



**European
Partners for the
Environment**

The 'Metamorphosis' of Europe
Post Brexit, Let's Transform Europe.

Raymond Van Ermen,
Advisor to the President of European Partners for the Environment.
15th July 2016.

Summary.

Political systems, capitalism, people are 'sick', suffering serious problems. The EU is the victim of the Anglo-Saxon economic ideology of the Seventies. EU re-foundation is essential and will take several years. We must change the economic development model, the business model and the European governance model. It must lead to a new vision, restore desire, confidence and geo-strategic ambition. Fortunately, this transformation is less daunting as it sounds because it can be built on the United Nations' 2015 good news' thanks to the 2030 Agenda '*Transforming our World*' that '*will bring humanity into a new world*' and the Paris Climate Agreement.

So let us '*Transform Europe*' on the basis of the 17 SDG's targets and by doing so contributing to 'Transform our World'. This "*metamorphosis*" will be built on a triple revolution in progress (the green economy revolution, the digital revolution, and the governance revolution) with the European champions of 'this new world' that, for a large extent, is already there. But the 're-foundation' of Europe must have 'foothills' to support the central structure repair. That is where non-State actors, can play a key role. We propose to contribute in three ways: the EU re-foundation, territories bottom up metamorphosis, the reorientation of finance:

At EU level, there are many things to do in 2017 to help Europeans to recover domestically and geopolitically by presenting initiatives for a *sustainable development cooperative transformation* in relation with the following agenda: the 60th anniversary of the Treaty of Rome, the G7 (Italian Presidency), G20 (German Presidency), the MEDCOP Climate (Catalan Presidency), the UN Conference on SDGs and Oceans (co-chair Sweden).

At Regional level, the proposal is to promote a *Covenant 2022*, as a multi-stakeholder process of cooperation to ensure a coordinated action of signatory regions and all actors, public and private, concerned by the deep ecological and socio-economic "transformation" of their region.

At Financial level, as conclusion of the successful Rome April 2016 conference on how to mobilise Value Based Investors in support to the SDG's, a pilot UK roundtable and a partnership with FAO have been proposed.

Foreword.

I have been travelling in different capacities in the recent months :3 Times to Rome (value based investors and SDGs), 2 Times to Bologna (ABRACADABRA contract on deep building retrofit), 2 Times to Tangier (MedCOP Climate), 1 Time to Lillehammer (Covenant 2022. – Assembly of European Regions), 1 Time to Washington DC (*WEC Gold Medal for International Corporate Achivement in Sustainable Development*), 5 Times to Paris (OECD and IDDRI conferences on SDGs, meetings on Oceans), 1Time to Leeuwaarden (EIP water).

I have had several consultation with UK based experts on finance and participate in Brussels in SDG's and Climate agreement debriefings as well as the EIP meetings.

Making use of all those conversations with governments, diplomats, business, experts, including from FAO, OCDE, UNEP, USA, Holy See, I'm sharing my suggestions related to the present trends and the potential role of EPE and EWP after Brexit.

Report.

The United States , Russia, the European Union and many of its Member States are '*sick*'. Political systems , capitalism , people are suffering serious problems . Rarely , the risk of a significant part of the northern hemisphere tipping in a spinout has been greater since the end of World War II . That this has consequences for the Near and Middle East also in deep crisis does not leave any doubt. So the time has come for a profound transformation of Europe. And that's good because it's really needed !

EU re-foundation is essential and will take several years . But it must have '*foothills*' to support the central structure repair . These '*foothills*' could be provided by non -State actors (Regions , Cities, Companies , Finance Conviction , Universities, NGOs, Churches) with their cross-border bridges and successes.

The transformation of Europe must be based on an analysis of people 'just anger'. This results in a need for a triple paradigm shift of what now fuel the anger of peoples. We must change the economic development model, the business model and the European governance model. It must lead to a new vision , restore desire , confidence and geo-strategic ambition.

Fortunately, this transformation is less daunting as it sounds because it can be built on the United Nations ' 2015 good news ' thanks to the 2030 Agenda '*Transforming our World*' that '*will bring humanity into a new world*'. This agenda , which now includes as well the Paris Agreement on climate, was adopted unanimously by all States including of course Europeans, members and non members of the EU . Europe can use this lever , thanks to a partnership between European State actors and non -State actors (UN, EU and not EU Member States on one side, Regions, Cities , Business, NGOs on the other side ,) in view of a "bottom-up transformation" towards a " good life for all" in Europe

and in the world *'that will leave no one behind'*. So let us *'Transform Europe'* on the basis of the 17 SDG's targets and by doing so contributing to *'Transform our World'*. This *"metamorphosis"* will be built on a triple revolution in progress(the green economy revolution , the digital revolution , and the governance revolution) with the European champions of *' this new world that, for a large extent, is already there '*.

We propose to contribute in three ways : the EU re-foundation , territories bottom up metamorphosis , the reorientation of finance.

Just anger and weaknesses .

Europeans feel the serfs of a new feudal system with increasing inequality, a collapse of the middle class, including in Germany , while the elites share fools income¹ , while also 1000 billion euros escape European taxation due to the lack of cooperation between Member States and , even against the advice of the IMF, increased austerity is imposed, in particular in Greece.

The EU is the victim of the Anglo-Saxon economic ideology of the Seventies. Neo - liberalism of Reagan and Thatcher years has become the ideology of the Commission under the control of British officials and with political connections in all Member States. It mainly led to increasing inequality and financialization of the economy , a vision of a EU deliberately widening ever since or viewed only as a single market . The impoverishment of the middle class , even in Germany , is fueling anger and growing mobilization of social movements. And it is striking that it is those let for account by the anglo-saxon neo -liberalism and globalization (workers, the poor - even in employment - the unemployed , rural inhabitants, retirees) who voted in favor of the Brexit of a United Kingdom now in the process of disunity and seem to prepare to vote for Donald Trump in the USA. UK Prime Minister Ms May and the new IMF agenda as described by Ms Lagarde confirm the above failures. IMF new priorities are inequalities, middle class drop, climate change (and a carbon tax in place of labour taxes which was on the EU agenda in ...1992).

The business models are perverted . Scandals as VW and 15 other car brands, Lafarge, Engie , Panama Papers and Luxs leaks (involving the Commission President , EPP candidate for the European election ...) and other tax evasion scandal and crimes multiply. The remuneration of CEOs in the USA and Europe have become another scandal . The Commission and most Member States have their responsibilities in this drift which leaves to the middle class the burden of financing the state and is fueling the indignation of the people.

¹ NYTimes research highlights the governance problems with CEO Over-pay for Under-performance and the use of the wrong performance metrics. 44 % of the highest paid USA CEOs delivered below industry average 5 year returns on corporate capital. 74 % of the underperforming companies had no alignment between performance and executive pay. Would it be the same for European CEO's ?

The EU governance is not adapted to the challenges of the XXI century . The EU is not a geo- strategic player on international and Mediterranean scene . The lack of impact is obvious in view of the causes of partnerships failures in the framework of the neighborhood policy , including with Russia. In the Mediterranean, USA and Europe are financially supporting extreme right governments (Israel) and dictatorships that generate the dramas leading to migration flows and current tragedies like populism in Europe. The only example of a European positive impact , (exception to the rule?) Is the agreement with Iran.

The drift of respect for fundamental rights is evident in the EU. *“Médecins sans Frontières”* recent decision has brought disgrace on the EU and Member States . The gap between institutions and citizens has never been filled despite all the proposals made by civil society.

Strengths

The first EU force is what Romano Prodi called " *Network Europe* ", a tightly woven fabric of cross-border cooperation between Europeans and between their networks , often between State actors and non –State actors , in all areas . This is the wealth of Europe in the twenty-first century, a world that seems to go back to the Middle Ages with drawbridge and walls.

The EU is well-placed for the revolution of the green economy and the digital revolution. Companies are stakeholders. Regions and cities are leaders.

The EU and its Member States have an outstanding infrastructure on which to build both in Europe and internationally.

Opportunities

In 2017 , the 60th anniversary of the Treaty of Rome , the G7 (Italian Presidency) , G20 (German Presidency) , the MEDCOP Climate (Catalan Presidency) , the UN Conference on SDGs and Oceans (co -chair Sweden) are many appointments that can be leveraged to help Europeans to recover domestically and geopolitically.

Indeed, the mobilization of the State actors and non –State actors in support to the Paris Climate Agreement and the SDGs is a basis in terms of values , goals and dynamics to strengthen Europe’s champions, bridges and results. We should always remind us that the whole history of humanity is a "*collective adventure*" , the jewels of which we can see in our systems of education , health, research , information, technology development, in our ethical values , knowledge , culture , arts etc.

The interest , including in the business world (WEF , WBCSD) for the Encyclical *Laudato si’* shows an appetite for a paradigm change in the business world. Our discussion at FAO has underlined the need to work on the basis of a dynamic paradigm shift of both the economic development model and the business model in place.

Our conversation at the Vatican have underlined that the Holy See is particularly interested in *impact investing*, the role of value based investors to mobilise finance for the implementation of SDG's, the move "*from stewardship to care*" (see the conference facilitated by EPE and MEI- Italy), the reform of Finance especially in the USA and Europe.

The G7 under Italian Presidency should consider the proposed *Alliance of 3 Seas* including Russia and with the United States, China and Japan as observers. This Alliance based on the concept of 'Olympic rings' should be focused on the implementation of Agenda 2030 "Transforming Our World" and the Paris Agreement on Climate by state actors and non-State actors countries bordering the Black, Caspian and Mediterranean Sea. The MEDCOP Climate Tanger 2016 (July 2016) will be from this point of view, a valuable source of reflection. The Alliance would work on the basis of 'baskets' and would have its headquarter located outside the EU.

Action.

Non- state actors such as EPE and EWP and others in partnership with some institutions, some Member States and non-EU members can create coalitions with levers that allow them to contribute to the restoration of the European dream. It should be approached as 'a new collective work' of building peace and good life for all. Three complementary track may be proposed where a partnership between EU and States Actors and non State Actors would make the difference:

1. Track . EU Re - foundation.

Today is the time for a *metamorphosis* of Europe to face the challenges of the XXIst century inside and outside Europe. It is building a new *software* for a '*transformative cooperation*' intended to better manage our interdependence between Europeans and between Europeans and our neighbors and their neighbors, on a planet of profound change.

We saw the nucleus of 6 Member States become 28 States and 500 million citizens to strengthen peace, security and development within a Union whose land and sea borders - thanks to the citizens of overseas territories - make the EU a potential key player in the management of the planet while Humanity, on the threshold of new advanced unsuspected progress and the edges of tragic abyss, must take into account three wholes : the Earth, Humanity and Capitalism.

The best way for the EU and its associated members to move forward is to become the '*UN leading partner*' of a two pillars strategy focused on one hand on security and on the other hand on the '*transformative cooperation*' to which all Heads of State and Governments of Europe subscribed by adopting the United Nations Sustainable Development Goals in September 2015 and the Paris Agreement in December 2015. These SDG's constitute already now the new '*basic mutual agreement*' between European Countries and with our neighbors and the neighbors of our neighbors.

After the Brexit referendum, 'European State generals' of non-State Actors (Local Authorities, Business & Financiers, Trade Unions, Civil Society, Religious and Philosophical groups) should be hosted to 'create a virtuous circle' where champions of the New World with their success stories and commitments are paving the way for an ambitious political agenda to contribute to the 'Metamorphosis' of Europe.

These States General would be open to all actors of all Member States and beyond contributing to a *sustainable development cooperative transformation*. The States General will aim to draw the metamorphosis of Europe that all the successful initiatives of "transformation" that are already running can generate and to propose a new narrative for Europe.

This meeting will focus on European Champions, their bridges, success stories and commitments in relation with 'the following main themes':

- **Fraternity and Equity** – Local Authorities & Civil society communities contribution to the social dimension of the Sustainable Development Goals and how to move 'from stewardship to care'.
- **The Young Generations** – involved in Erasmus and other exchange programmes as well as EU and EU-Med projects
- **Finance and Sustainability**. A new form of 'transformative cooperation' to mobilise capital in support to the SDG's.
- **New Industrial Revolution**. Local Authorities & Business towards the decarbonisation of Europe, a green (circular and bio economy) and blue (oceans) economy, leading to the new industrial revolution.
- **European Governance inside the EU** between EU and its Economic, Social, Cultural actors and its Citizens.
- **A Three Seas Alliance between EU and its Neighbors**. The EU and its partners - including its Arctic neighbors, the Caspian Sea, Black Sea, the Mediterranean Sea - should launch an 'Alliance' to open new fields of "progress" (a notion that the OECD and the Council of Europe seek to redefine) and set up innovating governance schemes with our neighbors and the neighbors of our neighbors to the North, East and South for the implementation of the Objectives of Sustainable Development.

The States General would debate proposals for consideration by the European Council and the European Parliament.

Steering Committee to be fixed and would include i.a.:

European Movement Branches
European Partners for the Environment
European Water Partnership
MEDCOP Tanger

Track 2. The EU Foothills and the bottom up metamorphosis of European Regions.

The proposal is to promote a *Covenant Regions 2022*, as a multi-stakeholder process of cooperation to ensure a coordinated action of signatory regions and all actors, public and private, concerned by the deep ecological and socio-economic "transformation" of their region. This Covenant would address regional bottom up metamorphosis as a governance experience to speed up implementation, increase the level of ambition, ensuring resilience in relation with the UN Sustainable Development Goals (SDG's) 2016-2030, the Paris Agreement on Climate and related SDG (13), the EU's targets on circular economy, the SDG targets related to food security (2), energy (7), protection of forests, soils, biodiversity (15) and oceans (14), sustainable management of water (6) sustainable industrialization (9) sustainable cities (11), resource efficiency, sustainable consumption and production pattern (12). All these topics are interrelated and must be considered in an integrated manner with other SDG's related to end poverty (1) as *no one should be left behind*, welfare for all (3), education (4), inclusive economy (8) reducing inequality (10) inclusive societies (16).

Track 3. The reorientation of finance.

The 2008 crisis is in all memory. Today, after the Brexit the danger to see London City becoming the new tax havens more attractive than Panama is real. Value based Investors behaviour will be even more under scrutiny.

It is proposed to keep our focus on the follow up of the very successful April 2016 Conference in Rome on 'Value Based Investors and the SDG's in the light of Laudato Si' co-hosted with the European Movement-Italy and the participation of Cardinal Turkson. Our two priorities will be a UK Roundtable and a partnership with FAO. SDGs require a transformative approach and methods to achieve its objectives. The partnership with FAO would explore how Value based investors could support FAO's mandate. FAO three main goals are: the eradication of hunger, food insecurity and malnutrition; the elimination of poverty and the driving forward of economic and social progress for all; and, the sustainable management and utilization of natural resources, including land, water, air, climate and genetic resources for the benefit of present and future generations.