



Sustainable Europe 2030

Challenges and choices for Europe

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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

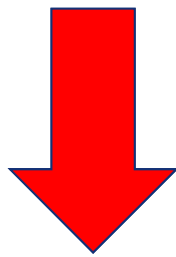
Top 10 risks in terms of **Impact**

- 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

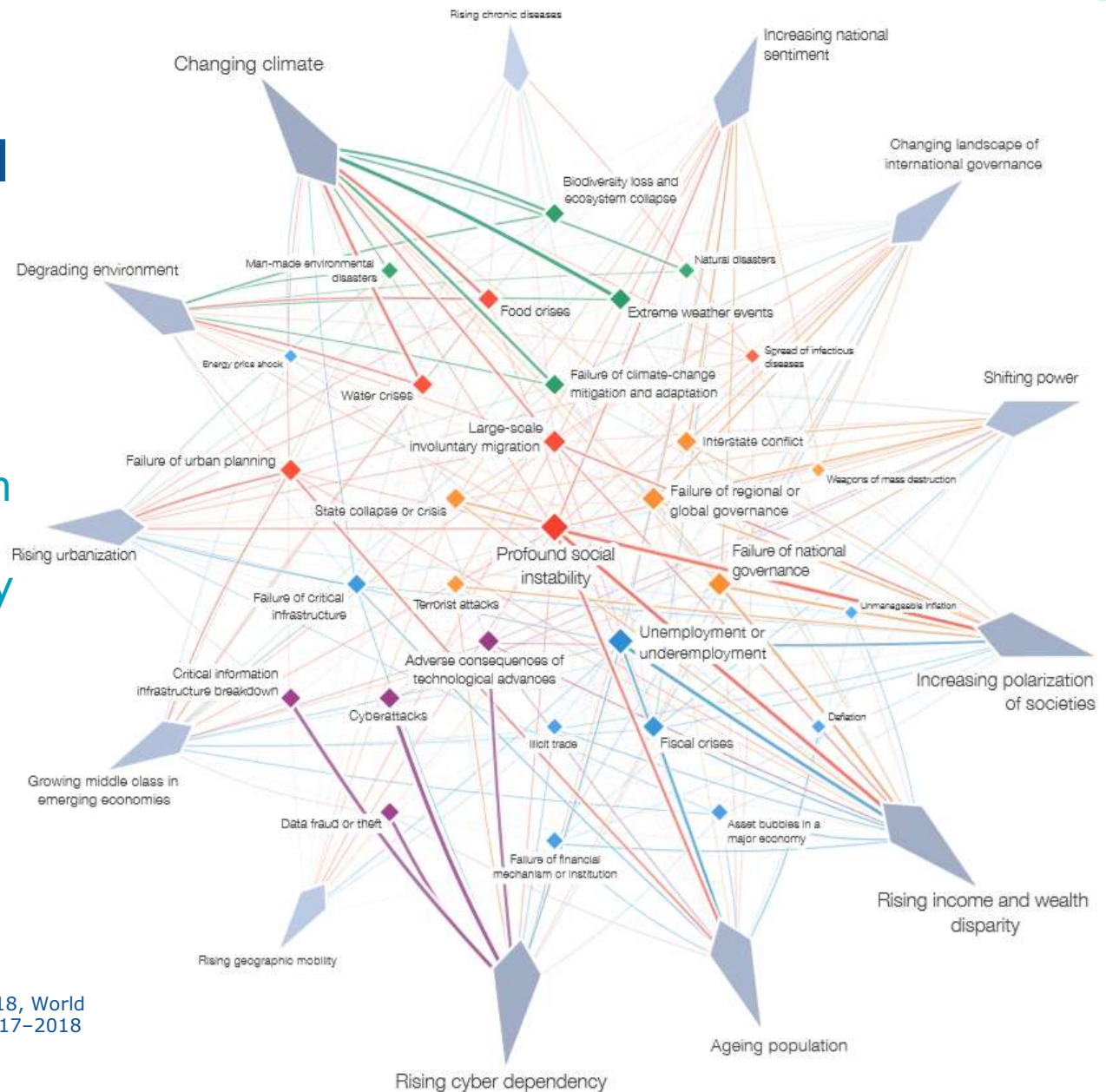
Source: World Economic Forum, The Global Risks Report 2019



Issues are very much **connected**



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

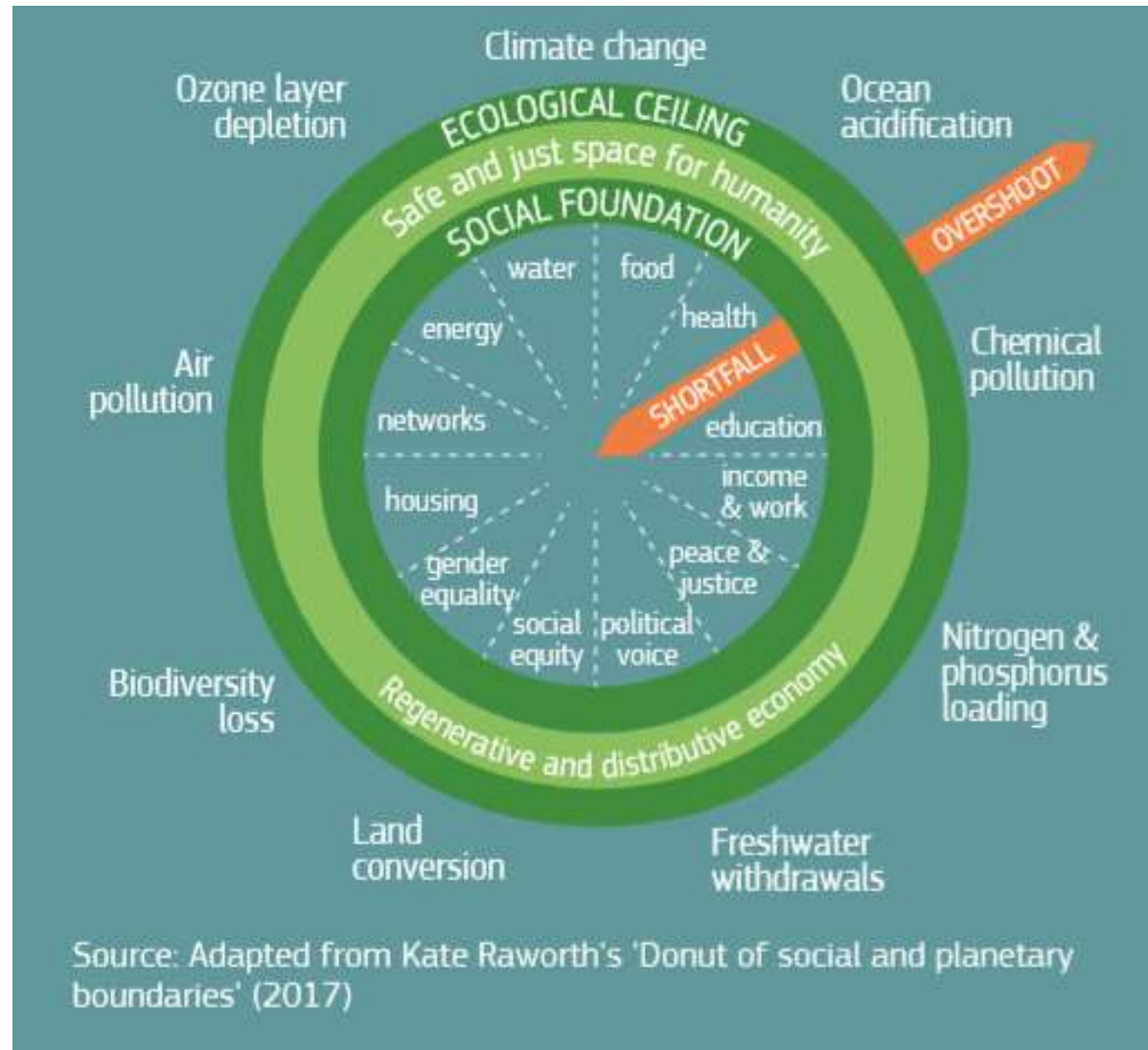


Source: The Risks-Trends Interconnections Map 2018, World Economic Forum Global Risks Perception Survey 2017-2018

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

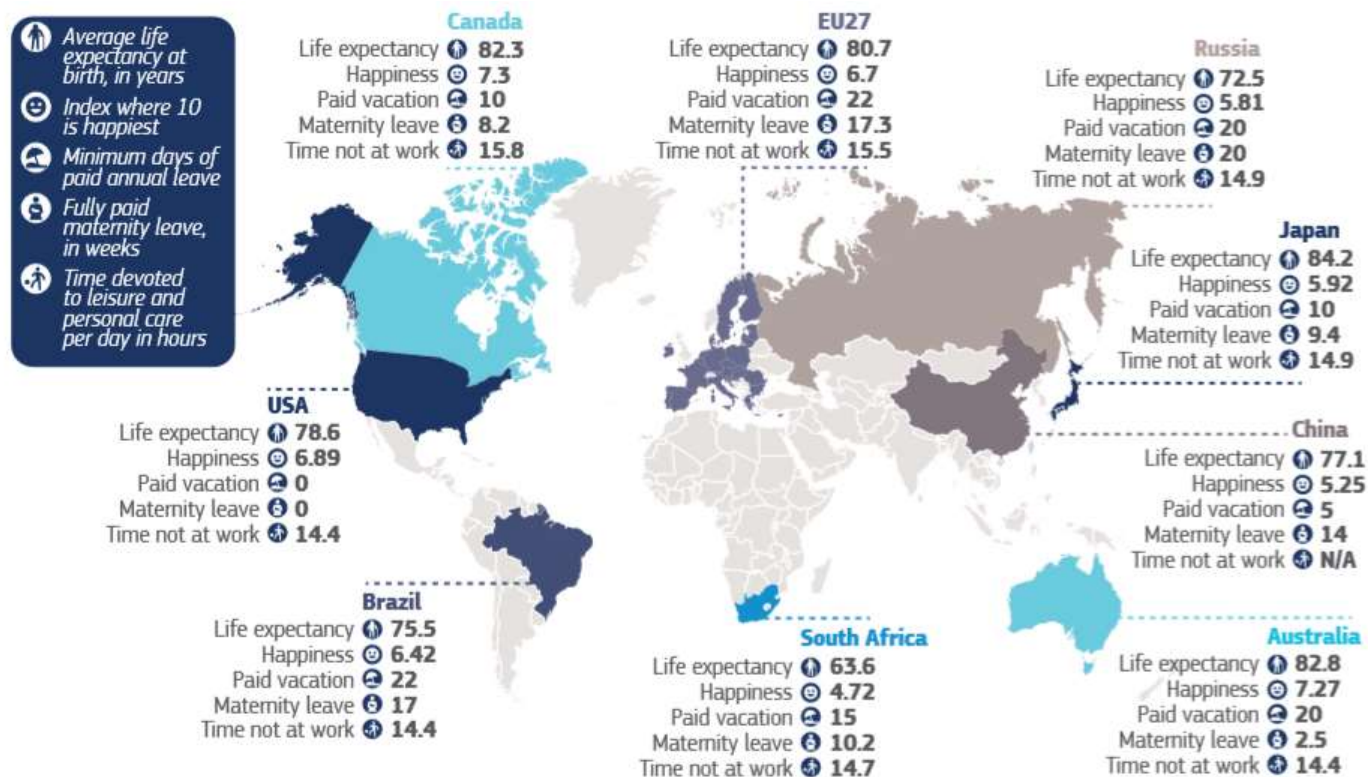


In other words: there are **Inextricable Links**



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

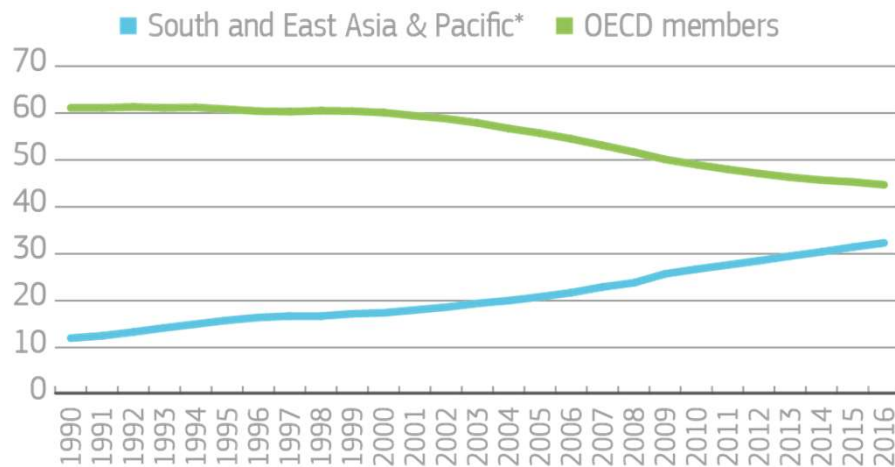
Europe is a world leader in **quality of life**



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

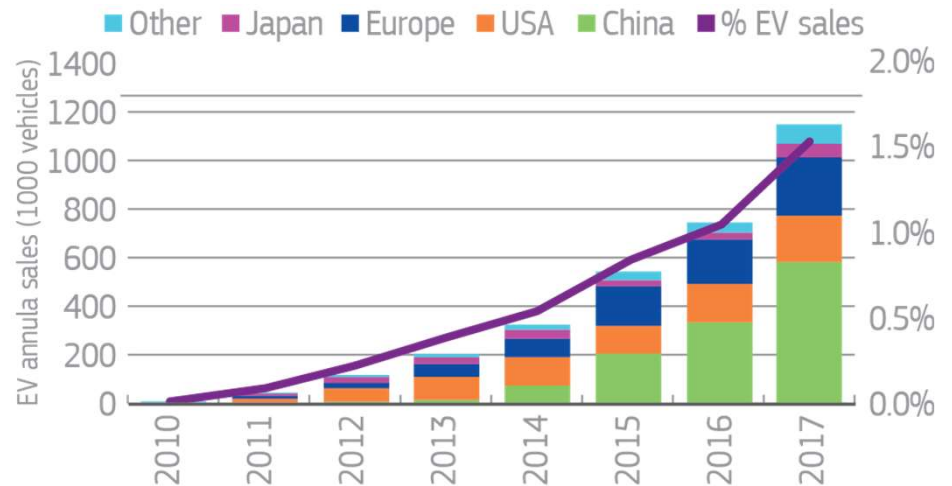
But at the same time the Global Economy is Shifting East

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



Source: World Bank

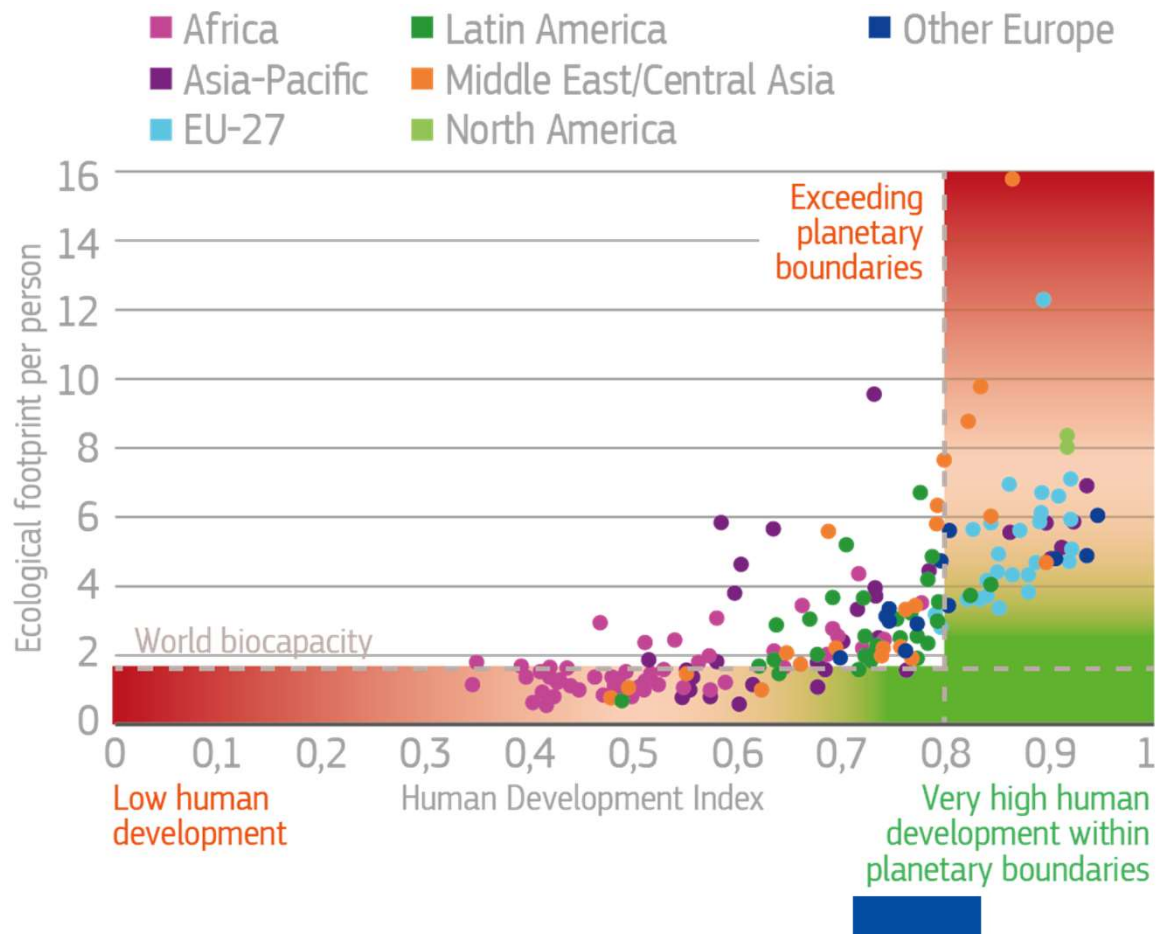
Annual sales of electric vehicles



Source: Joint Research Centre, Bloomberg New Energy Finance

RISK #1: Aiming only for high growth

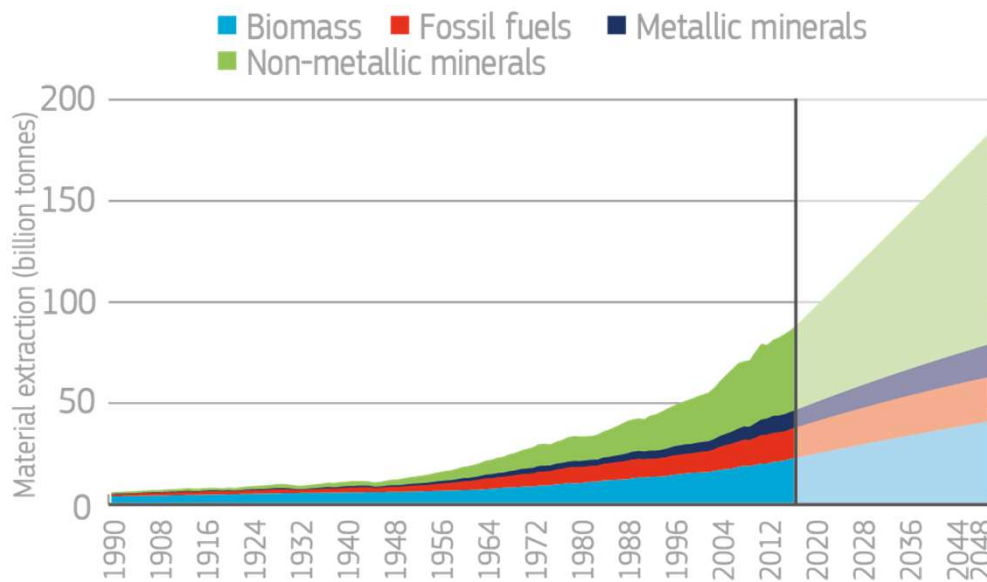
Not a single country has achieved a high human development within planetary boundaries



How to get there?

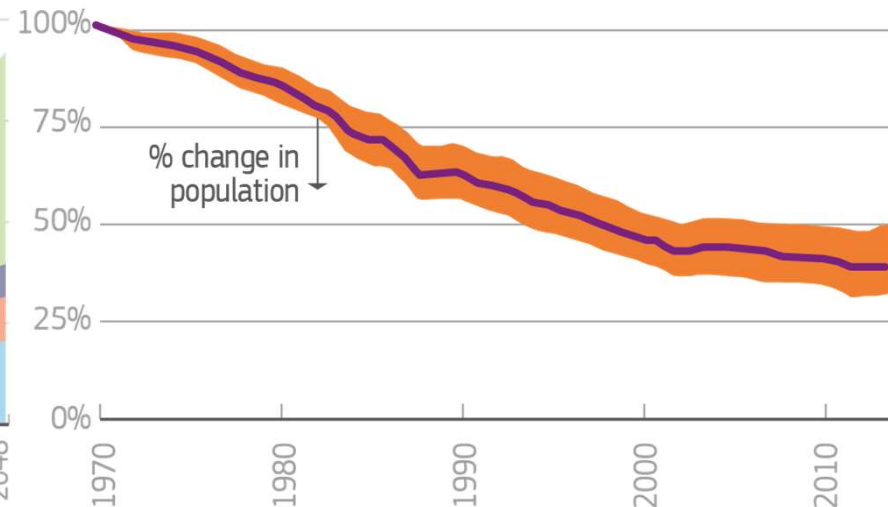
How to measure success?

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).

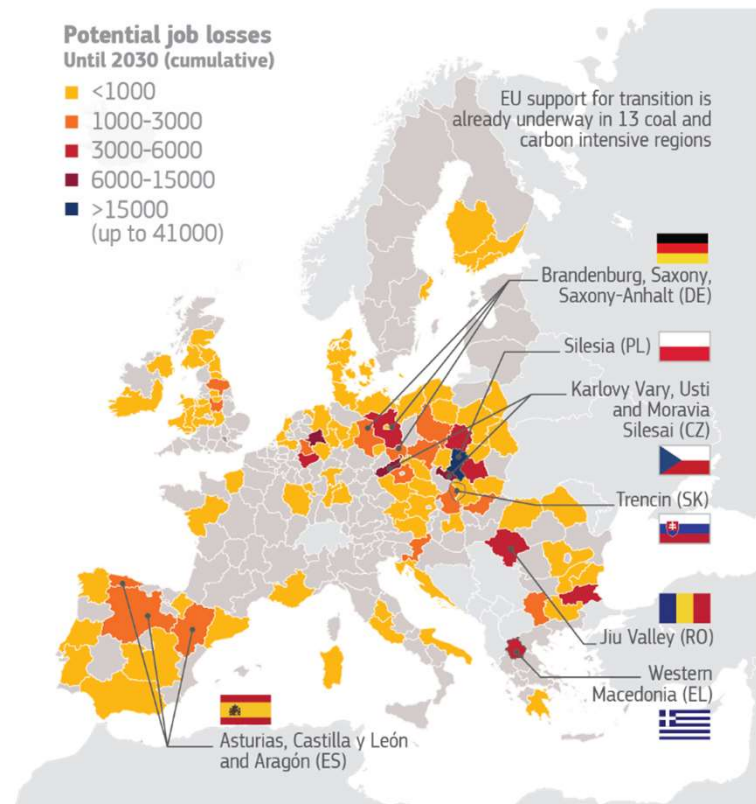
Since 1970, **60% of the world's vertebrate animals have been wiped out**



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

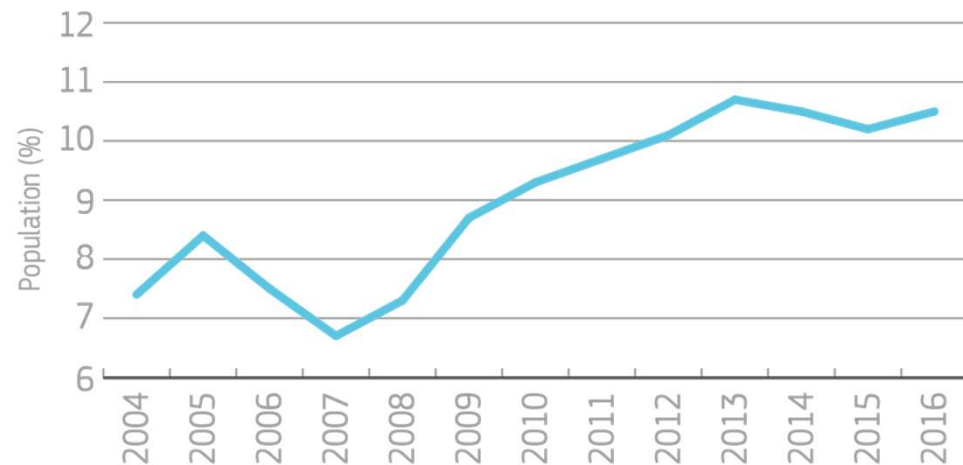
RISK #2: Overlooking the intersections between social & environmental policy, thereby compromising both

EU **planning well ahead** for the transition in coal regions



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

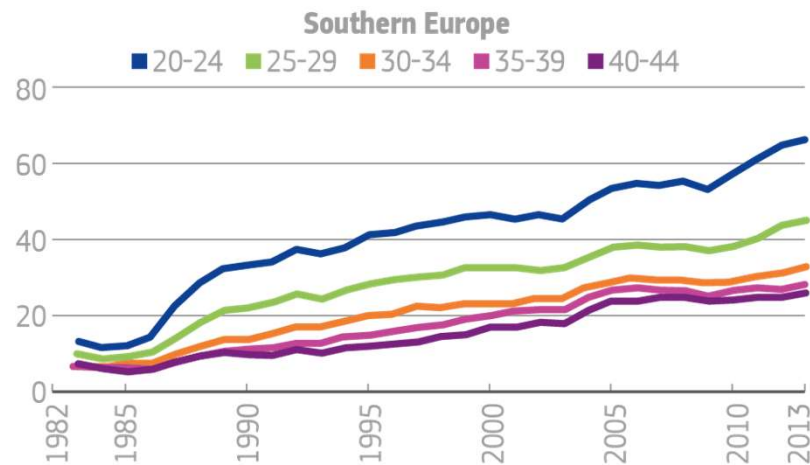
More Europeans **unable to pay their utility bills** in recent years



Source: Eurostat, Energy poverty indicator

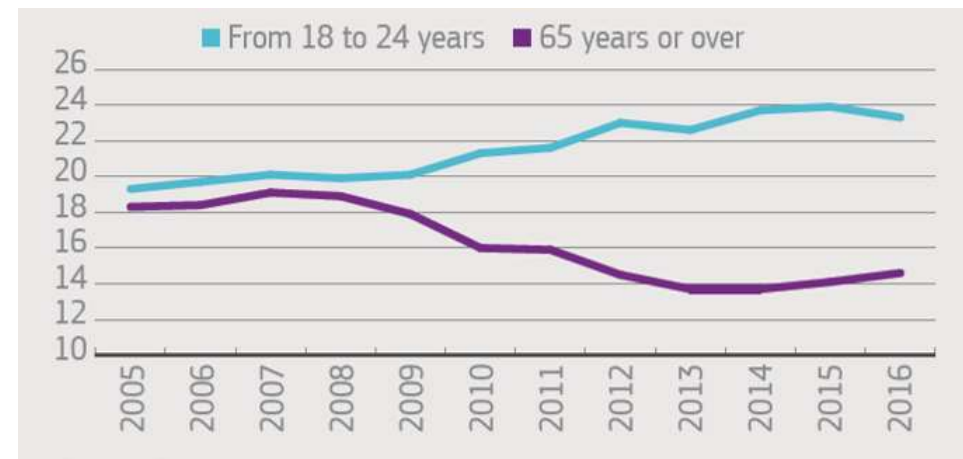
RISK #3: New forms of employment require a reinvention of the Social Contract

Intergenerational divide: the incidence of non-standard employment



Source: World Bank, 2018

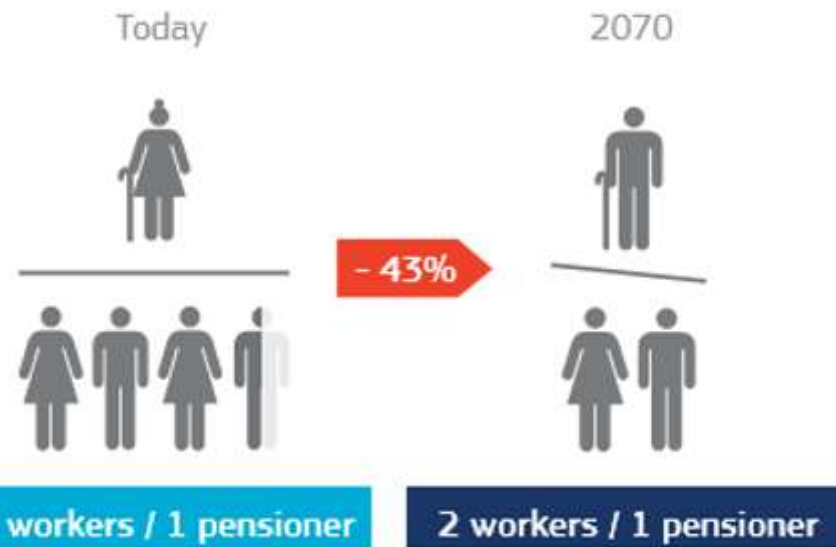
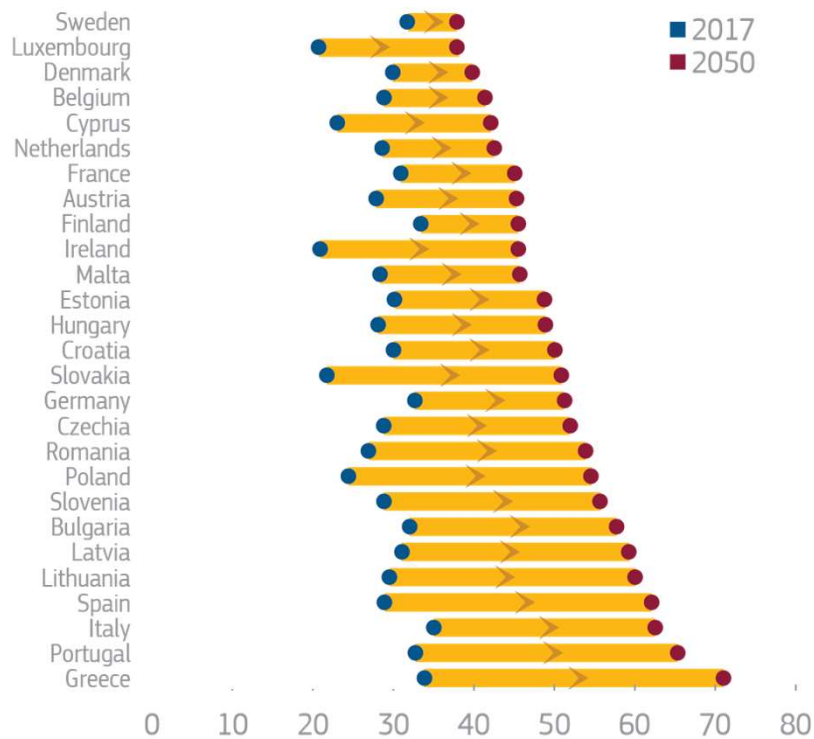
At risk of poverty, percent of total



Source: Eurostat

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

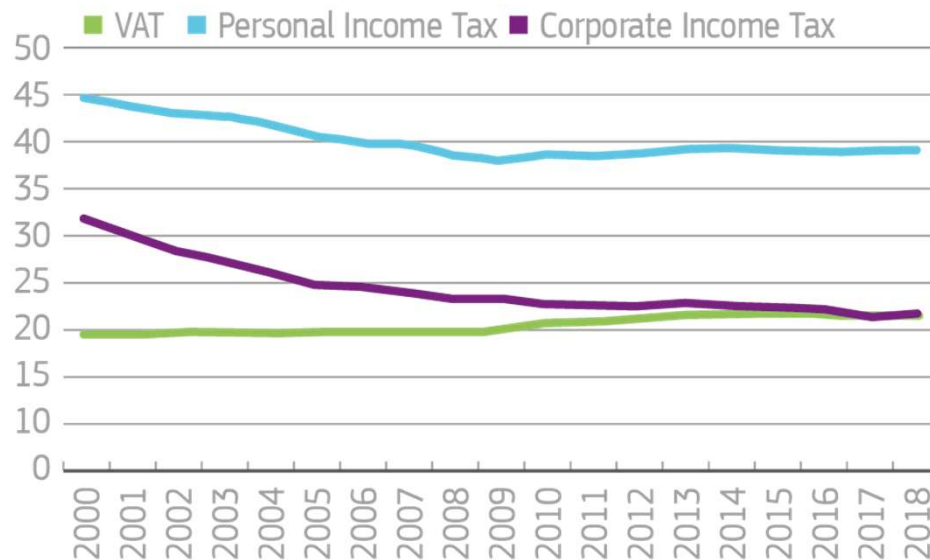
The old-age dependency ratio will continue rising across Europe



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).

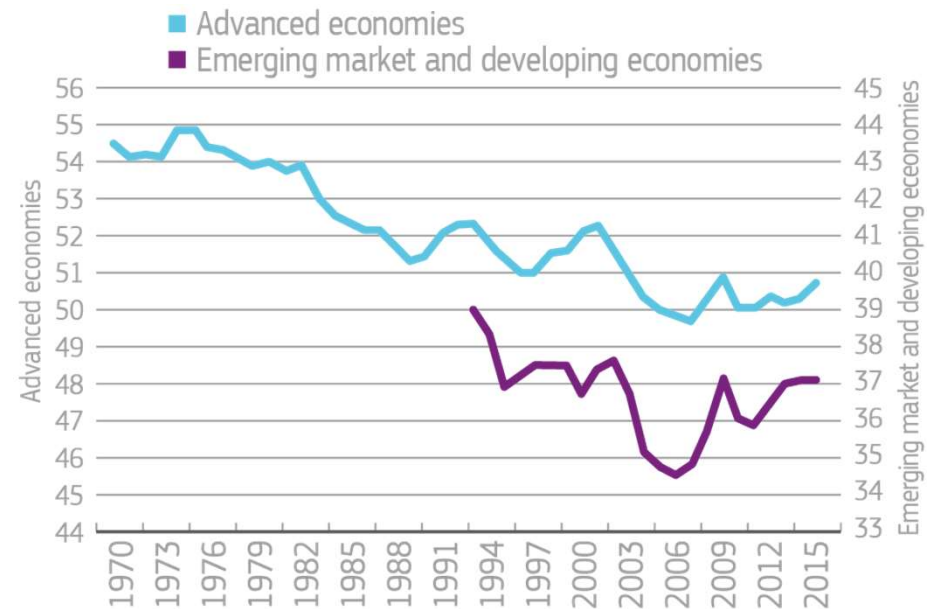
Sources of revenue are coming under ever greater pressure

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

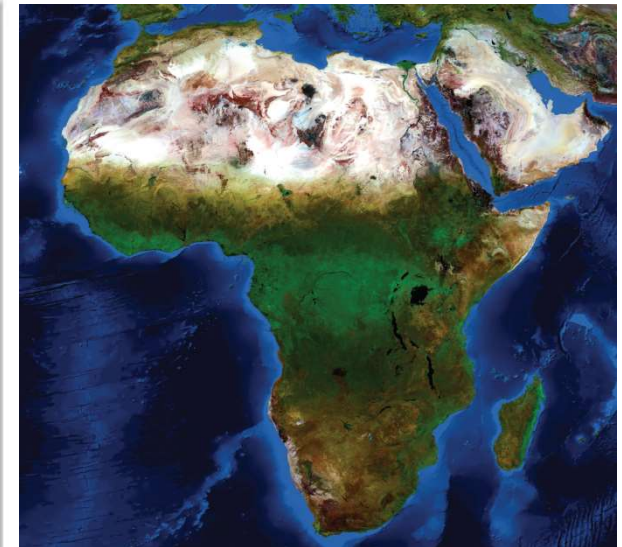
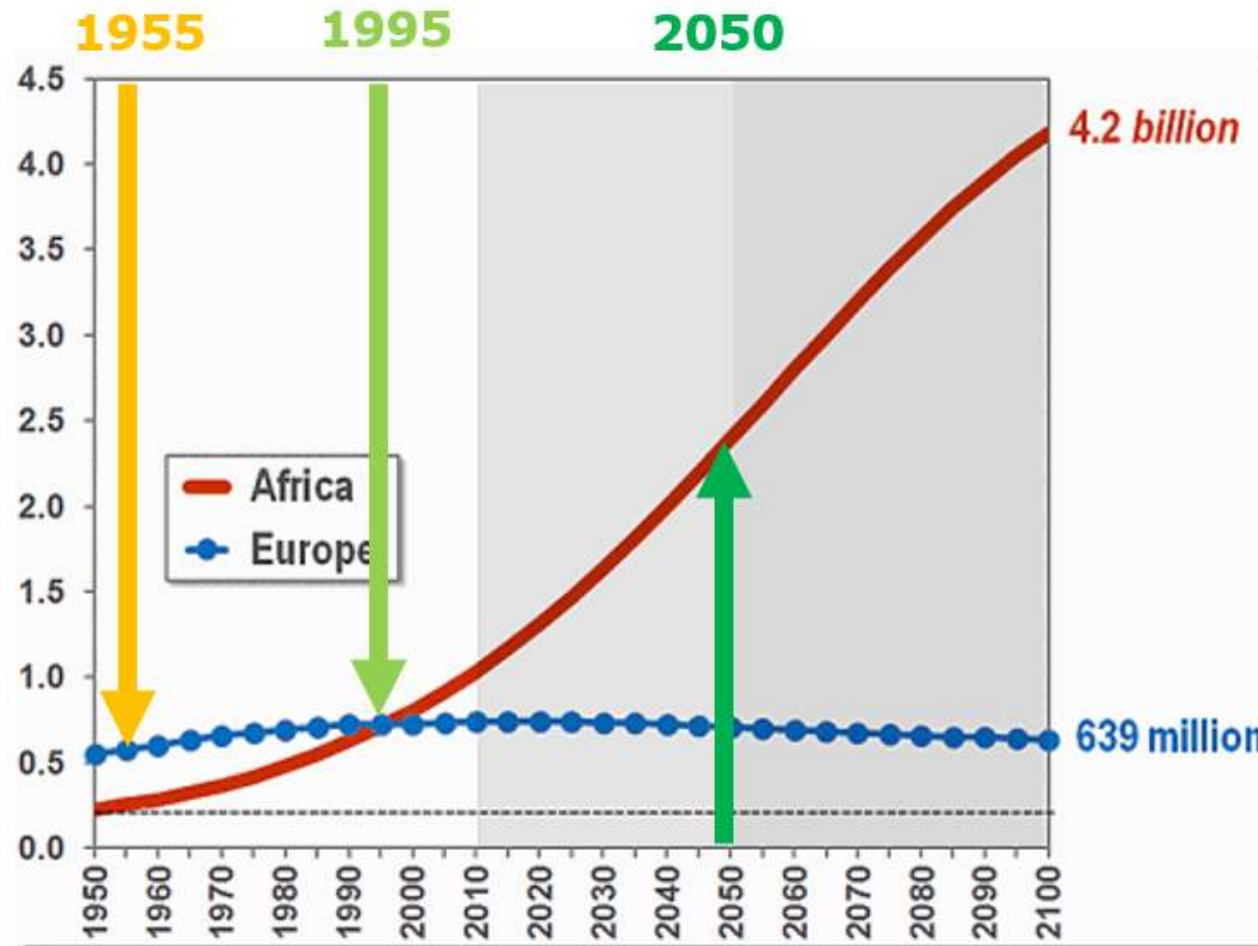
China and India produce carbon-intensive products for consumption by Americans and Europeans



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

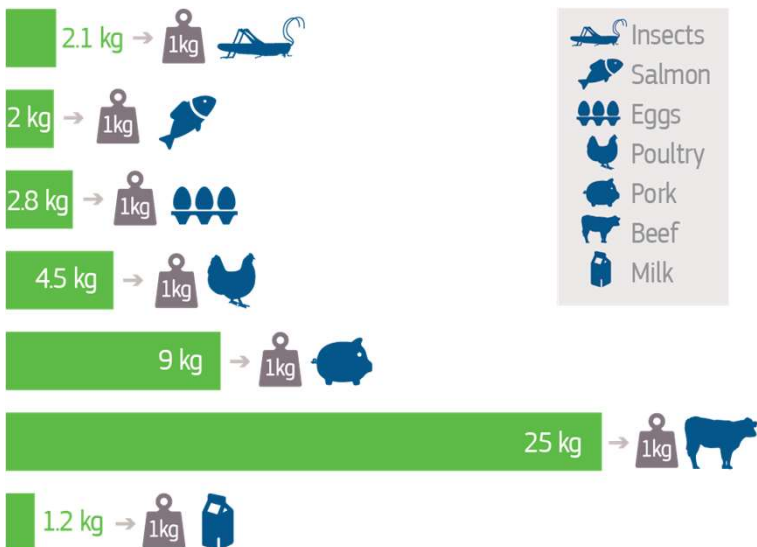
Africa vs. Europe Population 1950-2100



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)



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

Where one lives also matters

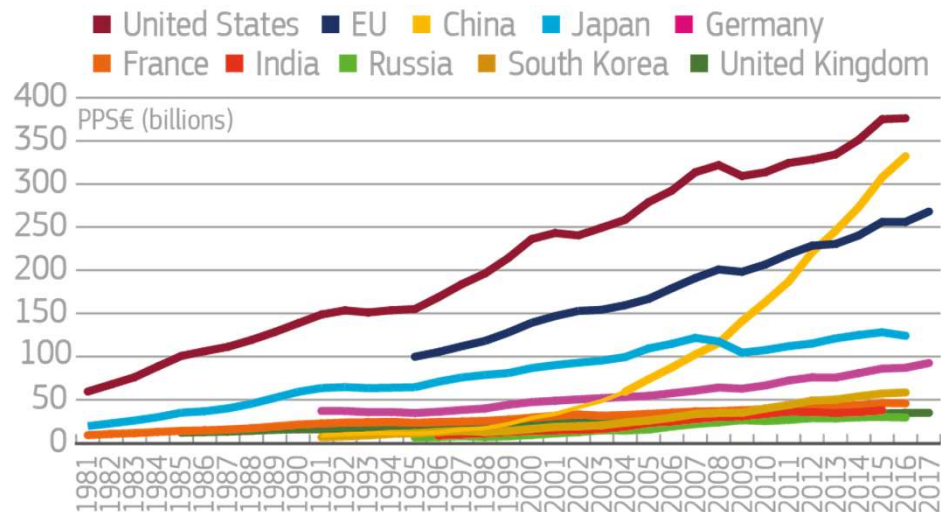
Average carbon emissions per household by selected neighbourhood types (tonnes)



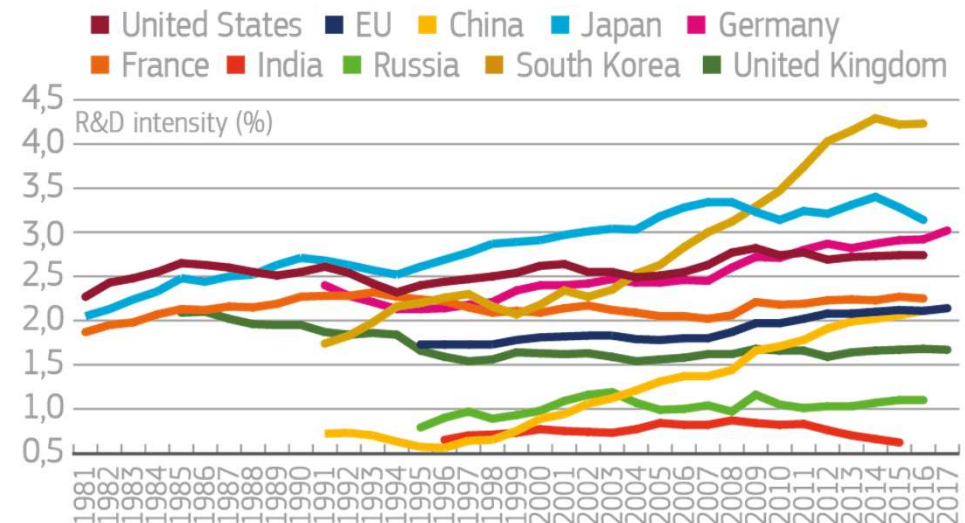
Source: Country of Cities

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

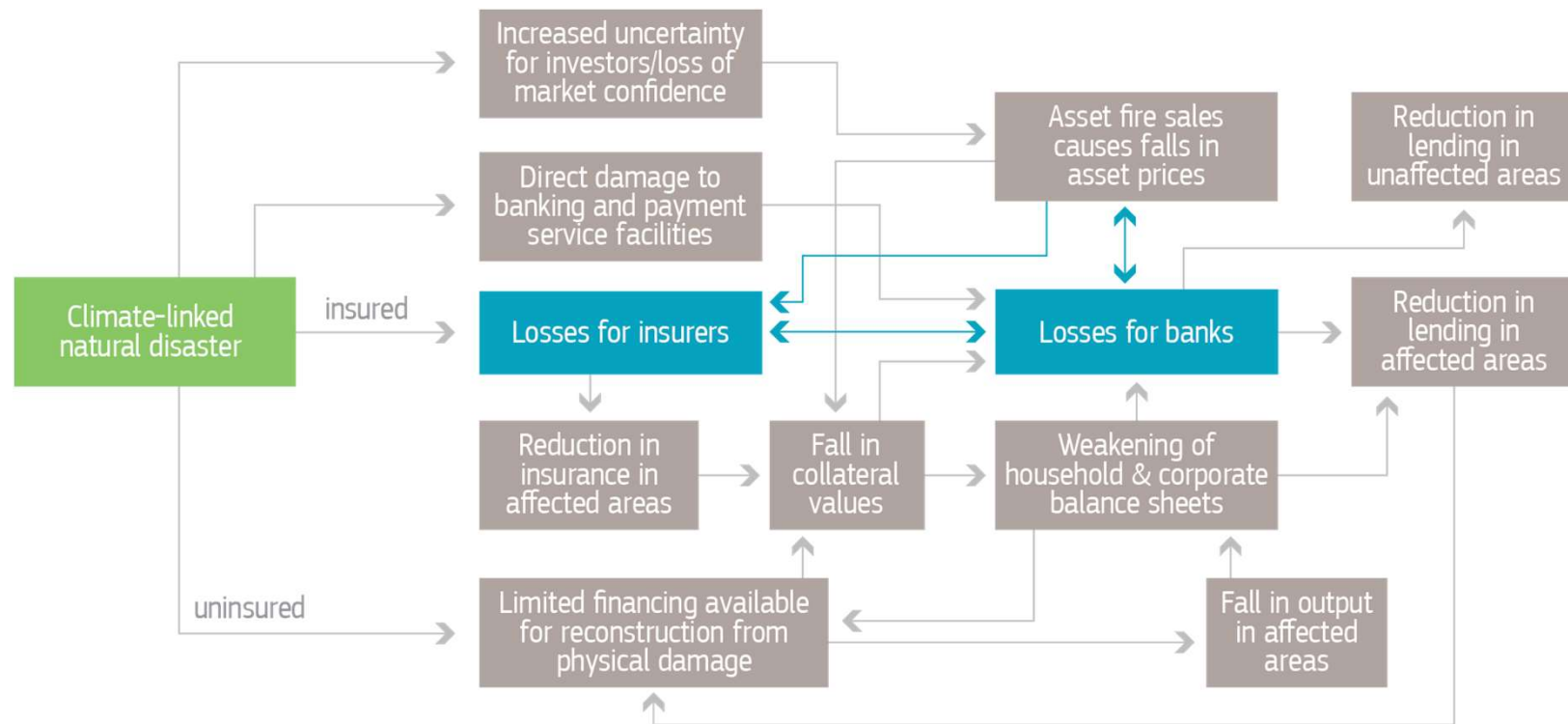


Source: Values extracted by DG Research and Innovation, European Commission, based on data from Eurostat, OECD, UNESCO



Sustainability risks are financial risks

Possible impacts of climate-related natural disasters on the economy

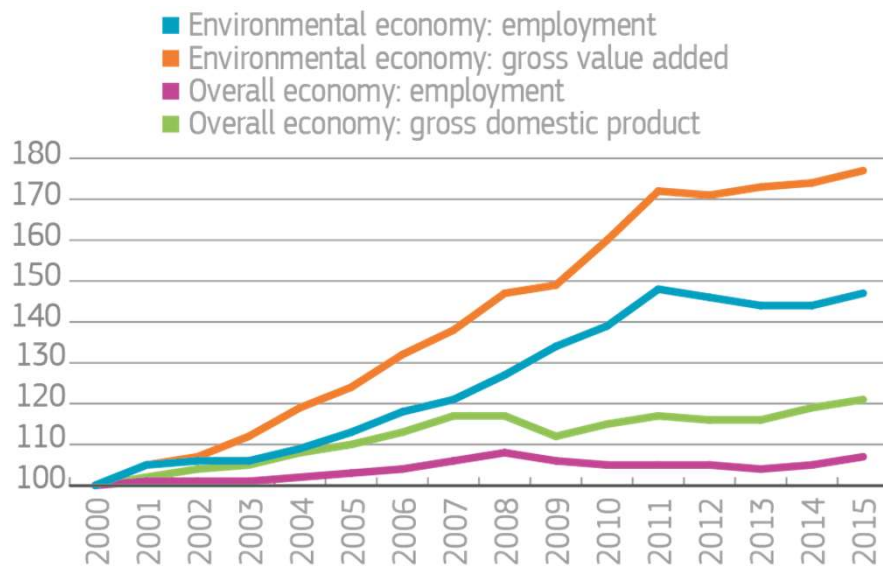


Source: Bank of England



Opportunities need to be made visible and captured

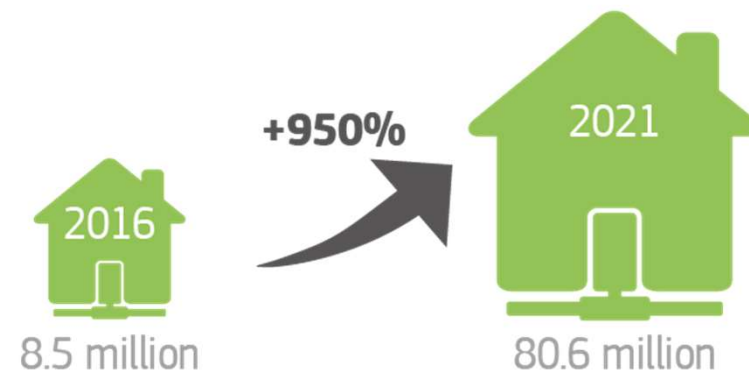
Environmental economy growing faster than overall economy



Source: Eurostat, European Commission

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

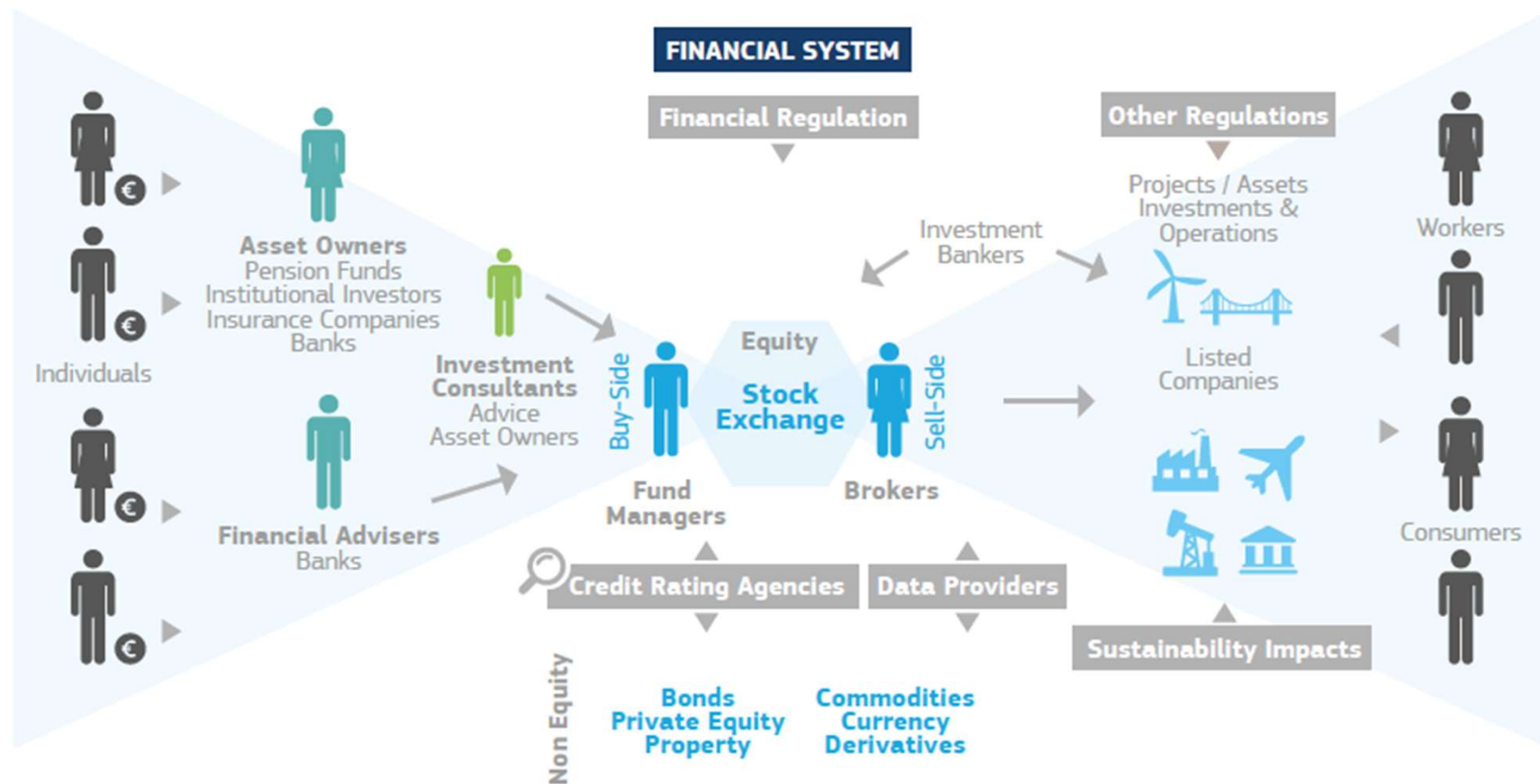
Smart homes* in the European Union



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

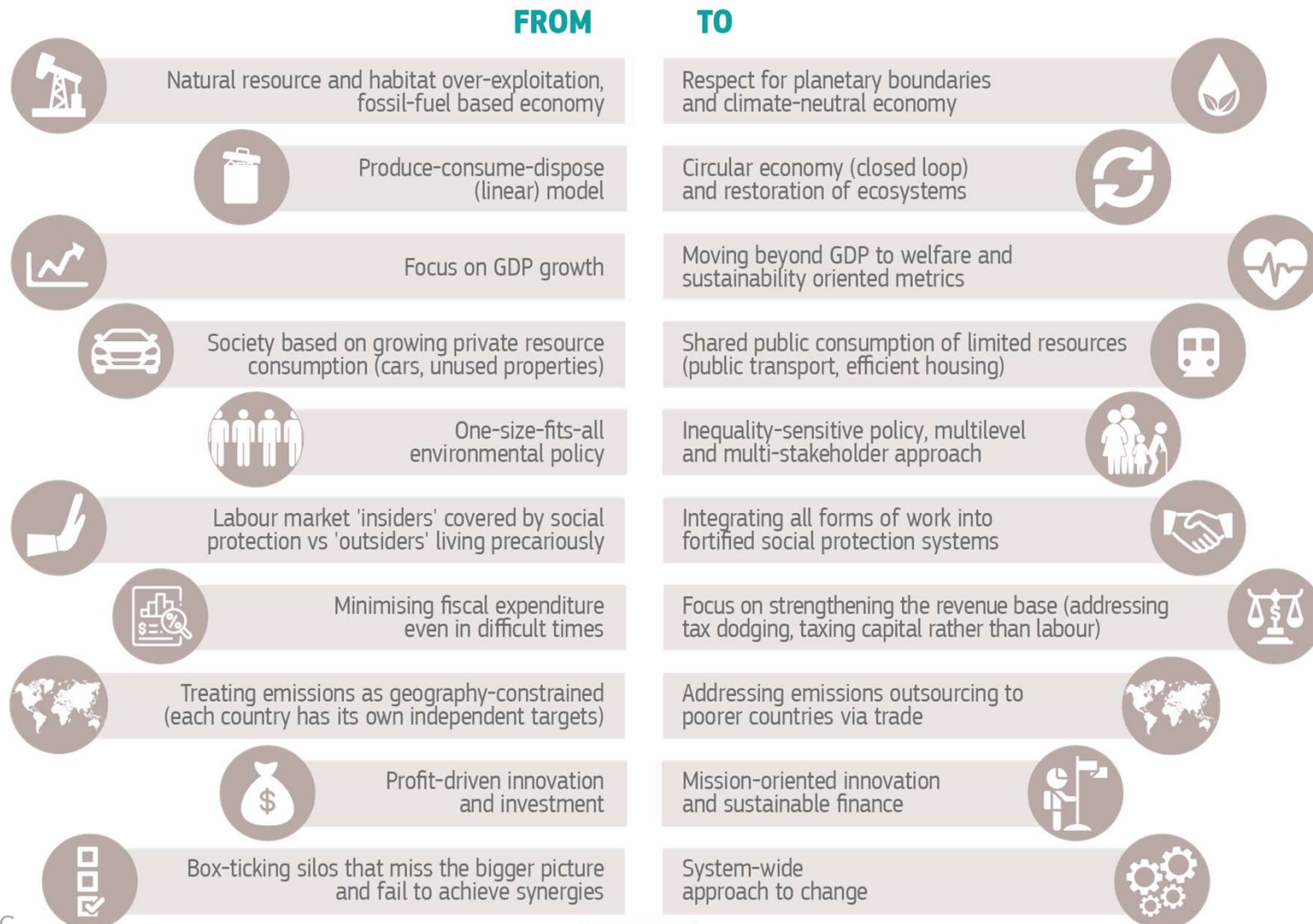
Source: European Commission

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



Source: Aviva Investors, European Political Strategy Centre

Time for systemic change



Thank you for your attention

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