Development prospects for the European Eco-Industry

According to a recent study commissioned by the European Commission, the European market for environmental goods and services was worth €227 billion in 2004 representing 2.2% of the gross domestic product in the EU-25 area. The authors found that one of the main drivers of the development of this industry in the future will be the reinforcement of environmental requirements and their application.

Eco-industries are companies providing goods and services for environmental protection. The term includes the provision of clean technologies, renewable energy, waste recycling, nature and landscape protection, and ecological renovation of urban areas. The global eco-industry is forecast to be worth some €700 billion by 2010.

A recent study commissioned by the European Commission has analysed the current state of the Eco-industry in the enlarged European Union. It proposes potential measures to support its development and improve its competitiveness. The authors analysed data provided by Eurostat on environmental expenditure, collected relevant information on eco-industries on the basis of interviews with representatives of industry and public bodies and carried out a number of case studies.

The results of the study show that the eco-industry is in dynamic expansion, with a growth in turnover of around 7% (in constant euros) between 1999 and 2004 for the EU-15 area. The total turnover of eco-industries in the EU-25 was €227 billion in 2004, equivalent to 2.2 per cent of the EU's GDP. The largest national eco-industry markets are France and Germany, followed by the United Kingdom, Italy, and the Netherlands. The authors estimate that the EU's environment industries represent around 3.4 million jobs. The most important sectors in terms of revenue are by far water supply, wastewater treatment and solid waste management. The last two represent approximately one third of all pollution management turnover. More recent markets such as renewable energy and eco-construction are growing fast. They are essentially based on investment needs generated by new environmental policy and legislation.

The study identifies 5 main factors that will be crucial for the growth of the European eco-industry in the future:

- Setting more ambitious environmental requirements and targets, as well as broadening the scope of existing legislation.
- Establishing harmonised standards for environmental goods and services, which will allow the quality of outputs delivered by eco-industry to be promoted and awareness of potential purchasers to be developed. For example, integrating environmental performance requirements in building standards can strongly develop markets for eco-construction.
- Supporting price transparency and the internalization of environmental costs in market prices. In addition, the establishment of market incentives such as tax credits, or trading schemes, could significantly contribute to increasing the demand for environmental goods and services.
- Increasing consumers' awareness of the nature and availability of services provided by the eco-industry.
- Facilitating access to financial supports such as grants and loans to ensure the implementation of eco-industry projects.

Overall, this study shows that eco-industry provides a large number of possibilities for economic growth. It also provides new insights into the driving forces of the European eco-industry that could be very helpful in supporting its continued growth in the near future.


For the EU LIFE programme: www.lifefund.eu/LIFE_99_ENV_A_000392 Project “Sustainable Retrofitting” (LIFE99 ENV/A/000392), which developed a service market for ecological renovation. Activities undertaken included the creation of a network offering high-quality products and services for sustainable retrofitting, the energetic and environmental assessment of retrofitting options and comprehensive environmentally friendly refurbishment packages (see project summary, website and layman's report).

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