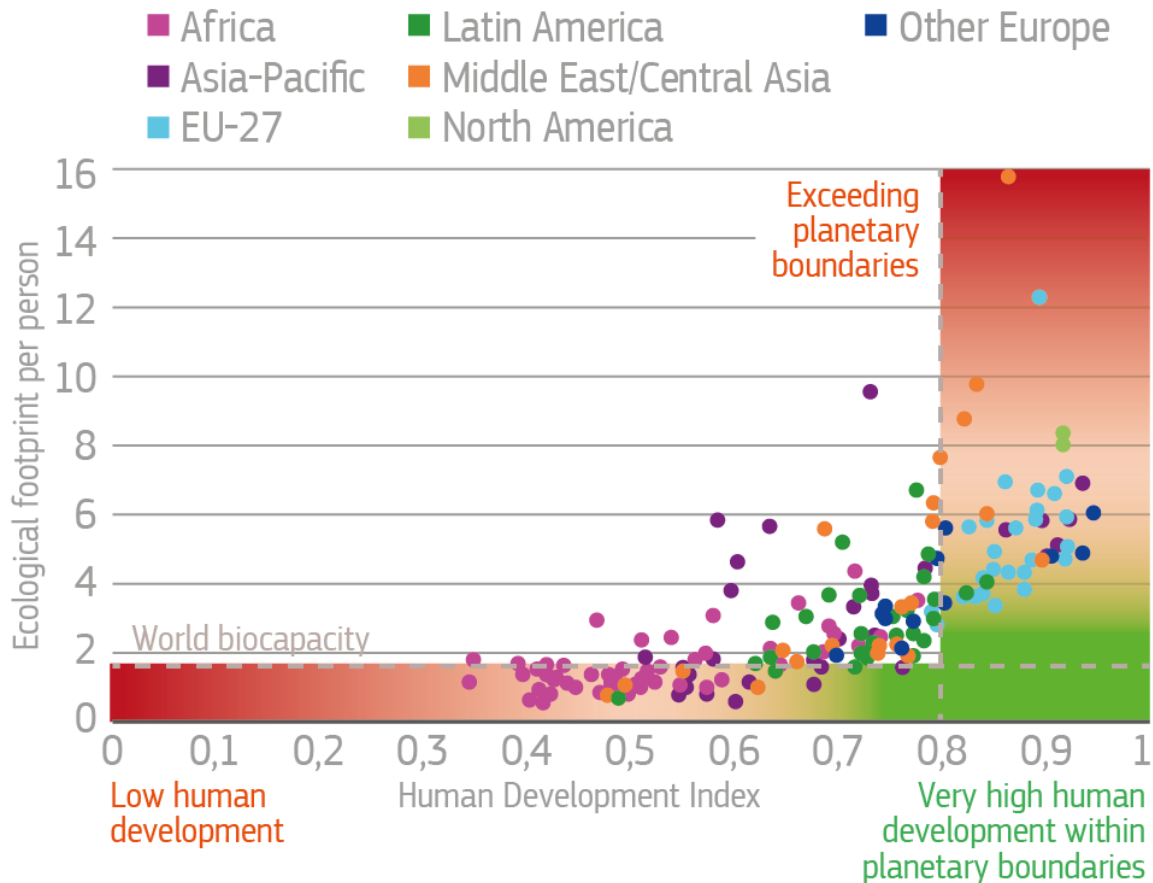
Annual sales of electric vehicles



Source: Joint Research Centre, Bloomberg New Energy Finance

RISK #1: Aiming only for high growth

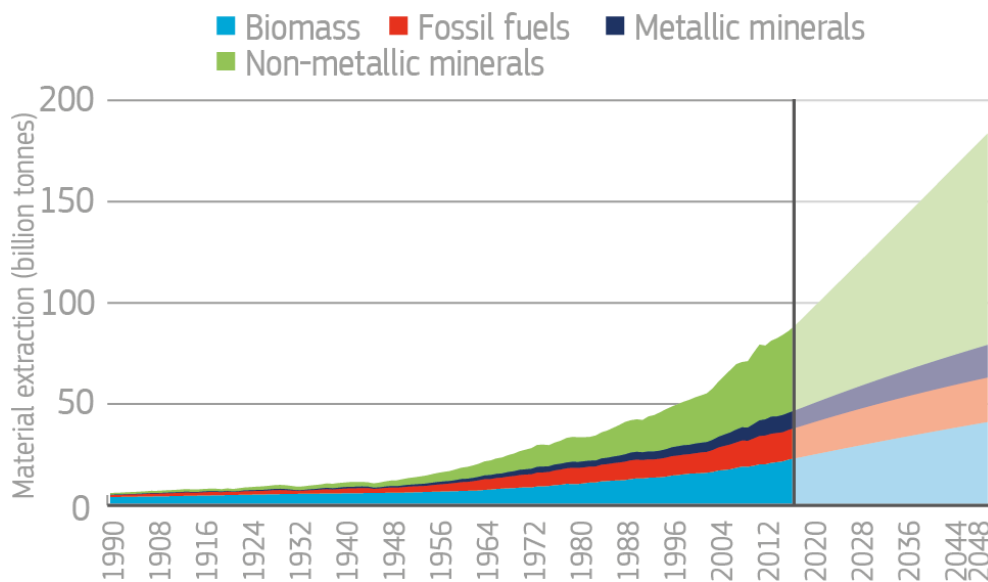
Not a single country has achieved a high human development within planetary boundaries



How to get there?

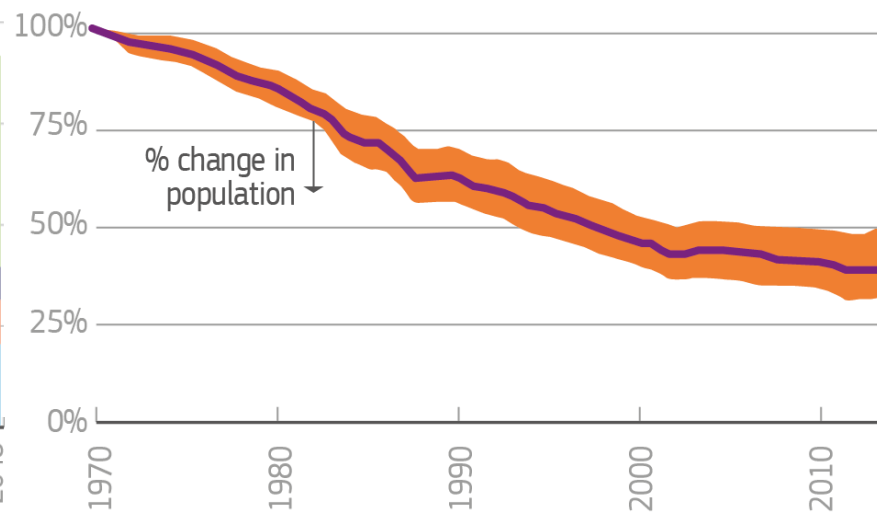
How to measure success?

Global **material extraction** is growing continuously



Source: European Commission, EIP on Raw Materials, Raw Materials Scoreboard 2018, based on UN Environment Programme (historic data) and Hatfield-Dodds et al. (2017) (projections).

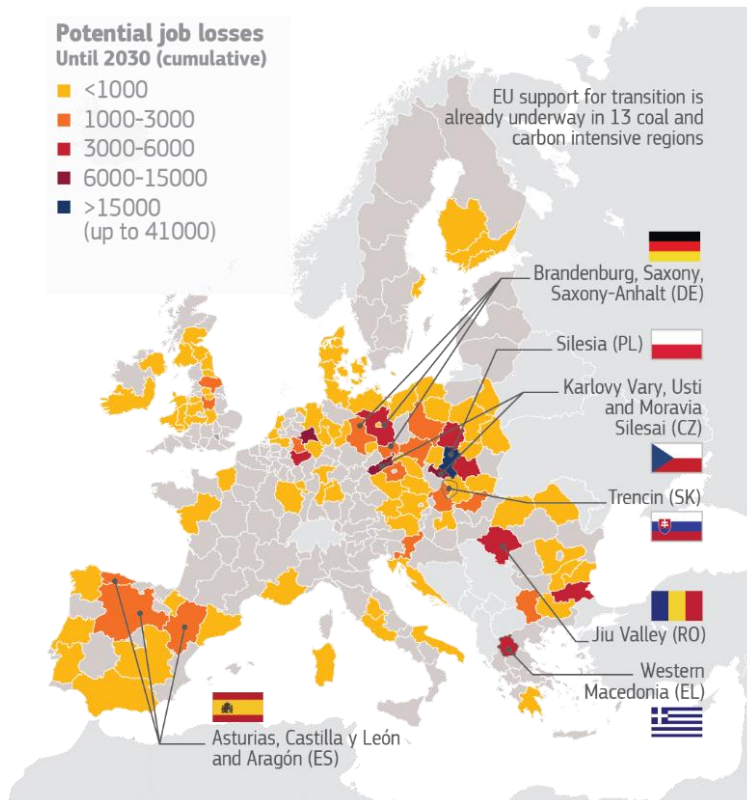
Since 1970, **60% of the world's vertebrate animals have been wiped out**



Source: Living Planet index, WWF/ZSL. Note: shaded areas show the statistical uncertainty surrounding the trend
Visual source: The Guardian

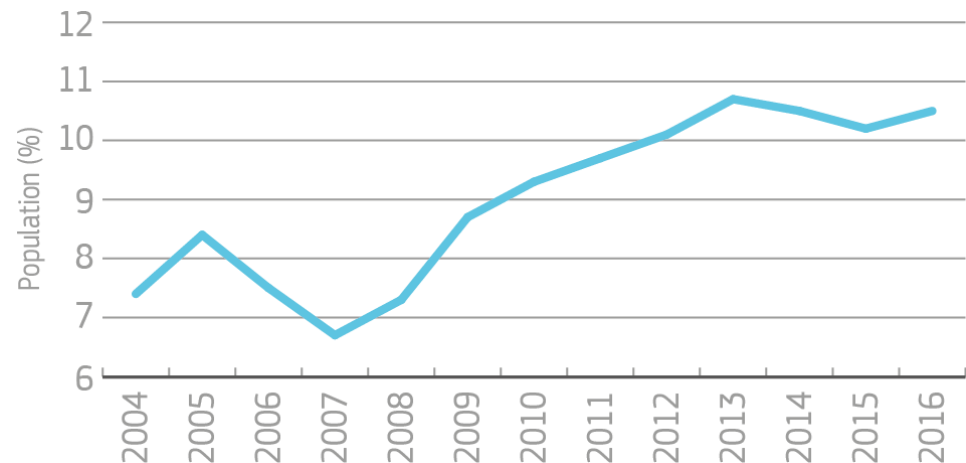
RISK #2: Overlooking the intersections between social & environmental policy, thereby compromising both

EU planning well ahead for the transition in coal regions



Source: European Commission (DG JRC, DG REGIO).

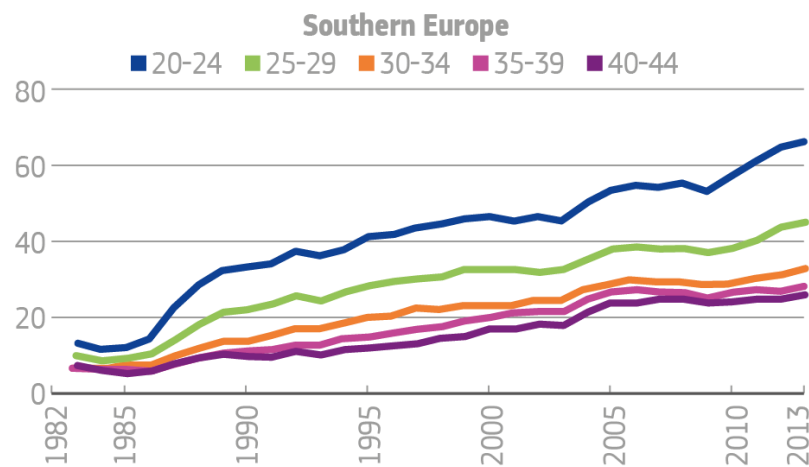
More Europeans **unable to pay their utility bills** in recent years



Source: Eurostat, Energy poverty indicator

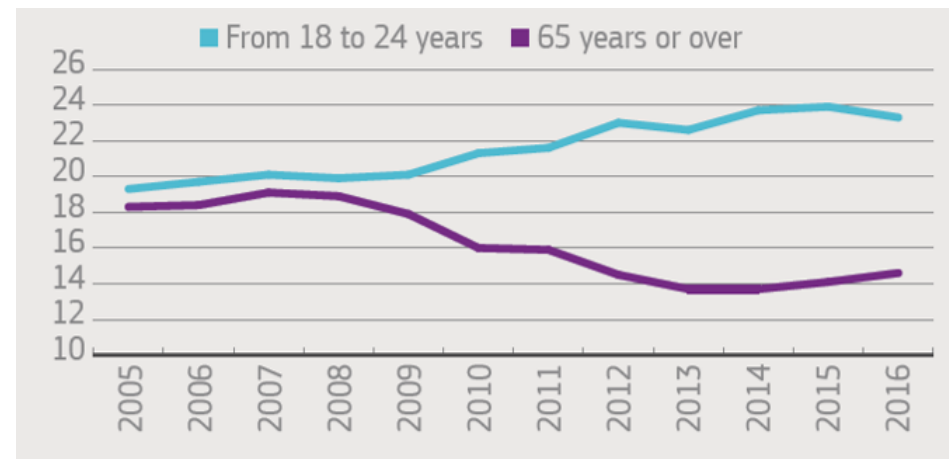
RISK #3: New forms of employment require a reinvention of the Social Contract

Intergenerational divide: the incidence of non-standard employment



Source: World Bank, 2018

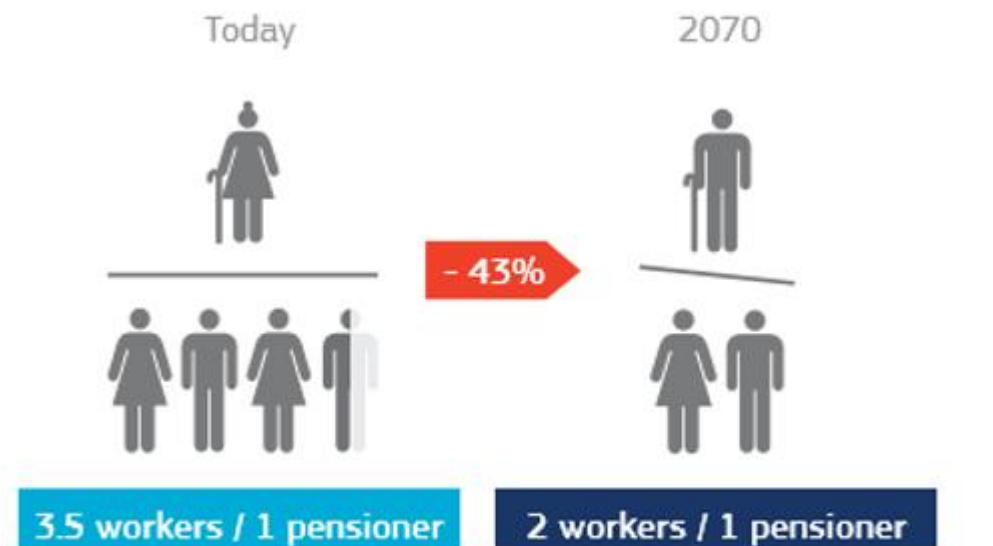
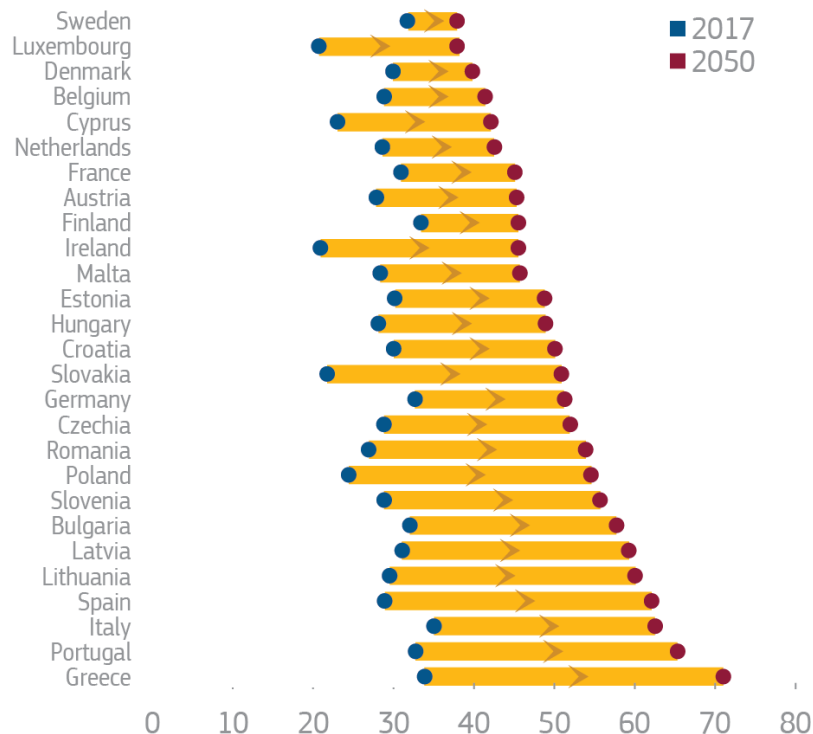
At risk of poverty, percent of total



Source: Eurostat

RISK #4: Fiscal unsustainability: about demographic ageing and more

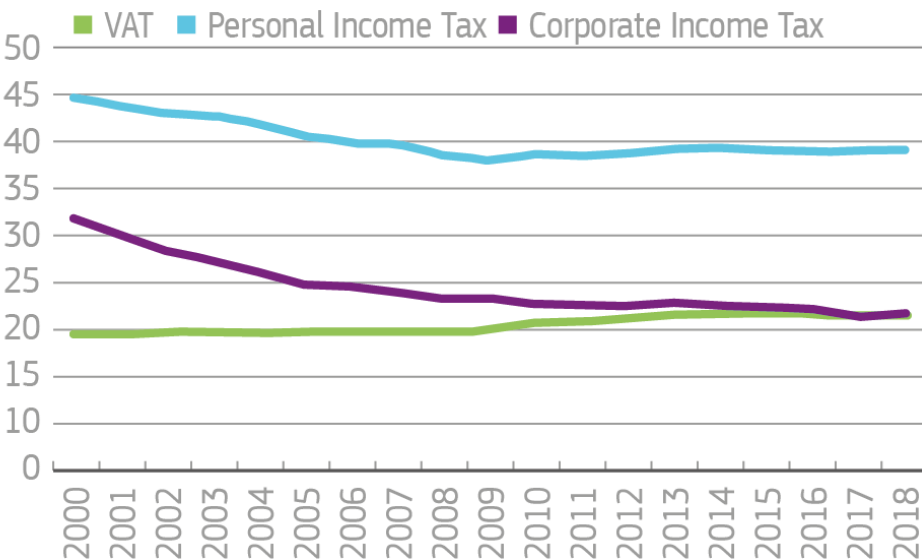
The old-age dependency ratio will continue rising across Europe



Note: This chart shows old-age dependency ratios — defined as the number of people aged 65 or over as a percentage of the working-age population (i.e. people aged 15-64).

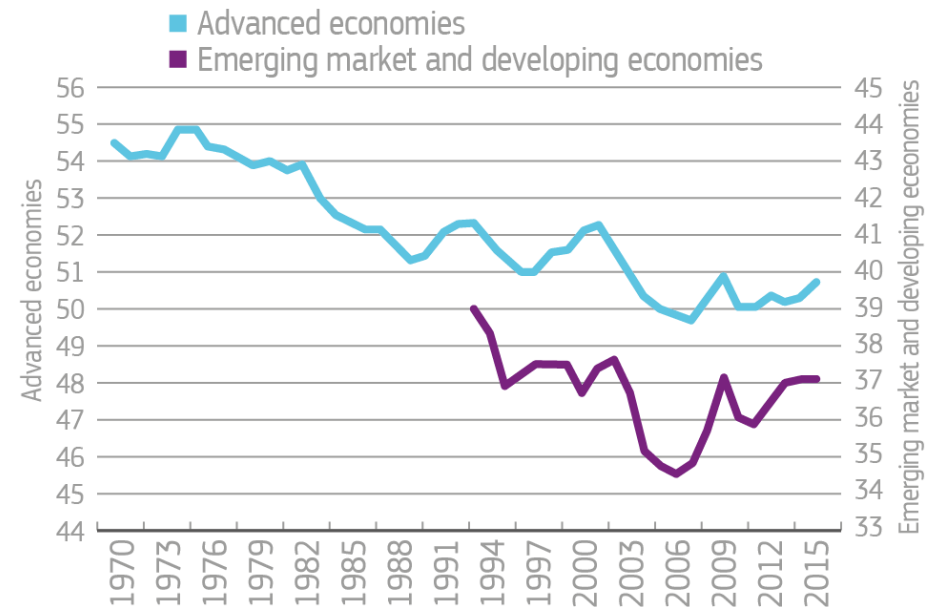
Sources of revenue are coming under ever greater pressure

Evolution of taxes over time,
OECD countries,
indexed to 2000



Source: OECD

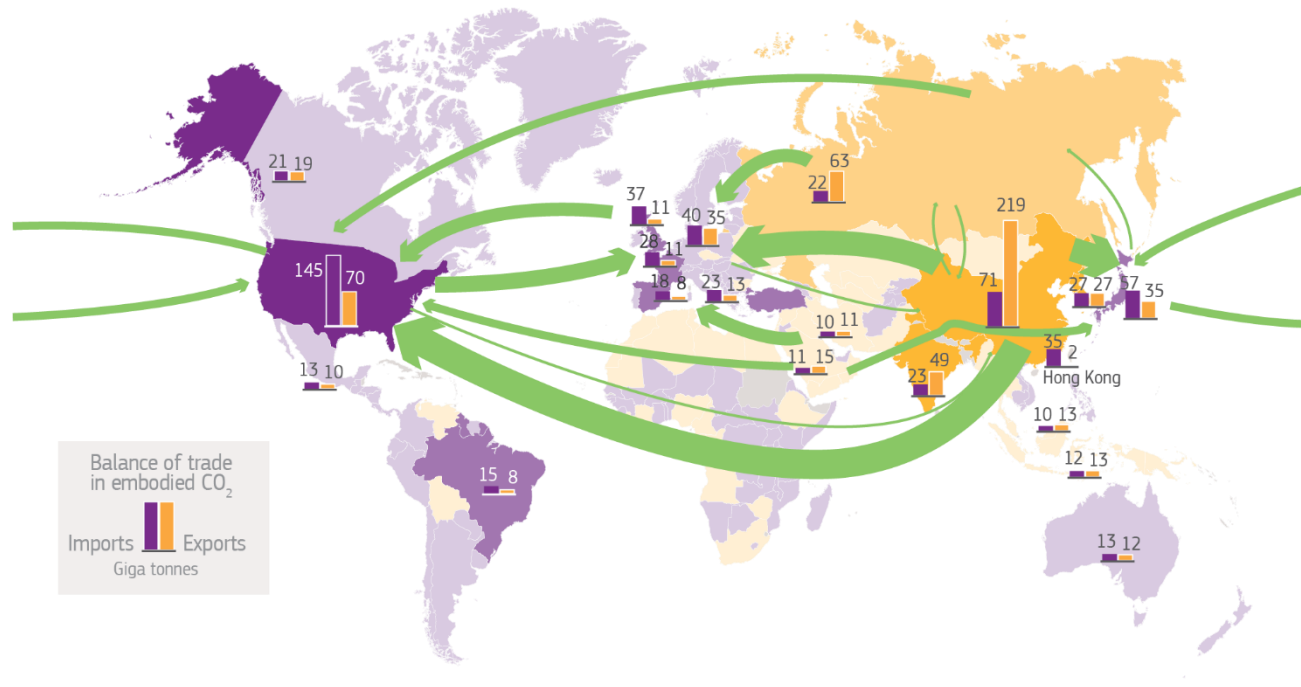
The share of national income paid to
workers has been declining in many
countries



Source: IMF, 2017

RISK #5: Turning a blind eye to the outsourcing of unsustainable practices

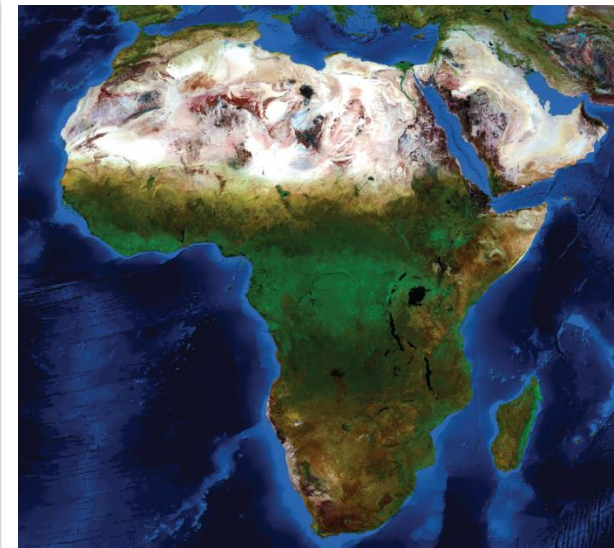
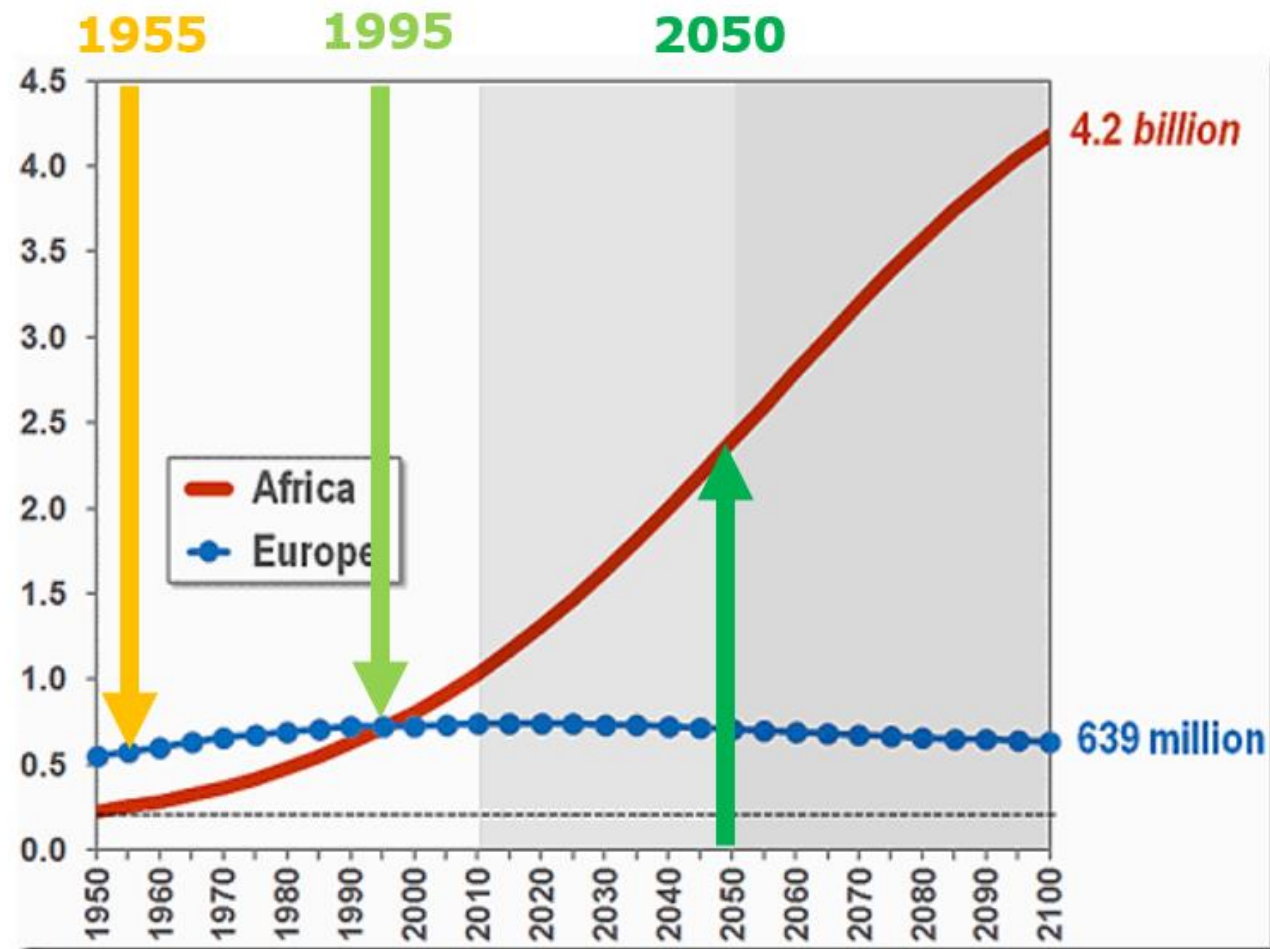
China and India produce carbon-intensive products for consumption by Americans and Europeans



Source: KGM & Associates; Global Efficiency Intelligence, 2018 'The Carbon Loophole in Climate Policy: Quantifying the embodied carbon in trade products'

A global approach is crucial

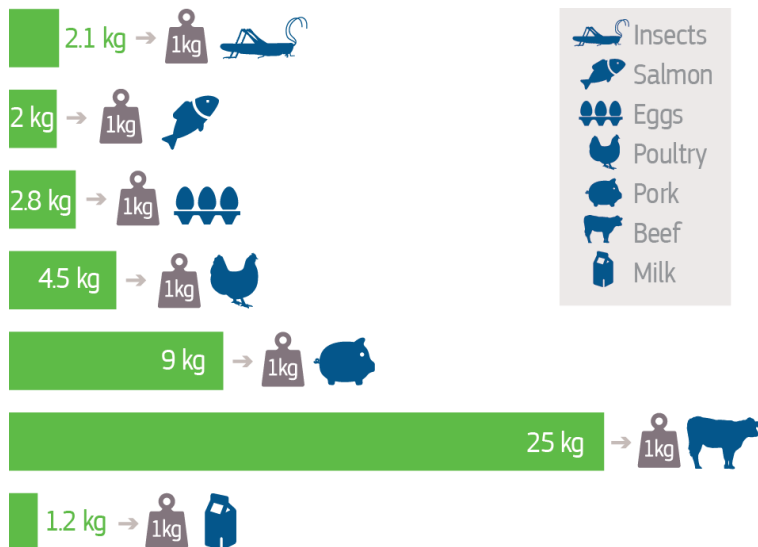
Africa vs. Europe Population 1950-2100



RISK #6: 'Others should...': Individual consumption is the elephant in the room

Meat is the most resource-inefficient form of food

Land area needed to produce one unit of protein by food type (in m²)



Where one lives also matters

Average carbon emissions per household by selected neighbourhood types (tonnes)

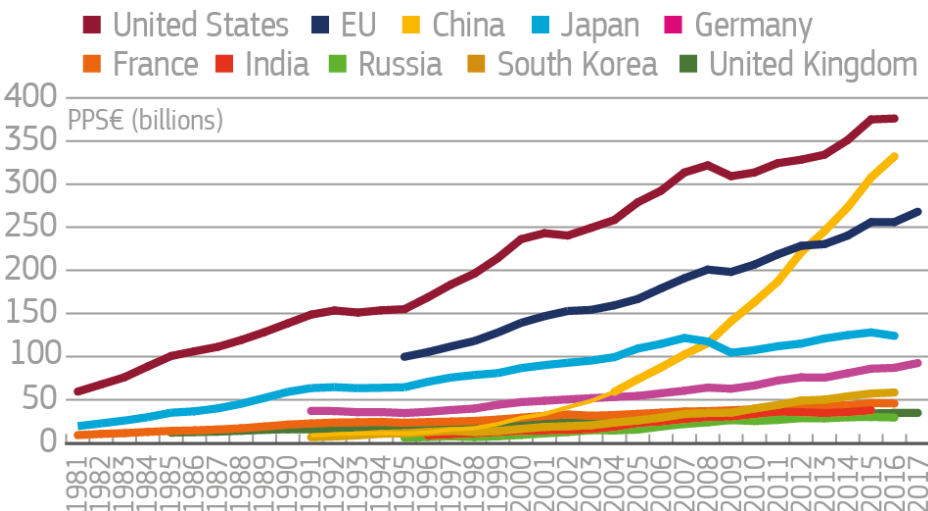


Source: Our World in Data, Clark & Tilman, 2017

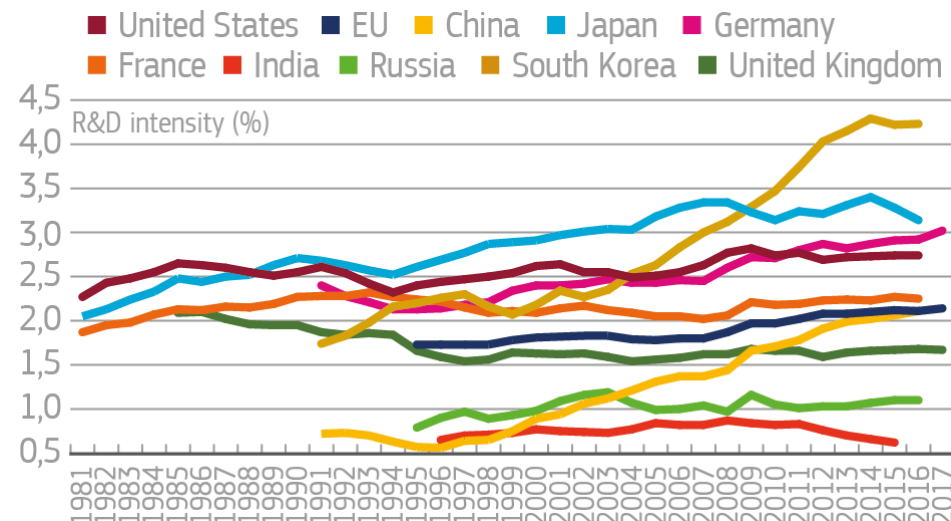
Source: Country of Cities

RISK #7: Innovation may not always lead to sustainable outcomes

Total R&D expenditure in billions of current purchasing power standards, 1981-2017



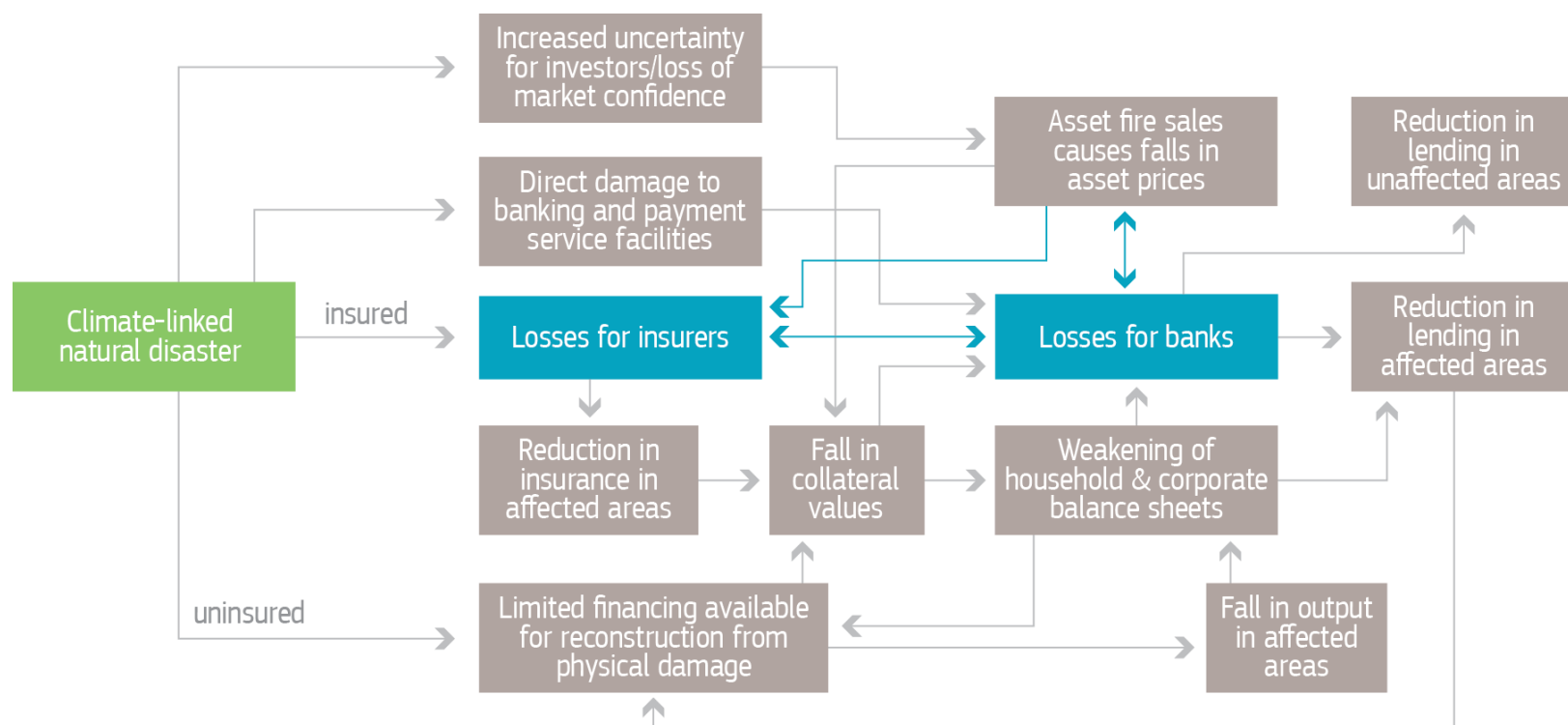
Total R&D expenditure as a percentage of GDP, 1981-2017



Source: Values extracted by DG Research and Innovation, European Commission, based on data from Eurostat, OECD, UNESCO

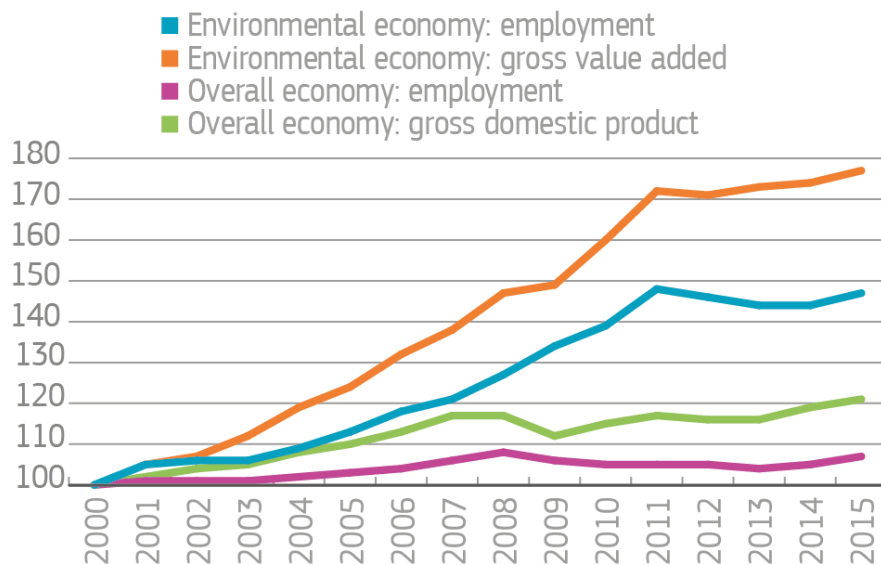
Sustainability risks are financial risks

Possible impacts of climate-related natural disasters on the economy



Opportunities need to be made visible and captured

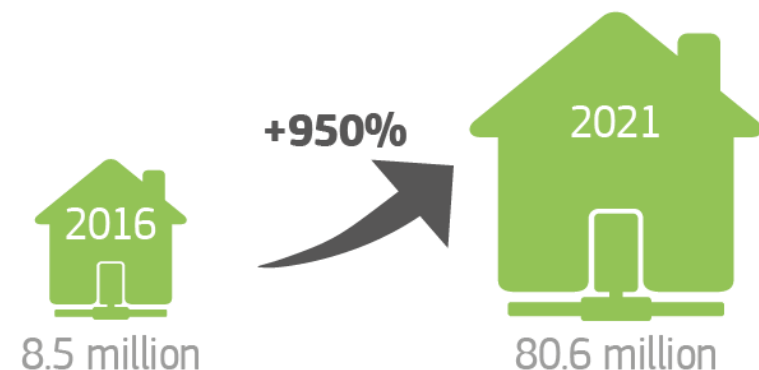
Environmental economy growing faster than overall economy



Source: Eurostat, European Commission

The number of smart homes in the EU is expected to increase tenfold by 2021

Smart homes* in the European Union



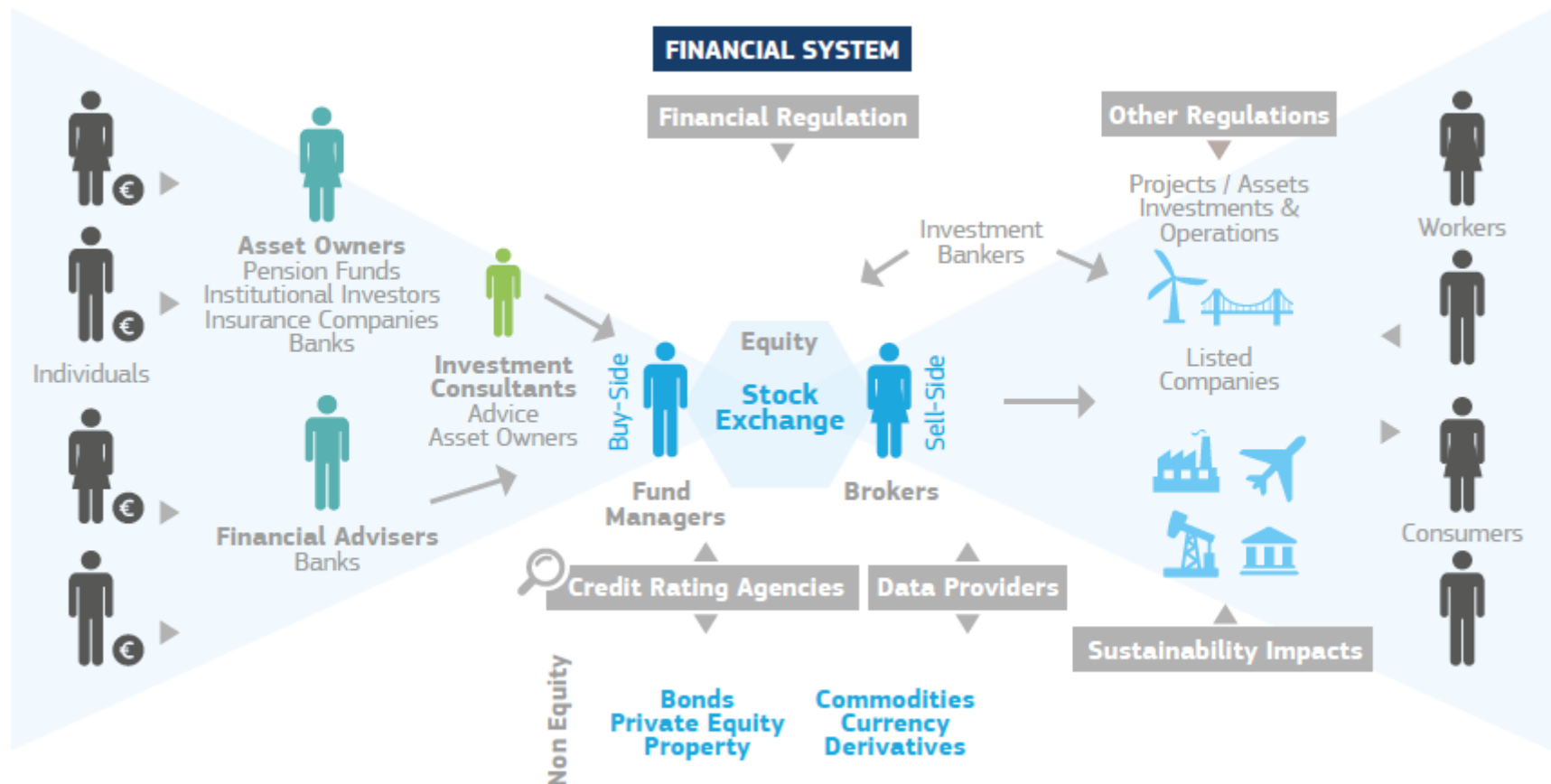
*Homes which use digitally controlled lighting, heating, ventilation, air conditioning, security, as well as home appliances

Source: European Commission

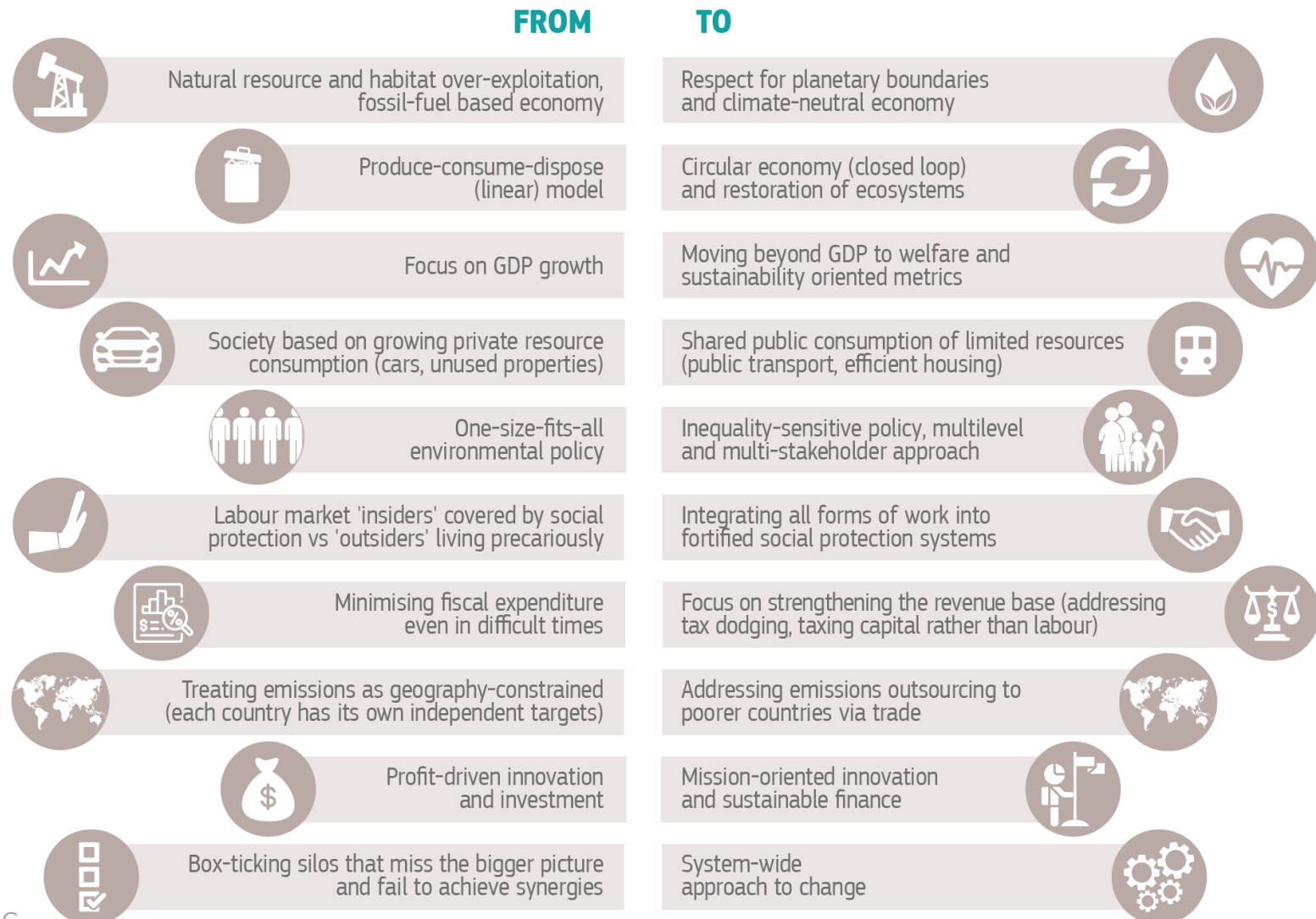
How can we **connect** the world of finance to the sustainable one?



All actors throughout the finance value chain will have to be on board



Time for systemic change



Thank you for your attention

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