

# INDUSTRIAL REVIVAL

<http://www.euractiv.com/specialreport-industrial-revival>

## Contents

'Green' EU budget to pump more money into brownfields.....	p.1	Bütikofer: 'Industrial policy must be sustainable' .....	p.5
UNESCO honours Europe's industrial legacy .....	p.3	New renovation rule set to boost inner-city industry .....	p.7
Industrial revival hinges on new soil rules .....	p.4	London banks on priciest Olympic facelift .....	p.8

## 'Green' EU budget to pump more money into brownfields

The EU's new regional funds for 2014-2020 will see more money allocated to the regeneration of brownfield sites, helping old industrial areas generate new economic activity.

The European Parliament's regional committee adopted its position last week in a draft EU regulation that will govern how regional policy money will be allocated under the bloc's upcoming budget for 2014-2020.

The new draft budget rules, which still needs approval from the 27 EU member states, sees a 5% increase in funds allocated for "integrated actions for sustainable urban development".

This heading includes the recovery of brownfield sites, meaning more EU funding will be made available to regenerate them.

At least 5% of the resources allocated nationally through the European Regional Development Fund – or ERDF, which is part of the cohesion funds and is aimed at helping regions develop - should be allotted for this purpose, according to the draft regulation.



The ERDF "may" also support innovative actions for sustainable urban development, subject to a ceiling of 0.2% of the total annual ERDF allocation. These could include studies and pilot projects to identify or test new solutions to issues relating to sustainable urban development, the new draft regulation says.

### Funds secured

Data on the redevelopment of brownfields are patchy and hardly comparable, reflecting the lack of a common definition of the problem across Europe, according to the Copenhagen-based European Environment Agency (EAA).

The regeneration of these sites falls under the urban development actions funded by ERDF funds.

Member states, during early

negotiations with the former Danish presidency of the EU, supported this measure, which was initially proposed by the European Commission in June 2011.

The agreement between the European Commission, Council and Parliament on this point should protect the money from horse-trading in the negotiations over the future cohesion policy, which the three EU institutions are expected to conclude before the end of the year.

### Fit for 2020 goals

The extra money allotted for the revival of brownfields is part of the Europe 2020 goals to support economic growth, create jobs and preserve the environment.

In its 2014-2020 budget proposals tabled last year, the European Commission asked for €336 billion to be injected into

Continued on Page 2

### Continued from Page 1

the bloc's regions over the next seven years.

Rejuvenating brownfield sites – which have been previously used for military, mining, industrial or commercial purposes and are now often beset by soil and water contamination – falls under the umbrella of 'green' and innovate solutions for economic growth. Empty brownfield sites, if rehabilitated, could create jobs for the nearby communities, improve the environment and promote innovation, the Commission believes.

However, it is not yet clear yet how much money will be allotted to the ERDF this year, making it uncertain how much will become available under the 5% increase. In fact, member states have not yet put any numbers on the table as the future EU budget is still being negotiated.

The Commission and Parliament have asked for the ERDF to receive at least the same amount as in the current budget (2007-2013). But member states that are net contributors to the EU budget have

tried to slim down the overall figure.

### 'Channelled' spending

The new draft cohesion policy regulation lays down precise rules on how regional money can be spent.

Under the draft, richer regions have to spend 80% of the ERDF funds on 10 investment priorities whilst poorer regions will have to spend 60% on the same priorities. This means that the amounts member states can use is somewhat regulated.

Additionally, richer regions have to spend at least 22% of the ERDF funds on projects supporting low-carbon technologies and solutions, whilst poorer regions have to spend only around 15% of the ERDF for the same purpose.

"These investment priorities are all supporting more or less the recovery of brownfield sites," said Markus Trilling of Friends of the Earth Europe and CEE Bankwatch. The environmental activist

believes, however, that the amount of money allotted through the ERDF is insufficient.

It is "a drop in the ocean for how much is needed to get the regions on track," he said. "But at least we want to make sure they don't spend the money on gas pipelines."

The new EU funds regulation could start a new era for how money is spent on brownfield sites regeneration. But eventually, it will be up to member states to decide on how to allocate this 'thematic concentration' of money to specific projects.

Trilling said "95% will stay the same. It's not a new era, unless member states decide so. But now they have more of this option."

"The European Commission is now going in the right direction," he said. "But member states have to map first how many sites are worth regenerating in their country and then start reserving EU money for this".



# UNESCO honours Europe's industrial legacy

Former French and Belgian industrial mining districts were put on the UNESCO World Heritage list this month, joining a swelling number of European venues attempting to convert industrial grit into viable tourism and leisure industries.

The 120,000-hectare Nord-Pas de Calais Mining Basin featuring old mining pits and 140-metre-high slag heap was mainly chosen because of its workers' homes and villages, which date to the mid-19th century.

The high standard of industrial architecture was also a critical factor in the selection of four Wallonian sites – forming a 170 kilometre-long strip straddling Belgium from east to west. UNESCO wants to protect the early industrial “utopian architecture” of the collieries and villages, which were built at the end of the 17th century.

## UNESCO's industrial heritage listing

The former pits appear in this year's World Heritage list alongside the more exotic site of Xanadu, the remains of Kublai Khan's former legendary capital. But they continue a tradition that began in Europe when UNESCO listed Poland's Wieliczka-Bochnia salt mines in 1978.

The UN body has listed as cultural heritage sites “Industrial Heritage Monuments and Properties” yet started to include “mining landscapes” or “mining regions” as a whole only in 1997.

Today, out of more than 60 industrial



sites protected by the UNESCO, 24 relate to the mining industry, of which 15 are European.

The prestigious UNESCO recognition enables these often-deprived areas to attract redevelopment capital to fund preservation and tourism development.

The Blaenavon district in South Wales – the world's major producer of iron and coal in the 19th century – was listed in 2000. It now boasts a museum of coal mining of international significance, with the conservation of Blaenavon Ironworks contributing to economic regeneration in one of the United Kingdom's poorest districts.

## Cross-border application is waiting for UNESCO clearance

Europe's dominance of the list is a testament of its glorious industrial heritage, and lobbying by the Stockholm-based International Committee for the Conservation of the Industrial Heritage

created in 1978, which recommends the best sites to be listed by UNESCO.

It is backed up by groups such as the European Route of Industrial Heritage, a body that seeks to preserve the industrial legacy of Europe across its earliest axis – from the UK, through the Netherlands and into Germany.

The group organises an annual event called the ExtraSchicht which celebrates the interplay of culture and former industrial plants, acting as a showcase for revival.

Although the event is based around the Essen-based Zollverein World Heritage Site in Germany's Ruhr district, for the first time next year it will be staged with countries including the Czech Republic, France and Norway.

This reflects a new breed of cross-border UNESCO listing application: the 800-year old Ore Mountain mining region (Montanregion Erzgebirge) bordering Germany and the Czech Republic is the next European area vying to receive the accolade.

# Industrial revival hinges on new soil rules

A soil framework directive necessary to boost industrial regeneration is creeping back onto the European agenda after years of being shelved by reluctant EU member countries.

Reinhard Bütikofer, the deputy leader of the Greens group in the European Parliament, said sentiment over the directive might be changing in Germany, which has resisted specific EU soil legislation.

Germany's upper house, the Bundesrat, has blocked it in the past, "but the majority in that chamber has changed since that last happened," the former leader of the German Green party told EurActiv in an interview.

The European Commission has been arguing for binding legislation on soil protection since 2006, when it proposed a Framework Directive on Soil Protection as part of a broader soil strategy.

Such a directive would revivify Europe's industrial cities by preventing brownfield sites from remaining disused

since it would compel governments to re-use old industrial land, Bütikofer said.

But little progress has been made and Germany, the United Kingdom, France, the Netherlands, Austria and Malta continue to form a blocking minority on the matter in the EU Council of Ministers, arguing that the directive would impinge on their national prerogatives.

"If you take a step back, however, that can hardly be a major problem because not many states have such legislation," Bütikofer said.

## Tackling the EU's industrial legacy

Although there is no specific EU legal basis for soil protection, the European Commission has continued to integrate the objective into other EU policies, including regional programmes focusing on the rehabilitation of old industrial sites.

According to the European Commission, around €3.1 billion has been allocated to the rehabilitation of industrial sites and contaminated land as part of the Cohesion Policy in the period 2007-2013.

Hungary, the Czech Republic and Germany have allocated the most funding (€475 million, €371 million, and €332 million respectively), according to a Commission report on the implementation of the soil thematic strategy, published this year.

"Thus, considerable resources are available to tackle the EU's industrial

legacy in eligible regions," the Commission said, adding that the Cohesion Funds and the European Regional Development Fund "should continue to support the regeneration of brownfield sites in the next programming period 2014-2020".

## Turnaround in Germany could boost chances of European proposal

In Germany, the European funding programmes might have contributed to a change of heart amongst regional representatives in the Parliament's upper chamber.

The Bundesrat's endorsement last November of an efficiency roadmap calling on European member states to reduce their net 'land take' – the amount of Greenfield land they develop – to zero by 2050, showed how the mood has changed, Bütikofer said.

"By asking for that to happen, by implication brownfield sites would have to play a major role in the development of any new business activities," he said, adding that his party in the lower German house, the Bundestag, has "taken the initiative to try to kick-start [the soil directive] by demanding several resolutions to re-start the negotiations at European level."

Bütikofer also called for environmental issues to play a central role in the European Commission's upcoming review of industrial policy, expected this autumn.

"Let's put a price on carbon and then – by creating that framework condition – make industry compete over who can deliver energy efficiency. That would be an important change in our policy approach. Presently the polluters are achieving a market advantage," he said.

Bütikofer also called for greater control over derivatives trading in raw materials. Traditional industries are highly exposed to volatility in raw materials prices, he said, adding: "In the context of the Markets in Financial Instruments Directive, we have imposed some conditions to protect bona fide hedging, but we need to defend against undue speculation."



# Bütikofer: 'Industrial policy must be sustainable'

A new industrial policy strategy for Europe needs to be sustainable German Green MEP Reinhard Bütikofer says. New policy instruments such as a soil directive should be adopted, he argues.



*Reinhard Bütikofer is the speaker of the German Greens in the European Parliament, deputy leader of the parliamentary group and treasurer of the Greens/European Free Alliance. He formerly led the Green party in Germany. A member of the committee for industry, research and energy (ITRE), Bütikofer is a transatlantic adviser for the Heinrich Böll Foundation, and – since 2009 – has served on the board of Europa-Union Deutschland, the German branch of the Union of European Federalists. He spoke to EurActiv's Jeremy Fleming in Brussels.*

**What is the most important piece of upcoming policy needed for kick-starting industry?**

I think we should focus on industrial policy, and the forthcoming industrial report being revamped by the Commission for later this year, because this is probably one of the most contentious issues in the sphere of economic policymaking presently.

When the predecessor [report on Industrial strategy] came out in 2010, we welcomed it. This is because we wanted to create an environment that is conducive to re-industrialising Europe and overcoming some of the impediments we have run into using the present development model, most particularly with regard to the environment and climate change. So sustainable re-industrialisation is exactly the right topic, because we have to re-industrialise and promote competition. Industrial policy involves the environment and many other sectors, so we have to have a comprehensive response.

**Why do you think that the environment should be central to industrial policy?**

In the context of the relationship between industry and the environment, there is no such thing as a free lunch, and with the environment, we are not currently internalising the external cost of environmental protection, so someone else is paying for the lunch.

Lets put a price on carbon and then – by creating that framework condition – make industry compete over who can deliver energy efficiency. That would be an important change in our policy approach. Presently the polluters are achieving a market advantage.

**What other policy approaches are required for industrial regeneration?**

Let's talk about the raw materials issue. Traditional industries that rely on raw materials – and particularly those that import raw materials from other areas – are highly exposed to volatility in raw materials prices. That's why they hedge – and all good businesses do that. Of course, in recent years, many financial

actors have also moved into that activity and – on top of bona fide hedging – you also now find undue speculation. This is putting the real economy under undue pressure, volatility has increased two- or threefold as a result, and we should work on this. In the context of the Markets in Financial Instruments Directive we have imposed some conditions to protect bona fide hedging, but we need to defend against undue speculation.

**What more can be done to convert the decaying urban industries and convert these?**

I would tend to also include in the scope of possible actions a renewal of the effort to get a new soil framework directive under way. That has been a goal pursued under different EU presidencies since 2007, but there has never been enough political agreement to further it. It also met with a blocking minority in the Council because of traditional opposition from Austria, France, Germany, the Netherlands and the UK. Some concerns cited as rationale for that blockade were tied into subsidiarity and fears of an overlap with national legislation. If you take a step back, however, that can hardly be a major problem because not many states have such legislation.

In Germany, for example, the resistance to introducing legislation has eased in the upper house of parliament, the Bundesrat. In the past the Bundesrat has blocked it, but the majority in that chamber has changed since that last happened. My group [the Greens] in the Bundestag [lower house of parliament] has taken the initiative to try to kick-start that process by demanding several resolutions to re-start the negotiations at European level.

In November last year there was a positive development in the Bundesrat when it endorsed an efficiency roadmap calling on European member states to reduce their net 'land take' [the amount of Greenfield land they develop] to zero by 2050.

**Continued on Page 6**

### Continued from Page 5

That call was subsequently backed up and brought forward to 2030 by the German Länder [states].

By asking for that to happen, by implication brownfield sites would have to play a major role in the development of any new business activities.

#### **What is your strategy for trying to push the soil framework directive?**

As a party, we want to highlight that to stop soil deterioration has a positive economic impact. Some people think developing brownfield land is a costly

business and that it is cheaper to use virgin land. The European Environmental Bureau and Deutscher Naturschutzring [the German League for Nature Conservation and Environmental Protection] did a recent study which found that soil deterioration costs Europe €38 billion. The cost of not developing brownfield sites should also be taken into account.

**Europe is undergoing a serious financial crisis, are you not concerned that in these circumstances policymakers and the public will think that sustainable industrial growth is an unaffordable luxury?**

Part of the answer is very simple, whenever you have a period of economic uncertainty, investors will take a fourth or fifth look before deciding on any investment. That is why it is so important that governments and regulators come up with a very quick framework for industrial policy that they are willing to stick to in the longer term to give investors the basis for rational calculations in the medium and long term.

I am not saying it's possible to develop a strategy without problems but if we do not start to orientate ourselves now, then the cost of turning around the cart that is sliding ever deeper into the mud will increase as we go on.



# New renovation rule set to boost inner-city industry

Newly adopted EU rules requiring governments to revamp old buildings will generate industrial renovation in cities, say commentators who welcome the energy efficiency directive approved by the European Parliament's energy committee last week (12 July).



The directive requires EU member states to renovate at least 3% of the total floor area of building of more than 500 square meters which are “owned and occupied by their central government”.

Although these buildings represent just 12% of the EU's building stock, the European Commission believes this should set the example for private owners, creating a snowball effect.

Adam McCarthy, Director of Government Relations at Johnson Controls and President of EuroAce, representing companies in the building-efficiency sector, said that for every €1 million spent on building regeneration, “you create 19 jobs in and around the construction industry, building or supplying equipment.”

## US example shows private sector latches on to public

McCarthy said that in the United States, a decision taken during the 1990s at the federal level to retrofit companies using third-party finance had gone on to generate €7 billion of private construction.

“We have seen over time the proportion of that business [in the US] moving from the public to the private sector. So that is a concrete case of

the leading role of the public sector,” McCarthy said.

It is likely that local authorities will follow the example of central governments, according to a spokeswoman for the Building Performance Institute Europe, a non-profit group dedicated to energy savings in the built environment.

A stimulus in the construction market could result from ambitious levels of renovation flowing from the new rule, the spokeswoman said, adding: “In this way [the 3% rule] will provide a positive example to society, will improve the buildings' public procurement and may catalyse the high quality renovation market.”

## Construction industry needs a boost

Claude Turmes, the Green MEP from Luxembourg who is the chief Parliament negotiator on the efficiency bill, claims that the building renovations attached to the directive will constitute an important part of Europe's growth initiative, which EU leaders agreed on 29 June.

The new 3% renovation provisions involve a phase-in, and will apply to buildings with a “total useful floor area” of

more than 500 m<sup>2</sup> up until July 2015, and 250 m<sup>2</sup> thereafter.

And old industrial buildings could be among the first to benefit from the positive ripple effect of the new EU law.

A 2011 survey from English Heritage, a public-funded organisation, has found that almost half of listed industrial buildings could be put to new economic uses.

“Forty percent of these buildings could be reused to house new advanced manufacturing, the sorts of technology, green engineering and creative and inventive businesses on which the country's economic future now depends,” said Simon Thurley, chief executive of English Heritage.

However, most developers “can be put off by a site's scale, possible contamination, conversion costs,” says the public group. To encourage them, the association has launched a website that offers advice relevant to re-using industrial buildings. Developers interested in taking these on will get additional help from English Heritage to guide them through the process.

“Although not easy, there are countless examples that have been saved by committed local groups as conserved sites in the landscape, often with public access or as visitor attractions,” the association said.

# London banks on priciest Olympic facelift

London in a week's time will host Europe's priciest Olympic Games since Barcelona's, but organisers are banking on delivering sustainability and an inner-city renovation programme along with the world's most expensive Games.

A sustainable legacy was central to the UK capital's bid for the Olympics and involved cleaning over two million tonnes of soil and demolishing 200 buildings.

In order to fulfil sustainability targets, 98.5% of the demolition material was reused or recycled, with crushed material being filled into concrete foundations and structural cladding.

Stones taken from the massive overhaul have been used to create 'living roofs' on new housing developments, whilst historic stones were re-paved into new cycle paths and pedestrian routes.

**Stadiums built using recycled material**

The stadium itself has broken new records in recycling, being built from 30% of re-used materials, whilst more than 90% of waste generated from the stadium construction was re-used, recycled or recovered, or kept away from landfill sites.

Similar results were achieved for other key buildings, such as the landmark aquatics centre – which will host the popular Olympic swimming and diving competitions. The centre was built using 29% recycled content of materials (by value) and 51% recycled aggregate (by weight).

But sustainability was defined by the Games organisers as a balance between the environmental, social and economic, underlining the importance of social and enduring commercial value to arise from the estimated €10 billion in overall cost.

After the athletes and spectators have moved on, the Olympic Park – to be renamed the Queen Elizabeth Olympic Park after the Games – will become a sporting venue for local athletes.

**Olympic Park – a new launchpad for London?**

The Olympic and Paralympic villages will be converted into thousands of new homes for sale and rent, half of which will be affordable housing. Along with a new educational campus, a community health

centre and new developments elsewhere within the park – to be known as East Village – will form a new community in deprived east London.

The Olympic Delivery Authority claims 75p of every £1 spent will result in investment in the long-term transformation of the area. The execution of the Games themselves, however, will only precede a long period of analysis as to how well the inner-city overhaul has worked,

The cost of London 2012 has been estimated by Oxford scholars Bent Flyvbjerg and Allison Stewart as the most costly since Barcelona's 1992 (\$11.4 billion). Beijing 2008 may have been costlier, but the Chinese authorities have not released the data that would allow verification of this.

Arguments surrounding shoddy execution of private contracts for security at the Olympics are already causing political faultlines.



**For information on EurActiv Special Reports...**

**Contact us**

**Delia Nicolaescu**  
*delia.nicolaescu@euractiv.com*  
 tel. +32(0)2 788 36 72

**Ross Melzer**  
*publicaffairs@euractiv.com*  
 tel. +32(0)2 226 58 17

*Other relevant contacts:*

**Rick Zedník**  
*ceo@euractiv.com*  
 tel. +32(0)2 226 58 12

**Frédéric Simon**  
*executiveeditor@euractiv.com*  
 tel. +32(0)2 788 36 78